

CABINET

13 February 2024

2023/24 QUARTER 3 - REVENUE AND CAPITAL FORECAST REPORT

Report of the Portfolio Holder for Governance and Resources

Strategic Aim	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr A Johnson, Deputy Leader, and Portfolio Holder for Governance and Resources	
Contact Officer(s) Name/Job Title	Kirsty Nutton, Strategic Director of Resources (s.151 Officer)	Telephone 01572 758159 Email knutton@rutland.gov.uk
Name/Job Title	Andrew Merry, Head of Finance (Deputy s.151 Officer)	Telephone 01572 758152 Email amerry@rutland.gov.uk
Ward Councillors	N/A	

1 SUMMARY AND RECOMMENDATIONS

1.1 Summary

1.1.1 The report updates Cabinet and all members of the forecasted outturn position for 2023/24 and highlights the key financial risks being managed within directorates. The position is favourable and shows a reduction in use of reserves to support day to day expenditure, which is in line with the overall Financial Sustainability Strategy.

1.2 Recommendations

1.2.1 Notes the forecast year end position as at the end of December (third quarter) for:

- a. Revenue Position (Section 3)
- b. Capital Position (Section 4)
- c. Dedicated Schools Grant (Section 5)

1.2.2 Notes the update on the achievement of the 2023/24 savings proposals (Section 6), and overview of the principles followed to deliver the Financial Sustainability Strategy (Section 7)

1.2.3 Notes performance against the Treasury Management Prudential Indicators is in line or better with the strategy set (Appendix B)

1.3 Reasons for Recommendations

1.3.1 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.

- 1.3.2 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 31 December 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 £0.4m compared to budget which largely relates to better investment income receipts of £1.3m against the budget. This is the result of the national context of rising interest rates to combat inflationary pressures actioned by the Bank of England.
- As agreed in the recommendations of the Quarter 2 report, additional expenditure commitments of £0.8m have been included within the forecast. This activity meets the criteria set out in the same report and relates to activity that supports the Council's financial sustainability.
- When the above additional expenditure is considered an overspend of £0.04m is forecast which is mainly a reflection of the level of vacancies currently experienced across the Council. However, the vacancy cost savings are mitigating pressures arising from contracts price increases through changes in demand, such as increased complexity in cases in addition to an increase in the 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. As shown in the additional investment in activity 3.13.

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 £46.2m.

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 MTFs 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 MTFs position. Amendment to reporting lines increases transparency of reporting financial performance and risk mitigation activities.

Budget allocated for 2023/24	£000	Approved at:
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 Health to support public health ambitions.
Revised Net Cost Services Budget	45,169	Position 30 September 2023 (Q2)
2023/24 Pay Award	1,019	Local Government pay award costs for 2023/24 based on flat increase of £1,925 per full time equivalent, per negotiated agreement concluded in November 2023.
Revised Net Cost Services Budget	46,188	Position 31 December 2023 (Q3)

3.3 The Council's 'net cost of services' forecast outturn position for 2023/24 is an forecast overspend position of £0.8m compared with the revised budget. However, this includes the approved additional investment in activities that support the Council's financial sustainability priority. As with any budget there remains a number of risks which could emerge in the remainder of the year that could impact this position and these risks are documented in Appendix A. The following table shows the forecasted financial performance per directorate.

Directorate	Budget £000	Forecast £000	Variance Q3 £000	Variance Q2 £000	Trend by Qtrs	Forecast Status
Adults & Health	16,791	16,831	48	150	↑	Overspend
Places	13,024	13,263	239	(103)	↓	Overspend
Children & Families	6,852	6,952	100	15	↓	Overspend
Resources	6,047	6,000	(48)	(110)	↓	Underspend
Law & Governance	3,281	2,981	(301)	(288)	↑	Underspend
Chief Executive	192	192	0	0	↔	Breakeven
Financial Sustainability Investment (Qtr2)	0	800	800	0	↓	Additional expenditure
Net Cost of Services	46,188	47,025	838	(335)	↓	Overspend
Financing & corporate costs (see 3.8)	(46,188)	(47,398)	(1,211)	(1,250)	↓	Additional Income
Total	-	(373)	(373)	(1,585)	↑	Underspend

↑ - improving forecast outturn trend

↓ - declining forecast outturn trend

↔ - no change in forecast outturn trend

3.4 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	144	The forecast at Q2 was £193k adverse. The reduction is mainly due to more services users contributing to the cost of their care package than previously forecast. However, the council is experiencing an increase in complexity of cases resulting in additional costs pressures.
	Prevention & Assurance	(57)	The forecast underspend relates to vacancies within the service.
Childrens & Families	Childrens Social Care & Family Help	219	There is £160k forecast overspend on staffing resources within the service due to vacancies which require interim cover to avoid safeguarding risks. In addition, there is a £90k forecast overspend with regards to a high need placement with financial performance for all placements offsetting this pressure by £40k
	SEND, Inclusion & Learning	(82)	Application of grant has enabled a saving against the general fund of £50k for RALS which is in line with the plan to be self funding which has been problematic with the impact of C19. The remaining forecast underspend relates to vacancies within the service.
	Communities & Prevention	(57)	The forecast underspend relates to vacancies within the service.
Places	Safe & Active Public Realm	389	<u>Waste Management £46k 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. This forecast has reduced from that reported in Q2 report as Due to reduction in tonnages of waste to that expected
			<u>Transport £371k forecast overspend - £624k</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 £147k due to changes in service provision and additional government grants to support bus services and £121k vacancy management within the Transport Team.
			<u>Highways £28k forecast underspend</u> – The department has experienced highways

Directorate	Service area	Forecast Variance £000	Commentary for the forecast position compared to budget estimates
			engineers leave the authority which has led to an increase in agency costs until the permanent positions can be filled. These additional costs will be offset by increased S38 income.
	Culture & Registration Services	(118)	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	(129)	The forecast underspend relates to vacancies within the service.
	Legal Services	(34)	Relates to less use of external legal advice compared to budgeted plans.
	Commissioning & Voluntary Sector	(132)	The forecast underspend relates to vacancies of £80k and a reduction in the support to CAB which reflects retendered contract and revised grant award.
Resources	Revenues & Financial Services	(65)	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 August 2023) contributes to the favourable position.
	Financial Services & Insurance	(55)	The forecast underspend relates to vacancies experienced within the service. A revised structure has been created within the service which aims to stabilise the team and provide the foundation for Enabling Services transformation.
	IT Services	50	The forecast outturn reflects additional costs for the provision of an interim resource following the loss of the Head of Service.

3.5 Additional information on the 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. All budget managers are proactively managing these risks to avoid additional budgetary pressure.

Financing and Corporate Costs

3.6 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	286	0	(286)	Less Use of funds

Financing	Budget £000	Forecast £000	Variance £000	Overall Status
Capital Financing	1,647	1,647	0	Breakeven
Investment Income	(1,680)	(3,040)	(1,360)	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
Corporate Reserves	(510)	(101)	409	Less Use of funds
Departmental Reserves	(159)	(132)	27	Less Use of funds
Financing Total	(46,188)	(47,398)	(1,210)	Additional Income

- 3.7 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.
- 3.8 The Council are forecasting to drawn down less Corporate Reserves due savings against Adult Social Care Fair Cost of Care as reported in the Q1 Finance Report.
- 3.9 The Council is forecasting to contribute to departmental reserves relating to Better Care Fund for £73k this relates to not using the contingency within the programme £40k and minor underspends across the programme. This is offset by the additional drawdown of £46k for Public Health based on the forecasted position to fund continued investment in the community Health and Infections team established during covid. Both of these services receive ring-fenced funding.
- 3.10 Due to the overall position of the Council the contingency budget has been released in full as any fluctuations in budget can be managed within the current overall forecast position.
- 3.11 The local government pay has been settled and has cost the Council £1.1m compared to the budgeted contingency of £0.743m. For 2023/24 this shortfall is offset from the overall forecast underspend. The implications on the Council's Medium Term Financial Strategy are being finalised and will be incorporated in the final budget presented to Cabinet on the 13 February alongside this report.
- 3.12 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

- 3.13 The 2023/24 Quarter 2 - Revenue and Capital forecast Cabinet report included the approval fund additional activity that would accelerate transformation activities or manage budget risks.

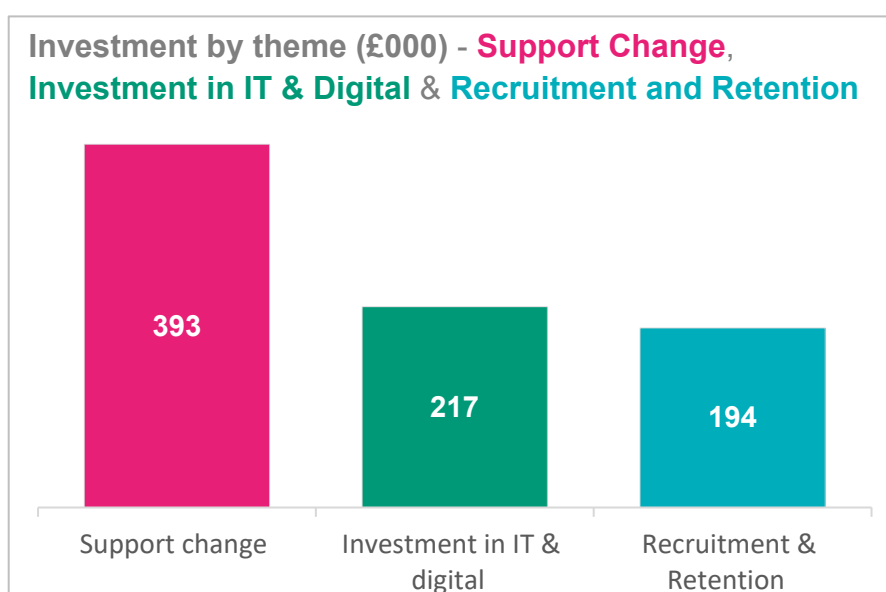
"Approves the approach to the 2023/24 forecast underspend detailed 3.11 - 3.14 that half of the forecast underspend is used to mitigate in year risk pressures and for the remainder to be used to fund activity which supports financial sustainability. Delegation for use to be with the Chief Executive in 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.”

3.14 The proposal for the forecast underspend of £1.6m was to allocate 50% to manage service risks and use 50% to invest in service delivery to aid the Council in achieving 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 eg social care prevention including CQC readiness and stabilisation plans for services where vacancy rates are particularly high and impacting on service delivery

3.15 A copy of the delegated decision can be found on the Council's [website](#). The Council will review the most cost-effective approach for each project such that some projects may be added to the Council's Capital Programme to reflect increases in assets and value to the Balance Sheet eg laptop renewal and cost of vehicles. An update on this will be provided in the Outturn report.



4 2023/24 CAPITAL POSITION

4.1 The Capital programme budget reported in the Q2 report (168/2023) was £40.8m and has increased by £0.1m to a revised capital programme of £40.9m, as shown in the following table. This increase has resulted from identification of schemes for S106 funding

Project	£000
Approved Programme Q2 Report	40,845
Approved since Q2	

Casterton Nursey (S106 Delegation)	39
Barrowden Parish Council (S106 Delegation)	30
Cottesmore Parish Council (S106 Delegation)	2
Sub total	71
Revised Capital Programme	40,916

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	7,011	6,277	734	7,011	0
Places	33,043	1,026	32,017	33,043	0
Resources	79	37	42	79	0
Total Expenditure	40,916	7,340	33,576	40,916	0
Financed By					
Grant	(35,053)	(6,894)	(28,159)	(35,053)	0
Prudential Borrowing	0	0	0	0	0
Capital Receipts	(719)	(37)	(682)	(719)	0
Revenue Contributions	(124)	(66)	(58)	(124)	0
Developers Contribution	(5,020)	(343)	(4,677)	(5,020)	0
Total Financing	(40,916)	(7,340)	(33,576)	(40,916)	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 Although the statutory override removes the immediacy to fund this deficit the risk remains that the Council will be required to fund this overspend from its own General Fund resources as the Dedicated Schools Grant received is less than expenditure being incurred. The Risk Reserve takes account of an element the materialisation of this risk.

2023/24 Position

5.3 The following table 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 an increase in the total deficit from the report Q2 position of £0.4m which reflects additional demand for services with increases in Mainstream schools and EOTAS provision. The Council have processed 18 new plans in the quarter with a further 29 currently undergoing assessment.

	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			(21)		(21)
Early Years Pathway Development			(48)		(48)
3 & 4 Year Old Funding			(1,490)		(1,490)
2 Year Old Funding			(152)		(152)
SEN Funding Maintained Schools and Academies		(3,295)			(3,295)
SEN Funding Post 16		(110)			(110)
SEN Recovery Plan Expenditure		(200)			(200)
SEN Funding - Independent Special Schools		(1,510)			(1,510)
SEN Funding EOTAS & Tuition		(1,054)			(1,054)
SEN RCC Recharge		(197)			(197)
Early Years Inclusion (SENIF)		(45)			(45)
Under/(Over) spends in 2023/24	0	(914)	(102)	0	(1,016)
Surplus/(Deficit) Carried Forward to 2024/25	(4)	(2,429)	6	86	(2,341)

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 along with inflationary pressures resulting in an increase in price.
- 5.5 The Council is currently involved in two national workstreams to mitigate this pressure
- the East Midlands Change Programme Partnership (CPP) alongside Leicester City and Leicestershire County councils. 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.
 - Delivering Better Value Programme – this is a £1.0m programme that aims to deliver interventions quicker to reduce the deficit on the DSG. The outcomes of this programme are that:
 - a) children are assisted to grow and succeed in mainstream school and to get practical help at the right time in the right way which avoids exclusions

- b) children's needs are identified and assessed quickly and the graduated response followed
- c) settings having a greater understanding of unmet needs and the known links to behaviour and learning and therefore are better able to meet most needs within a mainstream environment. This will in turn mean that;
- d) EHCP's are seldom needed except to support the most complex of needs in mainstream, and only in exceptional cases will a child need an alternative setting other than mainstream.
- e) Therefore, through better understanding, training and experience of supporting complex needs, Rutland's mainstream setting will become specialist in their own right. This will lead to fewer children with SEND being excluded from mainstream education, because these settings are confident that they can meet needs and in cases of behaviours that challenge they are able to de-escalate situations by providing the appropriate support.

5.6 As part of this scheme the Council is required to provide a model of a possible deficit position. This showed that the deficit on the DSG could reach £15.8m by 2029/30 if no further mitigations were undertaken. Therefore, without meaningful intervention by the Council to address this deficit now the Council, under accounting convention, it would be required to use a significant proportion of its General Fund to fund SEND expenditure once the statutory override deadline is reached. Funding the deficit at this rate would jeopardise the financial resilience and sustainability of the Council. Even at the current forecast deficit of £2.3m this restricts investment decisions that the Council could make in future service provision and a revised financial strategy would be required which would impact on all Council service provision.

5.7 The statutory override removes the immediacy to fund this deficit position, though it should be noted the deficit position does form part of the Council's cashflow position and as such has reduced income generate from investment interest receipts. Should the Council be required to use the Risk Reserve to fund this deficit, the Secretary of State would be required to approve this funding transfer as it moves funding between central government departments of Department for Levelling Up, Housing & Communities (DLUHC) and the Department for Education (DfE) and therefore it is not solely in the Council's remit to action.

5.8 The draft 2024/25 budget provides further details on the impact of the rising deficit on the Council's Medium Term Financial Strategy and overall financial sustainability.

6 2023/24 SAVINGS DELIVERY PERFORMANCE

6.1 The 2023/24 budget is underpinned with £1.1m of savings within the 'net cost of services' expenditure. Performance against these savings follows:

- The Council have delivered 21 of the 24 (87%) of the savings. From a monetary position this increases to 93%.
- Currently two 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. The impact of this is being covered by underspends overall. One saving was a non-repeatable saving around holding a post vacant which results in no impact to the 2024/25 budget and the other saving has been addressed as part of the Cash Limit design of service in 2024/25.

- A saving proposal that is unlikely to be delivered in full relates to IT Hardware saving of £10k which is forecast to be missed due to requirement to replace hardware and identification in year that additional spend in this area will create other efficiencies in the way we work. However, as part of sound financial management the Head of Service has mitigated the associated pressure by a renegotiation of the telephony contract. The integrated budget process has included a rolling IT refreshment programme for £80k per annum as a result the services 2024/25 budget will be able to be delivered within its Cash Limits

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

Savings Delivered	No. of Savings Qtr1	No. of Savings Qtr2	No. of Savings Qtr3	Value £000
Issues Raised with Savings	5	3	2	73
No	3	1	1	10
Yes	16	20	21	1,048
Grand Total	24	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 A draft budget that meets these objectives and principles has been presented to Cabinet on the [11 January 2024](#) and [13 February 2024](#).

8 OTHER IMPLICATIONS

8.1 Legal Implications

This section has been approved by Sarah Khawaja, Head of Legal & Democratic Services.

8.1.1 There are no legal implications arising from the recommendations within this report.

8.2 Risk Management Implications

- 8.2.1 The financial risks associated with this report are detailed within Appendix A for each Directorate.
- 8.2.2 The risks are assessed against the balance in the Risk Reserve and assumptions updated as the year progresses which forms part of the considerations for the revised Reserves Strategy as part of the MTFS papers presented to Cabinet.

8.3 Data Protection Implications

- 8.3.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no identified risks or issues to the rights and freedoms of individuals.

8.4 Equality Implications

- 8.4.1 An Equality Impact Assessment (EqIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons.

8.5 Community Safety Implications

- 8.5.1 The Council has a duty in accordance with S17 Crime and Disorder Act 1988, when exercising its functions, to have due regard to the likely effect of that exercise of those functions on and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social behaviour).
- 8.5.2 This duty has been considered and there are no community safety implications relating to the recommendations.

8.6 Health and Wellbeing Implications

- 8.6.1 There are no health and wellbeing implications arising from the recommendations within this report.

8.7 Environmental and Climate Change Implications

- 8.7.1 On 11 January 2021 Rutland County Council acknowledged that it was in a climate emergency. The Council understands that it needs to take urgent action to address it.
- 8.7.2 There are no climate change implications of the Recommendations.

8.8 Procurement Implications

- 8.8.1 There are the no procurement implications relating to the recommendations within the report.

8.9 HR Implications

- 8.9.1 There are no HR implications relating to the recommendations within the report.

9 BACKGROUND PAPERS

- 9.1 2023/24 [Budget Setting Report \(37/2023\)](#)
- 9.2 [Financial Sustainability Strategy \(158/2022\)](#)
- 9.3 [2023/24 Quarter 1 – Revenue and Capital Forecast Report \(116/2023\)](#)
- 9.4 [2023/24 Quarter 2 – Revenue and Capital Forecast Report \(168/2023\)](#)
- 9.5 [2024/25 Draft Budget Report \(04/2024\)](#)

10 APPENDICES

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

An Accessible 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 3.4.

Business Unit	Budget £000	Forecast £000	Variance £000	Forecast Status
Better Care Fund	2,912	2,839	(73)	Underspend
Adult Social Care	11,032	11,176	144	Overspend
Community Care Services	1,630	1,644	14	Overspend
Adults & Health Directorate Management Costs	513	488	(26)	Underspend
Prevention and Assurance	630	573	(57)	Underspend
Public Health	74	120	46	Overspend
Grand Total	16,791	16,839	48	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, or it is not certain the cost will materialise.

Risk	Description	Cost £000	RAG
Demand	Increases in demand	£0-£100k	A
Contribution to Care	In the last quarter the Council has seen a change when new service users come into the system a larger proportion are contributing to their care	£0-£150k	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
Care Market	Due to the closure of a care home in Rutland and the challenging economic conditions the cost of packages is increasing above the Council's Bed Rate	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 3.4.

Business Unit	Budget £000	Forecast £000	Variance £000	Forecast Status
Safe and Active Public Realm	10,781	11,170	389	Overspend
Culture, Leisure & Registration Services	1,126	1,008	(118)	Underspend
Sustainable Economy & Place	743	733	(10)	Underspend
Places Directorate Management Costs	374	352	(22)	Underspend
Grand Total	13,024	13,264	239	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, or it is not certain the 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
Commissioned Transport	Demand continues to grow in this area with reference to Home to School Transport and SEN Transport.	£30k- £100k	R
Waste	The current contract(s) end on the 31/03/2024 and with the changing legislative requirements in this area there is a financial risk over the Medium-Term Financial Plan that the budget insufficient. The finance team are working with the service area to quantify the risk.	£0k- £250k	A
Staffing Underspends	Level of vacancies across the directorate and impact on performance	Unknown	A
Flood Recovery	Works to highways following the recent floodings	Unknown	R

Childrens and Families Directorate

Summary position

Table below shows the overall position for the directorate. Key commentary on variances is shown in paragraph 3.4.

Business Unit	Budget £000	Forecast £000	Variance £000	Forecast Status
Children's Social Care	3,770	3,988	219	Overspend
Directorate Management Childrens & Families	1,022	1,020	(2)	Underspend
SEND, Inclusions and Learning	975	893	(82)	Underspend
Communities & Prevention	616	560	(57)	Underspend
Quality Assurance & Practice Improvement	470	491	21	Overspend
Grand Total	6,852	6,952	100	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, or it is not certain the cost will materialise.

Risk	Description	Cost £000	RAG
General Demand	Increases in demand	£0k-£100k	A
Staffing Underspends	Level of vacancies across the directorate and impact on performance	Unknown	A
Inspection Readiness	The Council may need to invest in inspection readiness in the final quarter	£30k	R

Law and Governance Directorate

Summary position

Table below shows the overall position for the directorate. Key commentary on variances is shown in paragraph 3.4.

Business Unit	Budget £000	Forecast £000	Variance £000	Forecast Status
Corporate Services	1,360	1,232	(129)	Underspend
Democratic Services	487	470	(17)	Underspend
Law & Governance Director Services	400	407	7	Overspend
Legal Services	376	342	(34)	Underspend
Commissioning & Voluntary Sector	461	329	(132)	Underspend
Elections	197	201	4	Overspend
Grand Total	3,281	2,981	(301)	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
Elections	Staffing levels for staffing regional / national elections are low, and for the parliamentary elections especially. This may lead to the Council having to pay higher rates of pay to attract staff which may not be covered by the Grant from Electoral Commission	Unknown	R

Resources Directorate

Summary position

Table below shows the overall position for the directorate. Key commentary on variances is shown in paragraph 3.4.

Business Unit	Budget £000	Forecast £000	Variance £000	Forecast Status
Financial Services and Insurance	2,158	2,102	(55)	Underspend
Information Technology	1,507	1,505	(3)	Underspend
Property Services	1,019	1,030	12	Overspend
HR, Training and Health & Safety	539	576	38	Overspend
Revenues & Financial Support	475	410	(65)	Underspend
Customer Services Team	213	198	(15)	Underspend
Strategic Director Resources	136	179	42	Overspend
Grand Total	6,047	6,000	(48)	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
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%. For 2023/24 this uplift would be managed within the Financial Services Business Unit.	£6k	R

Appendix B. Treasury Management KPI's

PI ref	Prudential Indicator (PI)	Description	TMSS	Revised (Waste Vehicles)	Q3	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	£40.9m	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 Error! Reference source not found. 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 Q3 ie 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 Q3.
8 (TMSS P16)	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 Q3. <i>(This PI is incorrectly referenced in the TMSS as P16.)</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 Q3.
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 Q3.
11	Upper and lower of maturity structure	Up to 2 years 2 to 10 years	25% 20%	25% 20%	0% 0%	G	The Council is within this indicator. Borrowing at long term fixed rates provides budget certainty.

Appendix B. Treasury Management KPI's

PI ref	Prudential Indicator (PI)	Description	TMSS	Revised (Waste Vehicles)	Q3	RAG	Commentary on Qtr performance against PI
	of borrowing (Fixed)	10 years & above	100%	100%	100%		
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 2023/24 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%	45%	G	Net service expenditure is £0.9m Higher at Q3 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%	0.35%	G	The Council incurred historical borrowing costs on OEP and this indicator shows the impact should this service investment income stop. The Q3 position is higher than the TMSS indicator based on OEP forecast of £159k surplus against budget, alongside an increase in net revenue stream of £2.9m as detailed in PI1 and PI2.