

CABINET

16 February 2016

QUARTER 3 FINANCIAL MANAGEMENT REPORT

Report of the Director for Resources

Strategic Aim:	<i>Delivering Council Services within the Medium Term Financial Plan (MTFP)</i>		
Key Decision: Yes	Forward Plan Reference: FP/310715/03		
If not on Forward Plan:	Chief Executive Approved	N/A	
	Scrutiny Chair Approved	N/A	
Reason for Urgency:	N/A		
Exempt Information	No		
Cabinet Member(s) Responsible:	Councillor Terry King, Portfolio Holder for Resources		
Contact Officer(s):	Debbie Mogg, Director for Resources	Tel: 01572 758358 dmogg@rutland.gov.uk	
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Ward Councillors	N/A		

DECISION RECOMMENDATIONS

That Cabinet:

1. Note the 2015/16 revenue and capital outturn position as at Quarter 3.
2. Note the proposed transfers to/from earmarked reserves as shown in the table at Appendix 1, para 1.26 (to be finalised and agreed in the 2015/16 outturn).
3. Note that there are a number of functions which are forecast to be £25k overspent (highlighted in Appendices 3 to 5) but these forecast over spends can currently be contained within overall Directorate budgets.
4. Note that there are two functions (Homecare and Long Term Children's Social Care) which are forecast to be in excess of £100k over budget but overspends can be contained within the overall People Directorate budget as set out in Appendix 6.
5. Approve the transfer of £200k Better Care Fund Contingency to the Social Care Earmarked Reserve, Appendix 1 para 1.3.

6. Note that the MTFP has been updated since Q2 to reflect the impact of the Comprehensive Spending Review and Local Government Finance Settlement. Details can be found in the budget report 39/2016.
7. Approve Capital Programme budget carry forwards totalling £322k for projects to be completed in 16/17 as set out in para 2.3 – 2.6 of Appendix 1.

1 PURPOSE OF THE REPORT

- 1.1 To inform Cabinet and all Members of the full year forecast position as at Quarter 3 for 2015/16 and to alert them to issues that may impact on the Medium Term Financial Plan to enable them to maintain sound financial management of the Council's operations.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The Council approved its 2015/16 budget in February 2015. This section provides some answers to questions that Members might ask about the budget. Members should note that the draft budget for 16/17 has been set taking into account the current forecast in 15/16.

	Key questions	Comments and where you can find out more
1	Are we on track to achieve overall budget (within a tolerance of 1%)?	<p>The Q3 forecast revenue position is favourable in that the Council is forecasting a surplus of £490k compared to a budgeted deficit of £610k.</p> <p>The budget is split into functions within directorates. The financial performance of each function is shown in summary in Appendix 3 to 5. Further detail can be obtained in detailed workbooks via the Council website.</p> <p>http://www.rutland.gov.uk/council_and_democracy/council_budgets_and_spending.aspx</p>
2	What changes have we made to the budget since it was approved?	Since Q2 no changes have been made.
3	Have we got any functions forecast to be overspent by £25k?	Yes, in total 8 out of 74 (7 out of 74 at Q2). There are two in excess of £100k (Homecare and Long Term Children's Social Care). A detailed explanation is given in Appendix 6. Forecast over spends are currently contained with Directorate budgets.
4	Have we got any functions forecast to be underspent by £25k?	Yes, in total 22 out of 74 (17 out of 74 at Q2).
5	Will we achieve	Yes, the budget included service savings of £786k

	Key questions	Comments and where you can find out more
	savings built into the budget?	and £300k for PeopleFirst savings. As reported at Q2 these have been achieved.
6	Are there new pressures emerging?	Yes, but pressures quantified can be contained within overall budget.
7	Are we on track to achieve the overall capital budget?	There are slight delays on some projects. Section 2 of Appendix 1 gives further details.
8	Are there changes to the approved capital programme?	Yes, there has been some re-profiling of the capital programme. Para 2.2 in Appendix 1 gives a full breakdown of changes.
9	Have there been changes to the MTFP?	The MTFP has been updated as part of the budget setting process. The Budget Report (39/2016) gives full details of the changes since Quarter 2 and impact of the Comprehensive Spending Review and Local Government Finance Settlement.
10	Are we on track to receive our budgeted amount for New Homes Bonus (NHB) for 2017/18?	Yes, in the first quarter (the new homes bonus year runs from October to September) we have achieved 26% of the target (paras 3.4 – 3.6 of Appendix 1 give details).
11	Are we on target to achieve the Government estimate on Business Rates retention?	Yes, performance is in slightly better than MTFP expectations. To date there have been no significant appeals lost resulting in a loss of business rates income. Appendix 1 para 3.7 – 3.9 gives details.
12	Is the cost of the Local Council Tax Scheme (LCTS) within budget?	Yes, the LCTS scheme remains under budget (para 3.11 of Appendix 1 gives details).
13	Are we recovering our debts?	Yes, the debt level is down from the year end (para 4.1 of Appendix 1 gives details).

3 CONSULTATION

3.1 Formal consultation is not required for any decisions being sought in this report.

4 ALTERNATIVE OPTIONS

4.1 Cabinet is asked to approve the transfer of the unspent Better care Fund Contingency to earmarked reserves for use in future years to support unexpected demand fluctuations in Social Care Budgets. Cabinet could choose not to approve this transfer in which case, the general fund balance would increase by a further

£200k.

- 4.2 In respect of the Capital budget carry forwards, Cabinet are being asked to re-profile the budget rather than revise it. Cabinet could choose not to approve however, as the schemes are underway it is not the recommended option.

5 FINANCIAL IMPLICATIONS

- 5.1 The report highlights the impact of the forecast on the MTFP. This position has been reflected in the MTFP used as part of the budget setting process for 2016/17.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 Where Directors wish to increase a functional budget by over £100k OR they anticipate that the overall Directorate budget is likely to be overspent (there is no de-minimis level) they must seek approval in advance from Cabinet or Council for a virement to cover any increase. There are two functions that falls into this category but no specific request has been made because the overspend can be contained within the overall directorate budget. These budgets have been rebased for 2016/17 so that the budget reflects expected demand.
- 6.2 The financial procedure rules (FPRs) state that capital budget carry forwards can be undertaken unless the Cabinet determines otherwise.
- 6.3 There are no legal implications arising from this report.

7 EQUALITY IMPACT ASSESSMENT

- 7.1 An Equality Impact Assessment (EqIA) has not been completed because the report does not represent the introduction of a new policy or service or a change / review to an existing policy or service.

8 COMMUNITY SAFETY IMPLICATIONS

- 8.1 There are no community safety implications.

9 HEALTH AND WELLBEING IMPLICATIONS

- 9.1 There are no health and wellbeing implications.

10 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 10.1 As the Council is required to make savings over the medium term, the Q3 position continues to be positive with the Council under budget.

11 BACKGROUND PAPERS

None

12 APPENDICES

Appendix 1	Quarterly Monitoring Report
Appendix 2A	Approved Budget Changes
Appendix 2B	Virements

Appendix 3	Peoples Directorate
Appendix 4	Places Directorate
Appendix 5	Resources Directorate
Appendix 6	Variances over £100k
Appendix 7	Capital

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