

## CABINET

21 February 2017

### QUARTER 3 FINANCIAL MANAGEMENT REPORT

#### Report of the Director for Resources

Strategic Aim:	Delivering Council Services within the Medium Term Financial Plan	
Key Decision: Yes	Forward Plan Reference: FP/041116/02	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor Tony Mathias, Acting Leader and Portfolio Holder for Finance	
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Ward Councillors	N/A	

#### DECISION RECOMMENDATIONS

That Cabinet:

- i) Note the 2016/17 revenue and capital outturn position as at Quarter 3 (Appendix A, section 1 and section 2)
- ii) Approve the use of £23k from the Invest to Save reserve as requested in Appendix B note (iii)
- iii) Note the proposed transfers from earmarked reserves as shown in the table in Appendix A, para 1.6.3 (to be finalised and agreed in the 2016/17 outturn)
- iv) Note the changes to the Approved Capital Programme as outlined in Appendix A, para 2.2.1 (to be finalised and agreed in the 2016/17 outturn)
- v) Approve the release of £46k from the Integrated Transport Block funding for the design works for Oakham Town Centre

## 1 PURPOSE OF THE REPORT

1.1 To inform Cabinet and all members of the full year forecast position as at Quarter

3 for 2016/17 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 2016/17**

2.1.1 The Council approved its 2016/17 budget in February 2016. Various changes have been made since in Quarterly report and other Cabinet report. Any changes made since Quarter 2 are summarised in Appendix A 1.1 and itemised in Appendix B. In this report, various requests are being made to use earmarked reserves (Appendix B, notes (i) to (iii)).

2.1.2 The Q3 revenue position is similar to that reported at Q2. The Council is forecasting a surplus of £436k compared to a budgeted surplus of £775k. As reported in Q2, the reduction in the surplus reflects continued pressure in a number of areas including waste management, fostering and adoption and children's social care. More detailed information on the overall forecast can be found in Appendix A, para 1.2.2.

2.1.3 Outside the General Fund, there is an overspend on the Dedicated Schools Grant (DSG) arising from both High Needs and Early Years. These pressures have been discussed at Schools Forum and a method of recoupment from schools in 2017/18 has been approved (Appendix A, para 1.2.3).

2.1.4 There are no major issues to note re the capital programme.

### **2.2 Medium Term Financial Plan (MTFP)**

2.2.1 The latest MTFP is included in the Draft Budget Report (08/2017) presented to Cabinet in January.

## **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 forecast on the budget in future years.

## **4 ALTERNATIVE OPTIONS**

4.1 Cabinet are requested to approve the use of the Invest to Save reserve to support expenditure in Revenues and Benefits arising from redundancy costs associated with a service review. Cabinet can choose to approve the request or request that such expenditure is absorbed within existing budgets.

4.2 Cabinet are being asked to approve £46k from the Integrated Transport Block to fund the design works for Oakham Town Centre. Cabinet could choose to approve or reject this request or suggest an alternative funding source.

## **5 FINANCIAL IMPLICATIONS**

5.1 The report highlights the impact of the forecast on the MTFP. General Fund balances will increase by c£436k compared to £775k budgeted for if all

recommendations are approved.

## **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.
- 6.2 There are three functions within the Places Directorate that falls into this category but no specific request has been made because the overall Directorate is underspent.
- 6.3 There are four functions (Directorate Senior Management Costs, Fostering and Adoption, Children's Duty Social Care, and Early Intervention - Targeted) within the People Directorate that fall into this category but no request for funding has been made as is forecasting to underspend.
- 6.4 There are no other legal implications arising from this report.

## **7 EQUALITY IMPACT ASSESSMENT**

- 7.1 An Equality Impact Assessment (EqIA) has not been completed because there are no service, policy or organisational changes being proposed.

## **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 Q2 position is positive as, despite a number of significant variances, the Council is still forecasting a surplus and contributing to general reserves.

## **11 BACKGROUND PAPERS**

- 11.1 None

## **12 APPENDICES**

Appendix A: Q3 Finance and Budget Outturn Report  
Appendix B: Approved Budget Changes  
Appendix C: Reconciliation of Directorate Budgets  
Appendix D: Virements  
Appendix E: People Directorate  
Appendix F: Places Directorate  
Appendix G: Resources Directorate  
Appendix H: Adverse Variances over £50k  
Appendix I: Detailed Capital Programme

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