

**CABINET**

**21 June 2016**

**REVENUE AND CAPITAL OUTTURN 2015/16**

**Report of the Director for Resources**

Strategic Aim:	Delivering Council Services within the Medium Term Financial Plan	
Key Decision: Yes	Forward Plan Reference: FP/220416/01	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor Terry King, Leader and Portfolio Holder for Finance	
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Ward Councillors	N/A	

**DECISION RECOMMENDATIONS**

That Cabinet:

- i) Approve the use of £104k of earmarked reserves as per Appendix A, para 1.6.7 to fund 2015/16

costs in relation to one complex children's social care case, residual operating costs for Travel for Rutland and project management costs for Digital Rutland.

- ii) Approve the revenue/grant carry forwards of £533k as outlined in Appendix A, para 1.5.1 and 1.5.2.
- iii) Note the carry forward of £6k of revenue reserves to fund one capital scheme delayed into 2016/17 as outlined in Appendix A, para 1.6.10.
- iv) Note the updated 2016/17 budget for the Better Care Fund in Appendix H including the use of £200k of the ring fenced reserve as set out in Appendix A para 4.1.4.
- v) Approve the use of £23k from the Welfare Reserve, £85k from the Special Educational Needs (SEN) reserves and £48k from the Digital Rutland reserve to fund additional work in 2016/17 as set out in Appendix A, para 1.7.5.
- vi) Approve the use of £120k of the pay contingency (already included in the 2016/17 budget) and £20k from the Social Care earmarked reserve to fund the People Directorate senior management pressure in 2016/17 as set out in Appendix A, para 1.4.5 – 1.4.7.
- vii) Approve the transfer of £1,073k of underspends to ring fenced reserves as set out in Appendix A, para 1.6.8.
- viii) Approve the capital budget reprofiling of £2,480k as explained in Appendix A, para 2.1.3.
- ix) Note the updated 2016/17 revenue budget and the

additional £100k saving along with the capital budget as set out in Appendix A, Section 4.

That Cabinet:

- x) Recommend to Council that the ceiling for the Insurance and Legal reserve be increased to £250k (Appendix A, para 1.6.11).
- xi) Recommend to Council a new capital scheme for £106k for the permanent repair of potholes following receipt of additional Government grant (Appendix A, para 4.2.3)
- xii) Recommend to Council that £200k of available capital receipts rather than earmarked social care reserve is used to fund the implementation of the Adult Social Care system in 16/17 (Appendix A, para 1.6.9).

## **1 PURPOSE OF THE REPORT**

- 1.1 To inform Cabinet of the draft outturn figures (subject to audit) for the financial year 2015/16 and provide an update on the status of the 2016/17 budget. In reporting the outturn, Cabinet and where necessary Council is being asked to carry forward some budgets to 2016/17, approve some additional requests for funding for 2016/17, put aside some additional funding in earmarked reserves and agree an increase in ceilings on the Insurance and Legal earmarked reserve.

## **2 BACKGROUND AND MAIN CONSIDERATIONS**

### **2.1 2015/16**

2.1.1 The Council approved its 2015/16 budget in February 2015. Throughout the year, Cabinet and Scrutiny Panels have received quarterly updates on progress against the budget. Cabinet and Council have also made some changes to the approved budget which are itemised in each quarterly report.

2.1.2 The end of year provisional revenue position is favourable in that the Council is under its revenue budget by c£1.125m. A full explanation of the year end revenue position is covered in Appendix A, Section 1 to this report. This position is provisional for two reasons:

- The position is subject to external audit by KPMG LLP; and
- In arriving at the overall position for 15/16, officers are making requests to use of £104k from earmarked reserves (detailed in Appendix A, para 1.6.7); £533k to be carried forward for use in 2016/17; and, for £1,073k to be transferred to existing earmarked reserves (Appendix A para 1.6.8). These are decisions that must be approved by either Cabinet and/or Council.

2.1.3 Whilst the overall position is favourable, the Council's financial context remains challenging with significant savings required over the medium term.

## **2.2 2016/17**

2.2.1 The revenue budget for 2016/17 was set in February but has been updated as part of this report. As is usually the case, issues often emerge after the budget has been approved. Officers have also reviewed the 2016/17 budget in the context of the 2015/16 outturn.

2.2.2 Appendix A, Section 1.4 considers whether any overspends experienced in 2015/16 are likely to cause a budget pressure in 2016/17. As a result of the analysis, officers have highlighted a number of emerging pressures in children's services and waste management. Directors will be trying to manage these pressures and/or contain pressures within their overall Directorate budget in the first instance but may request changes to the budget later in the year if pressures cannot be managed.

2.2.3 The People Directorate continues to face a pressure in relation to senior management staffing and whilst ongoing action is being taken to mitigate this, it is requested that the budget is increased by £140k to cover this cost in the short-term. £120k of this cost can be funded through the pay contingency and £20k from the social care earmarked reserve.

2.2.4 The pay award has now been settled for 2016/17 and 2017/18 at 1% a year for all staff on pay points 18 and above. Pay points 6 to 17 receive an increase between 10.28% and 2.3% over the same two year period. This, along with the Senior Managers Pay review, will be implemented from 1st April 2016. Therefore, £210k has been transferred from the Pay award contingency to the three Directorate budgets.

2.2.5 Appendix A, Section 4 gives an update on the 2016/17 budget. In addition, officers are requesting use of earmarked reserves of £85k to fund additional resources with regards to the implementation of the Education Healthcare Plans; £23k to cover the cost of the Revenues and Benefits Deputyship post; and, £48k to cover the cost of Digital Rutland project management costs (Appendix A, para 4.1.4).

2.2.6 At the time of setting the budget, the Council was still awaiting confirmation of the Better Care Fund allocation. This has now been received and is £2.061m as opposed to £2.046m in the Budget and MTFP. The 2016/17 BCF plan has now been approved and utilises the new funding plus £200k of the earmarked reserve. The new budget for the BCF is attached as Appendix H.

2.2.7 The BCF Plan requires the Council to spend a minimum of £85k of the fund on Carers Support in 2016/17. Therefore, £85k of the Carers Support budget can now be charged to the BCF creating a 'People First' saving on the General Fund. This saving, along with the increase of £15k income for the Better Care Fund, offset by the need to use £50k of the General Fund to cover the increased cost of Waste Management, has the impact of an overall increase in the General Fund surplus of £50k.

2.2.8 The Council has received notification of additional grant funding for Pothole Action Funding. The purpose of this funding is to permanently repair potholes (as opposed to fill) by resurfacing lengths of highways to stop the formation of potholes. Officers are requesting a new scheme to be included within the capital programme for this.

### **3 CONSULTATION**

3.1 Formal consultation is not required for any decisions being sought in this report. Internal consultation has been undertaken with officers to assess the impact of the outturn on the budget for 2016/17.

### **4 ALTERNATIVE OPTIONS**

- 4.1 Cabinet are requested to make decisions about carrying forward unused budgets to 2016/17. In many cases, officers have already committed such budgets (i.e. work has been started but not finished) or plan to do so for service delivery in 2016/17. Cabinet can choose to approve the carry forwards or could request that budget managers assess whether such expenditure can be absorbed within existing budgets or savings made elsewhere. Where this is not possible, there may be budget pressures later in the year.
- 4.2 Cabinet are also requested to use existing earmarked reserves or general fund balances to fund some 2016/17 pressures. Cabinet can choose to approve the requests or request that budget managers assess whether such expenditure can be absorbed within existing budgets thereby deferring any decision until later in the year when more information is known.
- 4.3 In addition, Members are being asked to make additional contributions to earmarked reserves. Members could choose to retain all funds in the General Fund Reserve rather than to prop up earmarked reserves. The former is not the preferred option for the reason that the establishment of earmarked reserves recognises that funds are likely to be needed for a specific cause. Retaining such funds in a General Reserve could give the impression that the Council's financial health is better than what is actually the case.

## **5 FINANCIAL IMPLICATIONS**

- 5.1 The report highlights the impact of the outturn on the MTFP. General Fund balances will increase by

c£1.125m above that budgeted for if all recommendations are approved.

- 5.2 For 2016/17, agreement to the recommendations will increase the General Fund surplus by £100k.

## **6 LEGAL AND GOVERNANCE CONSIDERATIONS**

- 6.1 The FPRs allow Cabinet to approve budget carry forwards from one period to the next and use earmarked reserves. The FPRs allow Council to establish a new reserve and set ceilings for earmarked reserves.
- 6.2 There are no legal implications arising from this report.

## **7 EQUALITY IMPACT ASSESSMENT**

- 7.1 Equality Impact Assessment (EqIA) screening has been completed. No adverse or other significant issues were found.

## **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 outturn position is positive. The approval of budget carry forwards will allow the 2016/17 budget to be updated to reflect spending plans.

## **11 BACKGROUND PAPERS**



11.1 None

## **12 APPENDICES**

Appendix A: Q4 Finance and Budget Outturn Report

Appendix B: Reconciliation of Management Accounts to Statutory Accounts

Appendix C: People Directorate

Appendix D: Places Directorate

Appendix E: Resources Directorate

Appendix F: Capital Outturn

Appendix G: Variances over £25k

Appendix H: Better Care Fund

Appendix I: Medium Term Financial Plan

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