

Strategic Overview & Scrutiny Committee: 23 November 2023

Agenda Item 12: 2023/24 QUARTER 2 - REVENUE AND CAPITAL FORECAST REPORT

Link to the agenda - [Agenda for Strategic Overview and Scrutiny Committee on Thursday, 23rd November, 2023, 7.00 pm | Rutland County Council \(moderngov.co.uk\)](#)

Members' Questions	RCC Officer Response
<p>Question 1 Page 11 – Finance & corporate costs – which shows a £1250 positive – as is noted, this is far and away the most significant contributor to the improved financial performance.</p> <p>a) Do Forecasts for the Full Year simply assume the positive Variance to Date and if so, why?</p> <p>b) Would public understanding be improved by simply comparing the Budget Interest Rate with the Actual Average Rate to Date, as percentages? In terms of the explanatory comment given on Market Rates, would a comparison with the Base Rate average assumed in the Budget (spot rate or otherwise) and the Actual Rate average for the 6mths to the end of Q2 not also improve understanding?</p>	<p>a) The forecast is a year-end position. It is based on assumptions for both Cash Flows and interest rates for the remainder of the year as well as reflecting the experience on both to date.</p> <p>Therefore, if cash balances are greater than forecast such as a grant payment is received from central government unexpectedly, or interest rates increase or remain greater than our treasury advisors thought the forecast could improve.</p> <p>b) Yes, this can be included in future we welcome all feedback. The information being supplied to Cabinet and in turn the public has been reviewed and a revised presentation is being adopted for the 2023/24 financial year in line with the Cabinets recognition of greater transparency. Therefore, all feedback is welcome and will be incorporated where necessary.</p> <p>The Treasury Management Strategy shows the assumptions approved by Full Council. The Council assumed average cash balances for the year to be £41m with interest rates at 4.6%. Cash balances have been on average £50m with average interest rates achieved to date of 5.4% by way of comparison as suggested.</p> <p>The change in assumptions on interest rates reflects the national and global economic position with inflationary controls exercised by the Bank of England. Updated assumptions are being built into the budget setting process.</p> <p>Further information on treasury management is provided in Appendix B with measurements as to how the Council is performing against a series of Council agreed treasury management indicators.</p>

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<p>Question 2 Page 12 – Key Budget Variances</p> <p>A) Adult Social Care (and see Appendix A – Directorate Appendices) – it is noted that ‘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.’ Will the analysis seek to establish specific relationships (e.g. age; comorbidity; income; etc) to inform the medium-term outlook for provision?</p>	<p>Yes.</p> <p>A review of the impact of these clients has been undertaken, identifying the findings, actions and areas for follow-up. The Director assesses need against budget available as part of sound financial management decisions within the Directorates budgets for both in year performance, but also to ensure the assumptions made as part of the budget setting process remain valid. This information is then also used to inform service delivery opportunities and improvements in both outcomes for clients and budgetary impacts.</p>
<p>B) Children’s Social Care (and others) – we have both savings and costs arising from shortages of staffing. It was reported at Cabinet that we have now filled 60 of the 67 vacancies. Do we not require an overall staff turnover rate as a KPI for our manpower planning on the Performance Dashboard to provide insight on retention?</p>	<p>Yes, and agreed. It is recognized by both Cabinet and the Corporate Leadership Team that a Workforce Strategy is key. A review is currently underway, with timescales needing to be extended due to the retirement of the Head of HR and a new incumbent starting.</p> <p>The performance report contains a section for Organisational Health. KPI’s are included in relation to workforce on the following areas:</p> <ul style="list-style-type: none"> • Sickness • Turnover • Satisfaction • Vacancy levels <p>The Staff Turnover rate target is less than 12.6%, with 8.3% as the rate to date. If performance continues, the same trend turnover would be above the target rate at 16.6%. Further explanation is provided in this indicator. Both Cabinet and the Corporate Leadership Tam have recognized this issue as noted in section 3.11 – 3.14 with the consideration of staff retention and recruitment proposals underway.</p>

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<p>Question 3 Page 15 – Capital Position Repairing holes in the road only serves to re-instate the asset to its specified condition if that. It does not enhance the asset in any way. Why is this Capital?</p>	<p>In the public sector this is also the generally accepted and cost-effective approach. As part of the budget setting process, all members of the Council have to decide on the balance of priorities for Council funding such as decisions between the level of care a resident receives and the timeliness of road repairs as advised by Officers. The Cabinet are currently considering such options as part of the budget setting process and the budget they will present to Full Council.</p> <p>The Council operates to the same accounting rules as the private sector when it accounts for the assets on the balance sheet. Therefore, all works made from capital funding enhance the roads' overall condition and is more than a repair – though we appreciate this may not look to be the case.</p> <p>The Council receives capital grant allocations from central government and whilst it is called 'pothole' funding, given that it is a capital grant the Council ensures that the spend is of a capital nature. This expenditure is checked as appropriate spend against the grant as part of the external audit by Grant Thornton. Should the expenditure be deemed as not capital by the auditors, a charge against revenue funds and Council Tax would occur. Therefore the Council Officers design road works to maximise the use of grant received from central government.</p>
<p>Question 4 Page 18 – para 7.3 – Reserves are an 'as at' amount, an absolute number that are not forecast to be augmented. Are the target savings shown at 2023/24 prices? The savings shown in the graph are annual and for the two years 26/27 and 27/28 total £6.9m; is this credible?</p>	<p>The amounts shown are as per the current Medium Term Financial Strategy, as approved by the Council in February 2023.</p> <p>As previously noted, all assumptions which were used are being updated as part of the budget setting process.</p> <p>The Council has assumed that Council Tax is increased each year to the maximum allowable. It has also made assumptions on the level of grant receipt from government, alongside other income receipts from Business Rates and Fees and Charges. Therefore, with all other assumptions equal the £4m savings is the requirement for Council to deliver savings on service delivery to match income receipts in 2027/28.</p> <p>As outlined in 7.4 – 7.5 the Leadership Team and Cabinet know that the saving requirement for the Council is challenging. Transformation of service delivery is required for the Council to be financially sustainable. The current way of operating services is not affordable in the medium to long term.</p>

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	<p>As part of this recognizing the scale of this challenge Full Council agreed to the Financial Sustainability Strategy that saw tactical use of reserve balances to provide the capacity to mitigate some of the risk.</p> <p>All Council's across the Country are in a similar position.</p>

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