

CABINET

14 November 2023

2023/24 QUARTER 2 - REVENUE AND CAPITAL FORECAST REPORT

Report of the Strategic Director for Resources

Strategic Aim:	A modern and effective Council	
Key Decision: No	Forward Plan Reference: FP/280723	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr A Johnson, Deputy Leader and Portfolio Holder for Resources	
Contact Officer(s):	Kirsty Nutton, Strategic Director for Resources (s.151 Officer)	01572 758159 knutton@rutland.gov.uk
	Andrew Merry, Head of Finance (ds151)	01572 758152 amerry@rutland.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That Cabinet:

1. Notes the forecast year end position as at the end of September (second quarter) for
 - a) Revenue Position (Section 3)
 - b) Capital Position (Section 4)
 - c) Dedicated Schools Grant (Section 5)
2. Notes the update on the achievement of the 2023/24 savings proposals (Section 6), and progress made on the Financial Sustainability Strategy (Section 7)
3. Approves the approach to the 2023/24 forecast underspend detailed 3.11 - 3.14 that half of the forecast underspend is used to mitigate in year risk pressures and for the remainder to be used to fund activity which supports financial sustainability. Delegation for use to be with the Chief Executive in consultation with the Strategic Director for Resources, the Portfolio Holder for Finance and the Leader of the Council based on the three themes noted in the report.
4. Notes performance against the Treasury Management Prudential Indicators is in line or better with the strategy set (Appendix B)

1 PURPOSE OF THE REPORT

- 1.1 Under the Council's constitution Cabinet is responsible for overseeing matters relating to the Council's financial (capital and revenue) resources, within the budget set by Council each year at Budget Council.
- 1.2 This report provides Cabinet with the forecast outturn position for both the revenue budget and capital programme for 2023/24.

2 EXECUTIVE SUMMARY

- 2.1 This report sets out the forecasted outturn as at 30 September 2023 for 2023/24. The report compares the forecasted outturn position to the revised budget and forecasted variance.
- 2.2 The key areas to note are as follows:
 - The outturn position shows an overall forecast underspend of £1.6m compared to budget which largely relates to better investment income receipts (£1.3m) against the budget due to a national context of rising interest rates to combat inflationary pressures by the Bank of England.
 - For 'net cost of services' the Council is forecasting an underspend of £0.3m. This underspend is arising due to the level of vacancies across the Council. This position is mitigating pressures arising from contracts price increases through changes in demand, such as increased complexity in case in addition to numbers of clients requiring care. Vacancy levels present the Council with risks (as outlined in the Strategic Risk Register) and management are addressing the impact of staffing levels on the performance of services, delivery of the Corporate Strategy, and the sustainable nature of this risk, see **Error! Reference source not found.**
 - The overall forecast position provides the Council with opportunities to bring forward transformational activities in line with the Financial Sustainability Strategy that contribute to the Council living "within its means". Therefore, the Council is currently forecasting to use less Reserve balances than set out in the original budget plan and considering alternative funding and timing strategies for investment required to improve efficiency, amend service delivery, and investment for workforce wellbeing that will feed into future years Medium Term Financial Strategy, see **Error! Reference source not found.**

3 2023/24 REVENUE FORECAST OUTTURN

- 3.1 The Council continues to operate in a challenging financial environment largely the result from national and international events. Following on from the previous financial year, inflationary pressures are still experienced alongside challenging operating environments for key services and short-term funding agreements from Government.
- 3.2 The net revenue budget for 2023/24, agreed at Full Council in February 2023, was approved at £49.3m. The following table reconciles the movements to the budget through the year to the revised budget for the 'Net Cost of Services' the year of £45.2m.

Budget allocated for 2023/24	£000	Approved at:
Net Cost of Services	49,225	Council February 2023
Remove depreciation budgets	(2,643)	S151 - presentational virement. There is no impact on the MTF5 position as this is an accounting adjustment. Removal increases transparency of reporting actual financial performance.
Contingency budget shown within Financing	(896)	S151 - presentational virement. There is no impact on the MTF5 position. Amendment to reporting lines increases transparency of reporting financial performance and risk mitigation activities.
Adults Fair Cost of Care	(406)	Approval requested in report relating to an update to the assumptions used when setting the budget
Local Transport Plan Capacity Funding	(182)	No expenditure expected in 2023/24. Funding transferred to reserves.
Revised Net Cost Services Budget	45,098	Cabinet August 2023 (30 June 2023 (Q1))
Use of Departmental Reserves	33	To fund the commitments as approved as part of the 2022/23 Outturn Report
Public Health Reserve	38	Director of Adults and Health use of ringfenced grant funding. In consultation with the Director of Public to support public health ambitions.
Revised Net Cost Services Budget	45,169	Position 30 September 2023 (Q2)

3.3 The use of departmental reserves relates to previously agreed commitments relating to £17k for system developments in the Business Intelligence team and £15k for communications to fund additional advertising, marketing, and materials to support community engagement around the Council's transformation agenda.

3.4 The Council's 'net cost of services' forecast outturn position for 2023/24 is an underspend position of £0.4m compared with the revised budget and a further underspend forecast compared to £0.2m in Quarter 1. There are a number of risks where further work is being undertaken to model the value of the pressure should management action not be successful, these risks are documented in Appendix A. The following table shows the forecasted financial performance per directorate.

Directorate	Budget £000	Forecast £000	Variance Q2 £000	Variance Q1 £000	Trend by Qtrs	Forecast Status
Adults & Health	16,490	16,640	150	(240)	↓	Overspend
Places	13,728	13,626	(103)	103	↑	Underspend
Children & Families	6,664	6,679	15	253	↑	Overspend
Resources	4,927	4,817	(110)	(174)	↓	Underspend
Law & Governance	3,168	2,880	(288)	(128)	↑	Underspend
Chief Executive	192	192	0	(0)	↕	Breakeven
Net Cost of Services	45,169	44,834	(335)	(186)	↑	Underspend
Financing & corporate costs (see 3.7)	(45,169)	(46,419)	(1,250)	(1,090)	↑	Additional Income
Total	-	(1,585)	(1,585)	(1,276)	↑	Underspend

3.5 The key budget variances are outlined in the following table by directorate and by service area, with forecast pressures highlighted in red and forecast underspends in green:

Directorate	Service area	Forecast Variance £000	Commentary for the forecast position compared to budget estimates
Adults & Health	Adults Social Care	193	Service users have increased by 16 within residential provision which represents a 15% increase since Q1. A review is underway to understand the reason for this spike and to inform how the Council can mitigate this increase in cost alongside implications for future year budgets.
Childrens & Families	Childrens Social Care	116	The forecast overspend relates to a turnover of staff which has led to the use of interim / agency staff at a higher cost alongside additional demand for the service and an increase in costs of placements. Mitigating actions include a commissioning review of the existing placements, a review of the Council's fostering strategy, and a recruitment campaign to attract in house foster carers rather than paying high cost agency foster carers.
	Early Intervention, SEND, & Inclusion	(44)	Staffing vacancies
	Childrens Directorate Management	(35)	Staffing vacancies
Places	Safe & Active Public Realm	50	<p><u>Waste Management £72k forecast overspend</u> – The majority of this overspend relates to the to the closure of the in-county waste transfer station with additional costs of transferring waste to an out of county provision of £120k per annum, with a part year impact for 2023/24 incorporated.</p> <p><u>Transport £207k forecast overspend - £394k</u> is the forecast overspend on commissioned transport, with the majority relating to significant additional demand for SEN transport and Home to School transport. This forecast pressure has been mitigated by underspends on Public Transport £73k and £144k vacancy management within the Transport Team.</p> <p><u>Highways £210k forecast underspend</u> – The department has experienced highways engineers leave the authority which has led to an increase in agency costs until the permanent positions can be filled. Additional support has been approved to support the team with current work pressures. These</p>

Directorate	Service area	Forecast Variance £000	Commentary for the forecast position compared to budget estimates
			additional costs will be offset by the increased S38 income. The service is drafting proposals that seek to provide stability within the team, see point Error! Reference source not found.
	Culture & Registration Services	(121)	The forecast underspend relates to a business rates saving for the Museum, Castle and Libraries. Whilst this provides an underspend position for the Council there is a corresponding offset as the Council's Business Rates income budget which retains 49% of all business rates income.
Law & Governance	Corporate Services	(153)	The forecast underspend relates to vacancies.
	Legal Services	(79)	Relates to less use of external legal advice compared to budgeted plans.
	Commissioning & Voluntary Sector	(57)	The forecast underspend relates to vacancies.
Resources	Revenues & Financial Services	(88)	Vacancies within the team are being managed with potential for adverse impact on performance being monitored. New burdens funding of £25k for administering the Energy Bill Support Scheme (finished in Aug 2023) contributes to the favourable position.

3.6 Additional information on financial performance of directorates compared to budget is provided in Appendix A. Details on the level of risks carried within each directorate is provided, and where an estimate can be made, the potential financial impact if the risk does materialise. Managers are proactively managing these risks to avoid additional budgetary pressure.

Financing and Corporate Costs

3.7 The following table shows the sources of income for the Council to fund the expenditure for 2023/24, the corporate contingencies to manage and mitigate risks that arise during the year, and Council capital financing costs.

Financing	Budget £000	Forecast £000	Variance £000	Overall Status
Contingency	1,305	896	(409)	Less Use of funds
Capital Financing	1,647	1,647	0	Breakeven
Investment Income	(1,680)	(2,930)	(1,250)	Additional Income
Business Rates	(7,269)	(7,269)	0	Breakeven
Council Tax	(32,074)	(32,074)	0	Breakeven
General Grants	(6,428)	(6,428)	0	Breakeven
Reserves	(599)	(190)	409	Less Use of funds
Financing Total	(45,098)	(46,419)	(1,250)	Additional Income

3.8 Investment income returns are forecast to be greater than the budget set. This is a

result of holding greater cash balances than originally envisaged due to grant income being received in advance of the activity being undertaken and funded, and reserve funding not being used as quick as estimated. Interest rates are at higher levels than forecasted by the Council's treasury advisors when the budget was set. Interest rates mirror the actions taken by the Bank of England in its role to stabilise and reduce inflation.

- 3.9 The local government pay award remains outstanding and the risk is being carried in the forecast position shown against the contingency budget. As the Council is part of the National Joint Council pay and terms of conditions of employment negotiations with Unions are undertaken at a national level. Discussion remains ongoing and the forecast includes an estimate for additional costs following the conclusion of these talks.
- 3.10 CIPFA's Best Practice recommends that the Treasury Management Prudential Indicators for debt and investment performance should be reported quarterly. Current performance is in line or better than the indicators set as part of the budget setting process. Performance against the indicators is contained in Appendix B.

Use of the Forecast Underspend Position

- 3.11 The overall forecast position provides the Council with opportunities to bring forward transformational activities in line with the Financial Sustainability Strategy that contribute to the Council living "within its means".
- 3.12 More favourable investment returns have contributed to the favourable forecast position for 2023/24 and reflects the wider national economic position, point 3.7 and 3.8 . This income is not guaranteed for future year years and as such cannot be relied upon as an income stream to underpin the costs of service delivery over the medium to short term. Therefore, the opportunities that management are considering include the alternative funding and timing strategies for investment required to improve efficiency, amend service delivery, and investment for workforce wellbeing that will feed into future years Medium Term Financial Strategy.
- 3.13 The proposal for the forecast underspend of £1.6m is to allocate 50% to manage service risks in year as set out in Appendix A and use 50% to invest in service delivery now to help the Council achieve financial sustainability, a key component of the Corporate Strategy. These one-off investments decisions are based on:
- Investment to aid the recruitment and retention of staff to reduce vacancy rates
 - Investment in IT and digital platforms to deliver the modern Council vision and create efficiencies in the way work is undertaken across the business, improve customer service interactions, which in turn will support staff wellbeing initiatives
 - Investment in specific support for service delivery, whereby in year investment can be used to implement transformational change in service delivery methods e.g. social care prevention including CQC readiness and stabilisation plans for services where vacancy rates are particularly high and impacting on service delivery
- 3.14 It is proposed that the allocation of the use of the 50% be delegated to the Chief Executive in consultation with the Strategic Director for Resources, the Portfolio holder for finance and the Leader of the Council based on the three themes noted above. It is envisaged that the resulting expenditure will be from a series of discrete actions that will contribute to the Corporate Strategy objectives and in turn financial sustainability for the Council, rather than single significant investment.

4 2023/24 CAPITAL POSITION

4.1 The Capital programme budget reported in the Q1 report (116/2023) was £38.1m and has increased by £2.7m to a revised capital programme of £40.9m, as shown in the following table. This increase has resulted from the Council receiving additional capital funding for schemes, identification of schemes for S106 funding, or additional required expenditure identified during the year and reported and approved separately such as the boiler replacement at Kings Centre and the purchase of vehicles to support waste and street cleansing services.

Project	£000
Approved Programme Q1 Report	38,115
Approved since Q1	
Highways Capital - Additional Pothole funding (Report 103/2023)	423
UKSPF - Grant allocation 2023/24 (Ring fenced)	15
Family Hub (S106 Delegation)	50
Oakham Medical Practice (S106 Delegation)	62
Disabled Facilities Grant (Ring fenced)	24
King Centre – Boiler (Report 130/2023)	87
Waste & Street Cleansing Vehicle Provision (Report 115/2023)	2,069
Sub total	2,730
Revised Capital Programme	40,845

4.2 The table below shows the capital forecast position for 2023/24.

Directorate / Funding stream	Total Project Budget £000	Prior Years Outturn £000	Forecast £000	Total Project £000	Variance £000
Adults & Health	783	0	783	783	0
Childrens & Families	7,010	6,277	734	7,010	0
Places	32,972	1,026	31,946	32,972	0
Resources	79	37	42	79	0
Total Expenditure	40,845	7,340	33,505	40,845	0
Financed By					
Grant	(35,479)	(6,894)	(28,586)	(35,479)	0
Prudential Borrowing	0	0	0	0	0
Capital Receipts	(719)	(37)	(682)	(719)	0
Revenue Contributions	(124)	(66)	(58)	(124)	0
Developers Contribution	(4,522)	(343)	(4,179)	(4,522)	0
Total Financing	(40,845)	(7,340)	(33,505)	(40,845)	0

5 DEDICATED SCHOOLS GRANT (DSG)

5.1 The Council has a deficit balance on the Dedicated Schools Grant (DSG). From 1 April 2020 a new regulation was introduced that enabled any deficit on the Schools budget to be transferred to the Dedicated Schools Grant Adjustment Account. This had the effect of separating schools budget deficits from the local authority General Fund for a period, initially set at three years but extended until March 2026.

5.2 The Council has agreed to underwrite the DSG deficit reserve using a commitment against General Fund reserves of £1.3m, although the statutory override removes

the immediacy for this requirement. This enables the Council to manage the risk of not making good the deficit through future DSG funding by the end of 2025/26 up to this value.

2023/24 Position

5.3 The table below shows the deficit brought forward, the funding allocation for 2023/24 and a revised position to be carried forward into future financial years. This shows a deficit position on the High Needs block increasing by £0.5m which being primarily by increases for Education Other Than At School (EOTAS), £0.2m and with Independent Special Schools of 0.3m. A deep dive into these drivers is being undertaken to model costings to data held and links point 5.5.

	Schools £000	High Needs £000	Early Years £000	Central Schools £000	Total £000
Surplus/(Deficit) Carry Forwards from 2022/23	(4)	(1,515)	108	86	(1,325)
DSG Allocations prior to recoupment	30,294	5,656	1,609	198	37,757
Transfer between blocks	(151)	151			0
Academy Recoupment	(29,158)	(310)			(29,468)
Expenditure in Year					
Schools allocations	(985)				(985)
Nationally Agreed School Licences				(41)	(41)
Admissions Service- staffing costs				(63)	(63)
Statutory & Retained Duties				(94)	(94)
Education for under 5's			(83)		(83)
Early Years Pathway Development			(48)		(48)
3 & 4 Year Old Funding			(1,409)		(1,409)
2 Year Old Funding			(117)		(117)
SEN Funding Maintained Schools and Academies		(3,107)			(3,107)
SEN Funding Post 16		(178)			(178)
SEN Recovery Plan Expenditure		(309)			(309)
SEN Funding - Independent Special Schools		(1,406)			(1,406)
SEN Funding EOTAS & Tuition		(795)			(795)
SEN RCC Recharge		(197)			(197)
Early Years Inclusion (SENIF)		(50)			(50)
Under/(Over) spends in 2023/24	0	(545)	(48)	0	(593)
Surplus/(Deficit) Carried Forward to 2024/25	(4)	(2,060)	60	86	(1,918)

SEN – Special Educational Needs

EOTAS – Education Other Than At School

5.4 For 2023/24 the High Needs Block is operating in a challenging environment with new demand being experienced and inflationary pressures resulting in an increase in price.

5.5 The forecast on the high needs block is being reviewed with a number of cost drivers that are being considered:

- Demand levels – changes for the new academic year
- Average costs
- Impact of recovery plan measures
- Impact of Delivering Better Value (DBV) programme

5.6 In summary, the Council anticipates that by the end of 2023/24 that the deficit of £0.5m is a worst case scenario and the impact of the DBV and recovery plan will mitigate this position, as a result no further contribution from General Fund to underwrite this position is currently forecast.

5.7 The Council has been confirmed as a joint lead for the East Midlands Change Programme Partnership (CPP) alongside Leicester City and Leicestershire. The CPP will be testing the key system-level reforms set out in the Special Educational Needs and Disabilities & Alternative Provision (SEND AP) Improvement Plan that is expected to deliver the system and culture changes needed to improve outcomes and experiences for children and young people with SEND or in AP and their families. This work is funded via grant funding of £5.9m for the region. The financial impact of this improvement plan is to be modelled as the programme progresses from the current set-up phase.

6 2023/24 SAVINGS DELIVERY PERFORMANCE

6.1 The 2023/24 budget is underpinned with £1.1m of savings from the cost-of-service delivery. Performance against these savings follows:

- The Council have delivered 20 of the 24 (83%) of the savings. From a monetary position this slightly increases to 85%.
- Currently three of the savings proposals have been highlighted as the service, where the saving was identified, is experiencing other emerging pressures resulting in that Business Unit forecasting an overspend. However there has been a reduction from the five highlighted as having issues in delivery between this and the last quarter report. The impact of this will be monitored, alongside the impact of mitigating actions, and an update provided in the next report.
- One of the saving proposals is unlikely to be delivered in full relates to IT Hardware saving of £10k which currently forecast to be missed due to requirement to replace hardware. The Head of Service has mitigated the associated pressure by making savings in over areas. A revised hardware refresh is being modelled to feed into future financial planning.

6.2 The table below shows the overall position on the 2023/24 savings:

Savings Delivered	No. of Savings Qtr1	No. of Savings Qtr2	Value £000
Issues Raised with Savings	5	3	162
No	3	1	10
Yes	16	20	959
Grand Total	24	24	1,131

7 PROGRESS DELIVERING THE FINANCIAL SUSTAINABILITY STRATEGY (FSS)

7.1 The Council have two key financial objectives stated in the approved Corporate Strategy ([Council 7 November 2022, Item 10](#)):

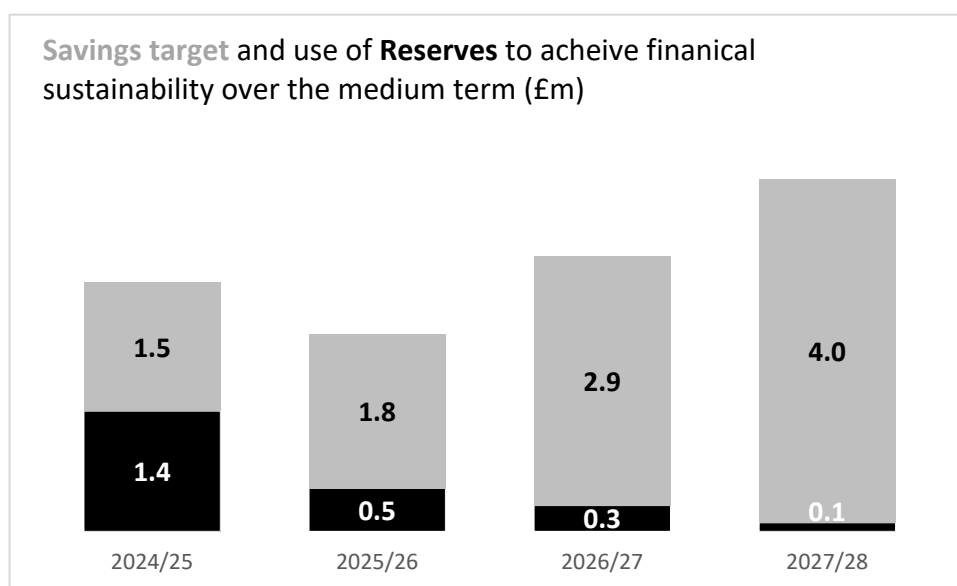
- The Council is committed to being financially sustainable - only spending the funding it receives and balancing the budget in any given year without using General Fund reserves.

- To maintain a recommended minimum limit of £3m as approved by Council as General Fund balance. This helps protect the Council’s financial resilience whilst operating in a challenging financial context with medium to longer term funding uncertainty.

7.2 The strategy is based on the two objectives above and three principles:

- raising council tax to maximise yield
- delivering a transformation programme and an “affordable service offer” and any other savings required
- using up to £2m of reserves to subsidise the budget to enable time for savings to be delivered

7.3 The savings agreed, as part of the MTFS, along with a phased and tactical use of reserve balances is shown:



Progress Update on Future Years Financial Planning

7.4 The chart shows that an additional £4.0m of savings are required by 2027/28, with £1.5m of these to be delivered in 2024/25. A number of actions are underway or have now been completed that aid the delivery of the financial strategy. The Council’s leadership team, working alongside the Portfolio Holder for finance, the Leader, and Cabinet members, are progressing future budget considerations by:

- The approval and adoption by Full Council of the Reserve Strategy to facilitate financial resilience through use of balances to finance risk the Council may be exposed to, alongside investment provision to deliver medium to long-term saving plans.
- Adopting an enhanced Budget Setting Process for 2024/25 and future years called the Integrated Budget Plan. This approach was started in April 2023 with Directors and Heads of Service in May 2023.
- Initial Cash Limits have been allocated to Directors and in turn Heads of Service to enable services to be designed within an affordability envelope across the MTFS period to ensure financial sustainability is a focus.
- Linked to above, Heads of Service have drafted Service Ambitions that detail their vision for their services alongside the actions required to deliver these

plans within the Cash Limit allocated. This has helped ensure that the medium- and longer-term saving opportunities can be captured rather than a focus on short-term saving delivery.

- Delivery of the 12 workstreams identified as part of the Transformation Programme are now fully incorporated into the Service Ambitions and saving proposals.
- Detailed discussions have been held with the Director for Resources, Chief Executive, Directors and associated Heads of Service to fully understand proposals for increases in investment and saving opportunities identified.
- Directors are working with portfolio holders developing both investment and saving proposals in greater detail for further political consideration.
- The Services continue to work with the finance team honing the proposals prior to detailed discussions with Cabinet.
- Cabinet have commenced their review of the Corporate Strategy and amendments are being incorporated into the budget planning process.
- Associated medium term financial strategies are being reviewed.
- Consideration of an enhanced budget consultation approach has commenced.

7.5 The timetable for the cumulation of this work will result in a detailed budget being presented to Cabinet in January for consultation and Full Council approval in February 2024.

8 CONSULTATION

8.1 Formal consultation is not required for any decisions being sought in this report. Internal consultation has been undertaken with officers to agree commentary and final position on all directorates.

9 ALTERNATIVE OPTIONS

9.1 None required.

10 FINANCIAL IMPLICATIONS

10.1 The report highlights the forecasted outturn for 2023/24 and the financial impact of this on the Medium-Term Financial Strategy.

11 LEGAL AND GOVERNANCE CONSIDERATIONS

11.1 There are no legal implications arising from this report.

12 DATA PROTECTION IMPLICATIONS

12.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons.

13 EQUALITY IMPACT ASSESSMENT

13.1 An Equality Impact Assessment (EqIA) has not been completed as this report does not impact on Council policies and procedures.

14 COMMUNITY SAFETY IMPLICATIONS

14.1 There are no community safety implications

15 HEALTH AND WELLBEING IMPLICATIONS

15.1 There are no health and wellbeing implications.

16 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 16.1 The report updates Cabinet and all members of the forecasted outturn position for 2023/24 and highlights the key risks being managed within directorates. The position is positive and shows a reduction in use of reserves to support day to day expenditure.

17 BACKGROUND PAPERS

- 17.1 [Budget Setting Report \(37/2023\)](#)
- 17.2 [Financial Sustainability Strategy \(158/2022\)](#)
- 17.3 [2023/24 Quarter 1 – Revenue and Capital Forecast Report \(116/2023\)](#)

18 APPENDICES

- Appendix A – Directorate Appendices
- Appendix B – Treasury Management Prudential Indicator's

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.

Adults and Health Directorate

Summary position

Table below shows the overall position for the directorate. Key commentary on variances is shown in paragraph 3.5.

Business Unit	Budget £000	Forecast £000	Variance £000	Forecast Status
Better Care Fund	2,867	2,814	(52)	Underspend
Adult Social Care	10,991	11,183	193	Overspend
Community Care Services	1,427	1,475	48	Overspend
Adults & Health Directorate Management Costs	570	544	(26)	Underspend
Prevention and Assurance	519	491	(27)	Underspend
Public Health	117	132	15	Overspend
Grand Total	16,490	16,640	151	Overspend

Risk Register

The table below shows the risks the Directorate is carrying that have not been factored into the forecast due to the position not being known at the point of forecasting, the cost is not yet known at present, or it is not certain cost will materialise.

Risk	Description	Cost £000	RAG
Demand	Increases in demand	Unknown	A
Complexity of Care	The population of Rutland is aging which is leading to changes in the complexity of packages of care and therefore increasing costs	Unknown	R
Staffing Underspends	Level of vacancies across the directorate and whether performance can be sustained	Unknown	A

Places Directorate

Summary position

The table below shows the summary position for the directorate. Key commentary on variances is shown in paragraph 3.5.

Business Unit	Budget £000	Forecast £000	Variance £000	Forecast Status
Safe and Active Public Realm	10,645	10,695	50	Overspend
Culture, Leisure & Registration Services	1,058	937	(121)	Underspend
Property Services	983	991	8	Overspend
Sustainable Economy & Place	671	650	(21)	Underspend
Places Directorate Management Costs	372	352	(19)	Underspend
Grand Total	13,728	13,626	(103)	Underspend

Risk Register

The table below shows the risks the Directorate is carrying that have not been factored into the forecast due to the position not being known at the point of forecasting, the cost is not yet known at present, or it is not certain cost will materialise.

Risk	Description	Cost £000	RAG
Coroner Costs	Due to medical costs from Health and cost increases from Leicestershire there will an increase in cost to the contract	£20k-£40k	A
Property Repairs	Heating requirements at Unit 16a OEP. Solutions are likely to lead to replacement equipment which had not previously been assumed as part of budget setting. Costs are particularly acute for OEP due to the system used.	Unknown	R
Highways Operations	The highways team need investment in adequate vehicles to carry out their duties in a safe environment, this is likely to lead to the purchase of two vehicles.	£50k - £100k	A
Cost of Utilities	The Council continues to experience an increase in utilities costs, which is impacting Council properties and the Leisure Contract.	Unknown	A

Childrens and Families Directorate

Summary position

Table below shows the overall position for the directorate. Key commentary on variances is shown in paragraph 3.5.

Business Unit	Budget £000	Forecast £000	Variance £000	Forecast Status
Children's Social Care	3,325	3,441	116	Overspend
Early Intervention, SEND, & Inclusion	2,289	2,245	(44)	Underspend
Childrens Directorate Management	1,000	965	(35)	Underspend
Learning & Skills	51	29	(22)	Underspend
Grand Total	6,664	6,679	15	Overspend

Risk Register

The table below shows the risks the Directorate is carrying that have not been factored into the forecast due to the position not being known at the point of forecasting, the cost is not yet known at present, or it is not certain cost will materialise.

Risk	Description	Cost £000	RAG
Rutland Adult Learning	The Council's position assumes that education targets will be met. If the Council do not deliver the targets these grants may need to be rolled into future years or repaid	Unknown	G
General Demand	Increases in demand	Unknown	A
Care Leaver Demand	This service has experienced increasing demand linked to Unaccompanied Asylum-Seeking Children and a general population growth within this area is likely to continue beyond 2023/24.	Unknown	A

Law and Governance Directorate

Summary position

Table below shows the overall position for the directorate. Key commentary on variances is shown in paragraph 3.5.

Business Unit	Budget £000	Forecast £000	Variance £000	Forecast Status
Corporate Services	1,287	1,134	(153)	Underspend
Democratic Services	478	463	(15)	Underspend
Law & Governance Director Services	395	402	7	Overspend
Legal Services	374	294	(79)	Underspend
Commissioning & Voluntary Sector	443	386	(57)	Underspend
Elections	192	201	9	Overspend
Grand Total	3,168	2,880	(288)	Underspend

Risk Register

The table below shows the risks the Directorate is carrying that have not been factored into the forecast due to the position not being known at the point of forecasting, the cost is not yet known at present, or it is not certain cost will materialise.

Risk	Description	Cost £000	RAG
Staffing Underspends	Level of vacancies across the directorate and whether performance can be sustained	Unknown	A

Resources Directorate

Summary position

Table below shows the overall position for the directorate. Key commentary on variances is shown in paragraph 3.5.

Business Unit	Budget £000	Forecast £000	Variance £000	Forecast Status
Financial Services and Insurance	2,133	2,137	3	Overspend
Information Technology	1,489	1,481	(8)	Underspend
HR, Training and Health & Safety	524	516	(8)	Underspend
Revenues & Financial Support	447	359	(88)	Underspend
Customer Services Team	198	197	(1)	Underspend
Strategic Director Resources	136	128	(8)	Underspend
Grand Total	4,927	4,817	(110)	Underspend

Risk Register

The table below shows the risks the Directorate is carrying that have not been factored into the forecast due to the position not being known at the point of forecasting, the cost is not yet known at present, or it is not certain cost will materialise.

Risk	Description	Cost £000	RAG
Staffing Underspends	Level of vacancies across the directorate and whether performance can be sustained	Unknown	A
Hardware Replacement	The current hardware used by staff has already been used beyond its normal life, therefore failure demand is higher than expected. The Council is considering options to deliver new hardware and how funding through Capital may lead to revenue savings.	£42k	A
Internal Audit Contract	The Internal Audit contract is linked to Public Sector Pay Award. If the pay award is 6% then the contract will increase by 6%.	£6k	A

Appendix B. Treasury Management Prudential Indicators

PI ref	Prudential Indicator (PI)	Description	TMSS	Revised (Waste Vehicles)	Q2	RAG	Commentary on Qtr performance against PI
1,2	Financing Costs to Net Revenue Stream	An indicator of affordability and shows the revenue implications of existing and proposed capital expenditure. Identifies the proportion of the revenue budget required to meet borrowing costs	3.85%	3.85%	3.60%	G	Below the indicator. Capital financing costs have not changed from the budget. Net revenue stream has increased by £2.9m due to final confirmation of revenue grants to be received, Council tax and business rates position before the final Budget report and final TMSS was approved in February 2023.
3,4	Capital Expenditure	Expenditure on the acquisition, creation or enhancement of non-current assets including land, property and plant/equipment with a useful life of more than 1 year.	£16.4m	N/A	£40.8m	A	Above the indicator. Additional schemes have been reported and approved by Cabinet and Council. Additional schemes have not increased the Council's need to borrow funds. Full details of the current position of the capital programme are shown in section 4 of this report.
5,6	Capital Financing Requirement (CFR)	Total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources	£18.2m	£20.3m	£18.2m	G	There have been no changes to the Council's own funding requirement of capital expenditure during Q2 i.e. through borrowing, or through additional voluntary revenue contributions for the repayment of debt. Additional borrowing consideration was given with regards to the Waste Vehicle report in case borrowing was required as part of financial sustainability for the Council. It is planned that Developer Contributions will be used to fund these vehicles.
7	Authorised Limit	The level beyond which external debt is prohibited	£28m	£28m	£21.4m	G	The Council is below this indicator. No new borrowing has been undertaken during Q2.
8 (TMSS PI6)	Operational Boundary	The level of external debt the Council can afford	£23m	£23m	£21.4m	G	The Council is below this indicator. No external new borrowing has been undertaken during Q2. <i>(This PI is incorrectly referenced in the TMSS as PI6.)</i>
9	Actual External Debt	Borrowings from Public Works Loan Board	£21.4m	£21.4m	£21.4m	G	The Council is in line with this indicator, no further external debt has been borrowed in Q2.
10	Gross Debt & the CFR	Capital Financing requirement less actual debt	(£3.2m)	(£3.2m)	(£3.2m)	G	The Council is in line with this indicator, there have been no changes to debt or the CFR during Q2.
11	Upper and lower of maturity structure	<div style="text-align: right;"> Up to 2 years 2 to 10 years 10 years & above </div>	<div style="text-align: right;"> 25% 20% 100% </div>	<div style="text-align: right;"> 25% 20% 100% </div>	<div style="text-align: right;"> 0% 0% 100% </div>	G	The Council is within this indicator. Borrowing at long term fixed rates provides budget certainty.

Appendix B. Treasury Management Prudential Indicators

PI ref	Prudential Indicator (PI)	Description	TMSS	Revised (Waste Vehicles)	Q2	RAG	Commentary on Qtr performance against PI
	of borrowing (Fixed)						
11	Upper and lower of maturity structure of borrowing (Variable)	Up to 2 years 2 to 10 years 10 years & above	25% 20% 100%	25% 20% 100%	0% 0% 0%	G	The Council is below this indicator. Current borrowing is at fixed rates due to the uncertainty of variable rates. Borrowing at fixed rates provides budget certainty.
12	Upper limit on total principal sums invested for periods of longer than a year	Total principal funds invested for greater than 365 days.	10%	10%	0%	G	The Council is below this indicator. Current policy is to keep investments short term to be able to mitigate the risk of the loss of opportunity through recent regular changes to the base rate. This approach helps to increase interest receipts on invested balances.
13	Incremental Impact of Capital Investment Decisions on Band D Council Tax	An indicator of affordability showing the impact of investment decisions on Council Tax. This shows how much Council Tax would need to increase to cover the cost of borrowing.	0.01%	0.00%	0.00%	G	No borrowing is anticipated during 2024/25 and therefore no additional impact on Council Tax. The TMSS included external borrowing during 2022/23 for Digital Rutland which was not required.
14	Debt to net service expenditure	An indicator of affordability showing gross debt as a percentage of net service expenditure (maximum level of 60%)	47%	60%	48%	G	Net service expenditure is £0.9m lower at Q2 compared to the TMSS. Additional borrowing consideration was given with regards to the Waste Vehicle report in case borrowing was required as part of financial sustainability for the Council. It is planned that Developer Contributions will be used to fund these vehicles.
14b)	Net income from commercial and service investments to net revenue stream	This indicator shows the financial exposure of the authority to the loss of income, relates to service investment for which the Council has incurred borrowing cost	0.23%	0.23%	0.41%	G	The Council incurred historical borrowing costs on OEP and this indicator shows the impact should this service investment income stop. The Q2 position is higher than the TMSS indicator based on OEP forecast of £93k surplus against budget, alongside an increase in net revenue stream of £2.9m as detailed in PI1 and PI2.