



**Rutland**  
County Council

Quarter 4 Finance and Budget  
Outturn Report  
2014 - 15

Date: 9<sup>th</sup> June 2015

## ***Overview and contents***

Delivering Council Services within the Medium Term Financial Plan is a key priority for the Council. This report gives Members an update on how the Council has financially performed in 2014/15 and an update on the 2015/16 budget. The report is split into four sections:

Section 1 – Revenue outturn	3
Section 2 – Capital Outturn	20
Section 3 – Other financial updates	22
Section 4 - 2015/16 Budget Update	24

## **Section 1 – Revenue outturn**

### **A Outturn – What is the overall position?**

- 1.1 From a financial management perspective 2014/15 has been a challenging year for budget management and forecasting with changes in senior management, key vacancies covered by temporary staff and the delivery of a number of important projects for which the extent of additional resource required was uncertain. Significant points to note include:
- The Council undertook a “PeopleFirst” review (a root and branch review of the People Directorate) which set out the future strategic direction of the People Directorate and identified a series of further projects/actions to help the Council deliver savings of up to £1.5m whilst reshaping its services to the community – this project has started to influence decisions on staffing, led to a wider use of the public health budget and a change of approach to service delivery in some areas;
  - The People Directorate has undergone a senior management restructure which saw an Interim Director in post for a significant part of the financial year until the appointment of a permanent Director in September 2014 and a new Deputy Director from January 2015. This coupled with Interims at Head of Service level created some uncertainty for forecasting senior management costs;
  - The Council successfully submitted its first Better Care Fund (BCF) plan in June 2014 and has identified a series of projects designed to promote health and social care integration from this year. The Council brought in additional resource (although less than originally envisaged) to support this project whilst also making use of 20 days ‘free’ resource provided by NHS England;
  - The Council implemented the first part of the Care Act in time for 1 April 2015 and continues to work on reforms due to be implemented from 1 April 2016. Again, following the departure of the Council’s lead officer in this area, additional external expertise was brought in to support this project which continues into 2015/16;
  - The Council has employed a number of interims in key service areas such as IT, Audit, Adult Social Care and Children’s Services whilst it determines how best to structure service delivery moving forward.
- 1.2 Against this backdrop, the Council has achieved a surplus of £1.613m compared to a budgeted surplus of £1.027m. In the context of a Medium Term Financial Plan (MTFP) which shows a deteriorating funding position (Report 39/2015), the overall outcome is very positive.
- 1.3 The summary revenue position at 31 March 2015 is shown below. Appendix 2 shows how the revenue outturn position reconciles to the Net Cost of Services in the Outturn summary to the Comprehensive Income and Expenditure Statement (CIES) in the Draft Statement of Accounts. Detailed performance by Directorate is shown at Appendices 3 to 5.

## Summary Revenue Position as at 31 March 2015

Portfolio		Current Budget	Q1 Forecast Outturn	Q2 Forecast Outturn	Q3 Forecast Outturn	Q4 Outturn
		£000	£000	£000	£000	£000
People		14,788	14,201	14,487	14,555	14,173
Places		12,172	11,981	11,935	11,816	11,620
Resources		5,264	5,252	5,331	5,220	4,895
Inflation Contingency		39	127	89	0	0
<b>Net Cost of Services</b>	<b>1.4</b>	<b>32,263</b>	<b>31,561</b>	<b>31,842</b>	<b>31,591</b>	<b>30,688</b>
Capital Financing	1.17	2,141	2,141	2,141	2,141	2,141
Interest Receivable		(115)	(115)	(115)	(140)	(154)
<b>Net Operating Expenditure</b>		<b>34,289</b>	<b>33,587</b>	<b>33,868</b>	<b>33,592</b>	<b>32,675</b>
Financing:						
Non ring-fenced grants	1.18	(7,538)	(7,538)	(7,730)	(7,784)	(8,243)
National Non-Domestic Rates	1.19	(4,086)	(4,086)	(4,086)	(4,074)	(4,070)
Council Tax	1.20	(20,464)	(20,464)	(20,464)	(20,464)	(20,464)
Collection Fund Surplus		(498)	(498)	(498)	(498)	(495)
Transfers to/(from) Earmarked Reserves	1.21	(891)	(701)	(497)	(271)	821
Revenue Contribution to Capital Outlay	1.26	51	53	98	53	46
Appropriations:	1.27	(1,890)	(1,890)	(1,890)	(1,890)	(1,883)
<b>(Surplus)/Deficit</b>		<b>(1,027)</b>	<b>(1,537)</b>	<b>(1,199)</b>	<b>(1,336)</b>	<b>(1,613)</b>
General Fund 1 April 2014		(8,062)	(8,062)	(8,062)	(8,062)	(8,062)
General Fund 31 March 2015		(9,089)	(9,599)	(9,261)	(9,398)	(9,675)
<b>Note: further information can be found by following the paragraph references above</b>						

- 1.4 At the Net Cost of Service level (Directorate expenditure), the Council was £1.57m under budget with an outturn of £30.688m compared to a budget of £32.263m. By analysing the detail of under and over spends, the key movements can be broadly categorised as follows: (more detail is given in Section 1B):

## Appendix 1

Reasons	People £'000	Places £'000	Resources £'000	Total £'000
Staff savings – vacancies	(314)	(157)	(114)	(585)
Overachievement of income budgets	(218)	(195)	(0)	(413)
General service underspends	(552)	(148)	(189)	(873)
Windfall income – unexpected health funding	(225)	(33)	(130)	(388)
General overspends including use of interims	586	0	84	670
Underachievement of income budgets	140	0	0	140
Other net movements	32	19	20	71
<b>Sub total</b>	<b>615</b>	<b>552</b>	<b>369</b>	<b>1,536</b>
Unused inflation contingency				39
<b>Total</b>				<b>1,575</b>

- 1.5 In addition to an under spend at Net cost of Service of c£1.5m, the Council received an extra £705k in non ring-fenced grant income throughout the year. This trend of Government Department passporting ad hoc funding to Councils in year to fund particular initiatives is not uncommon. For Rutland it resulted in an under spend of £2.2m against budget prior to transfers being made to earmarked reserves. The £2.2m therefore translates into a £500k additional surplus.
- 1.6 The final outturn position at a surplus/deficit level is broadly in line with what has been reported in previous quarters. At Net Cost of Service level the quarterly forecasts throughout the year were stable but reduced by c£900k at Quarter 4. Whilst the majority of this movement was unpredictable e.g. grants notified in Quarter 4, the Council continues to work with budget holders to promote effective financial management. The changes between Q3 and Q4 at Net cost of service level again reflect some of the issues noted above and are discussed in detail in Section C.

### **B Directorate spend – how does this compare to budget?**

#### ***People Directorate***

- 1.7 The People Directorate has achieved an outturn of £14.17m compared to budget of £14.79m. This represents an under spend of £0.62m (c4%). The most significant areas of under/ over spends:
- A. Significant overspends on Interim and agency staff of c£212k, due to a number of posts being held vacant whilst a new structure for the Directorate is developed;
  - B. Under spend on the ring fenced Public Health budget (c£212k) - some of the expenditure in public health is linked to activity and throughput which has been less than anticipated. Also, there was late notification of

additional grant funding of £50k for Oral Health Promotion work which will be carried forward to be used in future years;

- C. Significant underspend on the Transformation Programme of (c£100k). At Quarter 1 the Council identified additional resources required to support preparation for the implementation of the Care Act, development of the Better Care Fund (BCF) plan and implementation of PeopleFirst. As projects progressed the Directorate was able to rationalise the resource required. A carry forward of £41k is requested to complete projects started in 2014/15;
- D. Significant underspends on Community Support - Learning Disability services (£56k) and services to Older People (£162k) as a result of successful claims for Continuing Health Care (CHC) funding resulting in over achievement of income budgets of c£218k;
- E. An under spend as a result of receipt of windfall income from a backdated CHC case of £225k. Whilst this year, the Council has benefitted from additional CHC funding, this is not always the case. It is requested that any windfall of this type is transferred to the Social Care Reserve to smooth out fluctuations in demand and potential losses in future years.
- F. One off staff savings in areas like Children's services (£77k), Learning and Skills services (£24k), Special Educational Needs (SEN) & Disabilities services (£21k), Contracts & Procurement (£24k) and Adult Social Care services (£120k);
- G. Overspends as a result of under achievement of income budgets for Fairer charging & Meals on Wheels income £85k and Learning Disabilities £54k simply due to changing demand. The Fairer charging income budget has been adjusted in 2015/16 to reflect the Council's decision to stop the Meals on Wheels service, however there is a potential pressure on this budget for 2015/16 of c£11k. This will be monitored through 2015/16;
- H. An under spend on the Youth Housing Project (£61k) as a result of delays in the implementation of the project. The project is now paused and under review;
- I. Adoption underspend of (£57k) and Children's workforce development of (£15k). Both of these are grant funded initiatives, started but not completed during 2014/15 and it is requested that these underspends be carried forward for use in 2015/16;
- J. Disabled Children overspend of £88k as a result of one high cost residential placement required for a complex case. The budget for 2015/16 has been increased to reflect the cost of this increased package; and
- K. SEN transport overspend of £157k - a review of Transport is being undertaken which will consider the spend against this budget which continues to see increased demand in both the number and cost of transport runs provided.

1.8 More detail on the variances can be found at Appendix 3.

**Places Directorate**

1.9 The Places Directorate has achieved an outturn of £11.62m compared to budget of £12.17m. This represents an under spend of £0.55m (c5%). The most significant areas of under/ over spends:

- A. One off staff savings in Highways (£67k), Parking (£23k), Planning (£44k) and Building & Development Control (£46k). These were partly absorbed by overspends on agency workers covering vacant posts of £23k;
- B. Over achievement of Planning application income (c£80k). This is as a result of the type of applications received rather than an increase in applications per se. For example, the local centre application for Oakham North generated the same fee income as 100 applications for house extensions;
- C. Over achievement of Highways Section 38 income of £67k as a result of developers pushing forward road adoptions. It is proposed that the £67k in 2014/15 is transferred to earmarked reserves to fund future expenditure;
- D. Business rates refunds for Museum (£17k) and Libraries (£16k). The 2015/16 budget can be reduced to reflect the lower business rate charges going forward;
- E. Over achievement of income at Oakham Enterprise Park (£36k) with lettable units being brought online ahead of schedule which is resulting in rental income beyond that estimated in the original plan; and
- F. A number of projects within the Directorate that did not progress as anticipated by the end of the year (c£148k). These included Digital Rutland, Cemeteries new pathway, Warm Homes for Rutland, Neighbourhood Plans, Bridges and Culverts, Library book purchases and Travel for Rutland.

1.10 More detail on the variances can be found at Appendix 4.

**Resources Directorate**

1.11 The Resources Directorate has achieved an outturn of £4.9m compared to budget of £5.26m. This represents an under spend of £0.36m (c7%). The main areas of under/over spends:

- A. Significant underspends of (£16k) on Financial Crisis Support and Hardship Fund (£75k). The overall budget for the latter has been reduced by £50k (from £100k) for 2015/16 reflecting the lower demand;
- B. A change in accounting policy on Housing Benefit (HB) overpayments which resulted in a one-off windfall of (c£130k). Previously, all HB were written off immediately and income treated as windfall. All HB

overpayments are now included as debtors and only 74% written off (reflecting the Council's historic recovery performance);

- C. Training underspend of (£98k) on a budget that included a carry forward of £50k – the Council has experienced significant vacancies this year (particularly in senior positions) and this has slowed down non-mandatory training and investment in leadership training. The 2015/16 budget has been reduced to reflect the reduced activity but some of the under spend will be carried forward for future use;
- D. Underspend of (£60k) relating primarily to non-recruitment of the Business Manager and less investment required to date in supporting the PeopleFirst implementation;
- E. One off staff savings in areas like Customer Services (£32k) and Corporate Support (£22k); and
- F. An overspend on the legal budget of £84k of which c£50k includes the costs of an employment tribunal case.

1.12 More detail on the variances can be found at Appendix 5.

### **C Directorate spend – how does this compare to Q3?**

1.13 There have been a number of budgets where the outturn was less than expected at Quarter 3, some of the key variances are explained below. More detailed explanations can be found at Appendices 3 to 5:

#### ***People Directorate***

1.14 At Quarter 3, the People Directorate was forecasting an outturn of £14.56m but this reduced to £14.17m at Q4 (a movement of £382k). The main reasons are as follows:

- A. Additional Public Health grant income of £50k for Oral Health Promotion was received and additional CHC income of £38k for Physical Disabilities;
- B. Vacancies, staffing issues and further challenges in recruitment and use of Agencies in areas like Early Intervention, Supporting Independence, Adult Social Care, Secondary Officer, Childrens Centres and SEN & Disabilities led to additional savings of £157k;
- C. Sexual Health had reduced activity on the ISHS (Integrated Sexual Health Service) contract of £24k. SEN Transport had a reduction in forecast overspend of £38k due to moving some routes to in-house provision; and
- D. The Transformation Programme expenditure was less than previously forecast by £49k due to the delays in recruitment of staff and implementation of the on-line adult social care policy and procedure storage system.

**Places Directorate**

1.15 At Quarter 3 Places Directorate was forecasting an outturn of £11.82m but this reduced to £11.62m at Q4 (a movement of £200k). The reasons are as follows:

- A. Additional S38 Income (Road Adoptions) of £16k, fee income from bookings for weddings of £10k and business rates refunds for the Museum and Libraries of £33k;
- B. Libraries had reduced activity on the purchase of books due to work commitments on the IT project resulting in a reduction in forecast of £15k. For Digital Rutland professional and legal fees have not been incurred at the rate expected leading to a reduction in forecast of £26k. For Warm Homes for Rutland, expenditure has been less than previously anticipated resulting in an underspend of £29k;
- C. Cemeteries budget was forecast to be £15k over budget at Quarter 3 as works for a new pathway had been included in the forecast. These works were tendered but came in higher than predicted and so have been deferred for the moment;
- D. At Q3 the forecast for Bridges and Culverts included costs for Wing Bridge. However the works were altered due to flood leading to a reduction in expenditure at year end of £13k; and
- E. Non-essential central maintenance works were put on hold in line with budget.

**Resources Directorate**

1.16 At Q3 Resources Directorate was forecasting an outturn of £5.22m but this reduced to £4.90m at Q4 (a movement of £320k). The reasons are as follows:

- A. Additional subsidy grant of £27k was received for Local Council Tax Support and a further £14k on benefit subsidy;
- B. In areas such as Communications, there has been reduced activity on publicity and related matters resulting in a change in forecast of £14k. In Finance work scheduled for Payment Card Industry compliance was not completed as expected by the year end resulting in a reduction in forecast of £14k albeit this cost will be incurred in 2015/16;
- C. Vacancies, staffing issues and further difficulties in recruitment and use of Agencies in areas like Corporate Support, Customer Services and Revenues/Benefits led to additional savings of £45k;
- D. The Information Technology budget was forecast to be £90k over budget at Quarter 3. In Quarter 4 work was undertaken to try and reduce this overspend by reducing non-urgent expenditure, deferring recruitment activity pending a further review and achieving better VFM on expenditure. This exercise coupled with a re-profiling of expenditure facilitated a reduction in the forecast overspend by £81k.

- E. Much of the scheduled training forecast for the last two Quarters has not gone ahead as planned. The turnover in staff has slowed down non-mandatory training and investment in leadership training resulting in a reduction in forecast of £57k.
- F. The European elections forecast assumed that the Council would be able to recover excess costs of c£28k incurred in delivering this election. The Council is still awaiting confirmation but for accounts purpose, it is assumed that this will not be paid resulting in an increased forecast of £26k.
- G. The Housing Benefit cost centre assumes that not all payments made for rent allowances can be recovered e.g. those where there is local authority error. Updated figures for Quarter 4 show that the Council can claim an additional £40k (0.67% of total paid) not originally envisaged.

**D Financing – how has the budget been financed and how has this changed in year?**

*Capital Financing and Interest Receivable*

1.17 Capital financing costs comprising the Minimum Revenue Provision (the amount set aside for the repayment of debt) and external interest payable have not changed from Quarter 3. The interest receivable on investments figure has increased by £14k from Quarter 3. The £154k represents an average return of 0.54%.

*Non Ring-fenced Grants:*

1.18 The Non Ring-fenced Grants outturn of £8.243m shows additional grants of £0.7m over and above the budget of £7.538m. A number of additional Non ring-fenced grants were received in the final quarter of the year, others were received in year.

<b>Grants</b>	<b>£'000</b>	<b>Details</b>
S31 Small Business Rates Relief Grant	208	Compensation for loss of NNDR as a result of extension of scheme - £208k was an initial estimate updated in Q4.
Health Funding – Helping People Home Grant	25	Grant to facilitate early discharge of people from hospital
Additional Individual Electoral Registration Grant	5	
New Burdens Grant – Welfare Reform Funding	3	
<b>Total notified Q1- Q3</b>	<b>241</b>	
Total Transport Review	100	Successful bid to the Department for Transport for funding from the Transport Pilot Fund to be carried forward and used in 2015/16

<b>Grants</b>	<b>£'000</b>	<b>Details</b>
Health Winter Pressures Funding	134	Funding received from the CCG to be spent on supporting the Non Weight Bearing Pathway and to aid in the DTOC programme to be carried forward and used in 2015/16
Early Years Integrated Review	11	Late notification from the Department for Education(DfE) to be carried forward and used in 2015/16
SEND Preparation for Employment Grant	26	Late notification from the DfE of one off grant to promote supported internships and other employment activity for young people with special education needs and disabilities. To be carried forward in earmarked reserves
Surface Water Drainage Proposals	57	Department for Environment, Food and Rural Affairs (DEFRA) funding for technical advice on surface water drainage proposals. To be carried forward and used in future years.
Regional Care Act Funding	13	Additional funding for Care Act preparation
Transparency Code	8	Additional grant to meet new reporting requirements
Business Rates administrative costs	10	Late notification from the Department for Communities and Local Government (DCLG) of grant to reimburse authorities for administrative costs associated with implementing business rate changes for 2014/15 as announced in the 2013 Autumn Statement.
Small Business Rate Relief	105	Top up notification following initial estimate
<b>Total notified in Q4</b>	<b>464</b>	
<b>Total Additional Non-Ring Fenced Grants 2014/15</b>	<b>705</b>	

### *Non-Domestic Rates*

1.19 The Council's final position on Non-Domestic Rates was £4.070m. This is in line with the projection at Q3 of £4.074m.

*Council Tax and Collection Fund Surplus*

1.20 If a surplus or deficit remains in the Collection Fund at the year end it is subsequently distributed to, or borne by the billing authority (RCC) and the preceptors (Police and Fire Authorities). In 2014/15, the Council was paid the balance estimated at 15 January 2014. The balance has therefore remained largely unchanged in the year.

*Transfers to/ (from) Earmarked Reserves*

1.21 The Council planned to use £891k from earmarked reserves during 2014/15 including Budget Carry Forward requests approved as part of the Q4 Outturn Report 2013/14 (133/2014). At the end of the year, the Council is actually transferring a net £821k into earmarked reserves. A summary of the planned movement in reserves and the actual movement in reserves is shown below:

	Budget 2014/15 £'000		Actuals 2014/15 £'000	
Earmarked Reserves	3,242		3,242	
Committed Sums	357		357	
<b>Balance @ 01/04/2014</b>		<b>3,599</b>		<b>3,599</b>
Use of Reserves	(1,070)		(691)	
Use of Commuted Sums	0		(35)	
Use of S106 for Revenue spend	(49)		0	
Transfer to Reserves	228	(891)	1,547	821
<b>Balance @ 31/03/2015 (exc S106)</b>		<b>2,708</b>		<b>4,420</b>

1.22 A breakdown of the transfer to reserves of £1.5m is shown below:

	Further information	£'000
New Reserve request – Insurance	1.23	100
Budget Carry Forwards for 2014/15	1.25	446
<b>Sub total</b>		<b>546</b>
Public Health Ring fenced Grant		212
Specific Grants Received in year not spent (SEN Grant £150k; SEND Grant £104k; Sustainable Drainage £47k)		301
Other Transfers	1.24	487
<b>Sub total</b>		<b>1,000</b>
<b>Total Transfer to Reserves for 2014/15</b>		<b>1,546</b>

1.23 It is proposed that a new Insurance/legal reserve of £100k is set up from 2014/15 underspends. Most local authorities have such a reserve set up to meet the costs of changes to insurance, claims etc. The Council itself has experienced an increase in its insurance premiums, does not have a budget to settle cases below excess levels and has had to meet legal costs associated with an employment tribunal and appeals against neighbourhood plans.

1.24 A summary of the Other Transfers to reserves is as follows:

- The unspent Business Manager Budget of £53k to be transferred to the Invest to Save Fund to meet any costs associated with the implementation of PeopleFirst;
- The unspent balance on the Financial Crisis Fund (£6k) and the Discretionary Hardship fund (£75k) to the Welfare Reserve to meet excess demand in future years;
- £30k underspend on the Training budget to be used in the future to fund one off training (para 1.11C);
- £224k of windfall income from Learning Disabilities to be transferred to the Social Care reserve to meet future costs;
- £17k of revenue generated by the ShoreLink and WorkLink services transferred to the Travel 4 Rutland fund;
- £69k of additional Section 38 income transferred to Highways reserve to fund future expenditure;
- £2k transferred to the Risk Management fund;
- Transfer of unspent DCLG Frontrunners grant of £11k to be used to offset future expenditure.

1.25 The summary of the Budget Carry Forwards of £446k is as follows:

Description	Amount £'000	Explanation
Transport Review	100	The Council has received grant funding to support a Total Transport Review (notified in March). It is requested that this be carried forward to fund the review in 2015/16.
Interim Secondary Officer	24	Due to delays and difficulties in recruitment, the Council has underspent on the School's Secondary Officer post and it is requested that this be carried forward to support the increased costs of using interim staff cover in 2015/16.
Libraries	15	Due to IT project, purchases of books did not happen in Q4 and it is requested to carry forward to fund books in 2015/16.
Health Funding – Winter Pressure	134	The Council have received funding from Health to support work on delayed discharges from Hospital. This funding must be spent in 2015/16.
Website	30	The staffing underspend in Customer Services is requested to be carried forward to provide additional resource for the Council's website and channel shift project.
Sustainable Drainage	10	The Council received grant funding in 2013/14 and 2014/15 supporting work on sustainable drainage. It is requested that £10k of the 2014/15

## Appendix 1

Description	Amount £'000	Explanation
		grant (£57k) be carried forward and used in 2015/16.
Early Years Integrated Review	11	The Council received grant funding to support the work required to review the provision of 2 year old placements at early years settings. It is requested to carry forward to 2015/16 to cover the cost of the review.
Members Training	4	The Council has not spent the full budget available for training of Members in 2014/15. In light of the arrival of new Council Members in 2015/16, it is requested that this be carried forward for use in the new year.
Revenues	10	There are emerging pressures in the 2015/16 staffing budget arising from vacancies. It is requested that a staffing underspend in 2014/15 be carried forward to fund this pressure.
Cemeteries – New Pathways	15	The work for a new pathway was tendered but not completed during 2014/15 and it is requested that this funding be carried forward to fund the expenditure in 2015/16
Cash Receipting System	13	Work scheduled for Payment Card Industry compliance was not completed as expected by the year end and it is requested that the budget be carried forward to fund the work in 2015/16
Interim Head of IT	39	As the Council has not yet recruited a new Head of IT, there will be a pressure in 2015/16 which can be offset by the carry forward of underspends on some aspects of the 2014/15 IT budget.
Transformation Programme	41	As part of the Transformation Programme a number of projects were identified as being required such as the on-line adult social care policy and procedure storage system. These projects were not completed by the end of the financial year and therefore a budget carry forward is requested.
<b>Total</b>	<b>446</b>	

### *Revenue Contribution to Capital Outlay*

1.26 The Council's budget and quarter 3 forecast included a direct revenue contribution of £53k towards the fire escape at Catmose Offices, as approved by Cabinet (97/2013). The project has come in below budget at £46k, as a result the revenue contribution required will only be £46k.

### *Appropriations*

1.27 The appropriations figure represents adjustments the Council is required to make to its revenue position that are specified by statutory provisions and any other minor adjustments. It includes the reversal of the annual charge for depreciation on the Council's assets which is shown in the Net Cost of Services line. Depreciation is included in Net Cost of Services to show the true cost of service provision but is removed so that it has no impact on the Council's General Fund balance. It also includes an adjustment of £7k in respect of School balances.

### **E Earmarked reserves – what is the balance and how will they be used?**

1.28 The Council has earmarked reserves which are set aside for specific purposes. There are three types of earmarked reserves:

- Statutory ring fenced reserves – some funds must be spent in specific areas and are deemed ring fenced. The main ring fenced reserve for the Council is Public Health. Where the Council has ring-fenced funds, it is usually required to confirm by declaration that funds have been spent on purposes for which funding is intended.
- Budget carry forward reserve – where services have been unable to deliver spending plans in year for whatever reason, officers can request that funds or grants received are carried forward to future years.
- Specific reserves – the Council can set up specific reserves for various reasons e.g. winter maintenance, Invest to Save etc

1.29 The Council needs to review reserves periodically to assess whether reserves are still required, the level of reserves is adequate; or whether any new reserves are required. Where Reserves are no longer required, then options include: removing the reserves – effectively the balance on the reserve transfers to the General Fund; or relocating the balance in one reserve to another.

1.30 The Council's new Financial Procedure Rules also require Council to agree ceilings, where applicable, for the amount to be held in Earmarked Reserves. Once ceilings are agreed, Cabinet is able to both draw down reserves as required and top up reserves to the ceiling.

1.31 The table below shows the earmarked reserves held at 1st April 2015, the transfers to/(from) reserves as proposed in Section 1.21, and if these are approved, the balance that will be held at 31st March 2016. In some instances, the balance at the end of March 2015 may be higher than the recommended ceiling of the reserve because the Council has already committed using the reserve balance in 2015/16 – but this is not reflected in the amount held at 31 March 2015.

## Appendix 1

<b>Reserve</b>	<b>Balance 01/04/2014</b>	<b>Transfers to/(from) Reserve</b>	<b>Balance 31/03/2015</b>	<b>To be used in 15/16</b>	<b>Balance 31/03/2016</b>
<b>Invest to Save</b>	<b>£449,541</b>	<b>(£92,900)</b>	<b>£356,641</b>	<b>(£20,000)</b>	<b>£336,641</b>
Invest to Save Reserve is used to fund investment projects, costs of restructuring and other one-off projects that will yield economic or efficiency gains in future years. It has been used and will continue to be used. Reserve Ceiling: £500,000					
<b>Planning Delivery Grant</b>	<b>£83,774</b>	<b>(£9,896)</b>	<b>£73,878</b>	<b>(£35,000)</b>	<b>£38,878</b>
Reserve held to support continued development of Local Planning Framework. Reserve Ceiling: £73,878 (PDG grant is no longer being received)					
<b>Internal Audit</b>	<b>£15,141</b>	<b>(£10,000)</b>	<b>£5,141</b>	<b>£0</b>	<b>£5,141</b>
Reserve held by the Council on behalf of the Welland partners to support shared Welland Internal Audit service. It can be used to support additional support costs if needed. Reserve Ceiling: £Unlimited (reserves are generated and held on behalf of Welland partners)					
<b>Welfare Reserve</b>	<b>£49,101</b>	<b>£80,887</b>	<b>£129,988</b>	<b>(£25,000)</b>	<b>£104,988</b>
The Welfare Reserve combines the under spend on the Discretionary Fund, Crisis Loans and unused grant given by Government to fund welfare reform administration. Fund can also be used to support any changes to Local Council Tax Support in the future. Reserve Ceiling: £150,000					
<b>Social Care</b>	<b>£679,558</b>	<b>£336,442</b>	<b>£1,016,000</b>	<b>(£558,000)</b>	<b>£459,000</b>
The remit of this reserve is to provide a contingency for demand led budgets in social care e.g. provide additional funds as and when required for care packages and other exceptional costs arising from the Council's safeguarding and care work. There are risks on the horizon arising from changes in the health sector, the Care Act and demographic pressures that may impact on demand. Reserve Ceiling: £750,000					
<b>Public Health Grant</b>	<b>£347,207</b>	<b>£211,871</b>	<b>£559,078</b>	<b>£0</b>	<b>£559,078</b>
Ring fenced reserve which must be spent on public health objectives. Reserve Ceiling: Unlimited (PH funds are ring fenced so any underspends must be held in this reserve)					
<b>Training</b>	<b>£50,144</b>	<b>£30,000</b>	<b>£80,144</b>	<b>£0</b>	<b>£80,144</b>
Created from underspends on the training budget. Reserve has been used in 14/15 and will be used in the future for exceptional items as the training budget is being reduced from 15/16. Reserve Ceiling: £80,144 (No further top up)					
<b>Travel 4 Rutland</b>	<b>£33,383</b>	<b>£16,680</b>	<b>£50,063</b>	<b>£0</b>	<b>£50,063</b>
This is the revenue generated by the ShoreLink and WorkLink services during the first 18 months of operations. This may be required after the end of the grant funded period (April 2015) as the Council has approved the continuation of the services until August 2015. Reserve Ceiling: £50,063					

## Appendix 1

<b>Reserve</b>	<b>Balance 01/04/2014</b>	<b>Transfers to/(from) Reserve</b>	<b>Balance 31/03/2015</b>	<b>To be used in 15/16</b>	<b>Balance 31/03/2016</b>
<b>Insurance and Legal</b>	<b>£0</b>	<b>£100,000</b>	<b>£100,000</b>	<b>£0</b>	<b>£100,000</b>
<p>A new reserve set up to meet any additional costs from claims, appeals or other legal claims. Reserve Ceiling: £200,000</p>					
<b>Highways</b>	<b>£306,715</b>	<b>(£9,477)</b>	<b>£297,238</b>	<b>(£63,000)</b>	<b>£234,438</b>
<p>The Highways reserve combines external funding received from Government for Sustainable Drainage Schemes (which is partly on hold); S38 Income received in 13/14 (and continuing to be received in 14/15) being matched to expenditure over the next few years; and the Winter Maintenance reserve to be utilised as necessary to cover periods of extreme weather conditions. Reserve Ceiling: £300,000</p>					
<b>National Non- Domestic Rates</b>	<b>£287,184</b>	<b>£0</b>	<b>£287,184</b>	<b>(£287,184)</b>	<b>£0</b>
<p>The Council is allowed to retain a proportion of NNDR income based on the amount it might collect in any given year with the remainder paid to Government. Any amounts in this reserve reflect receipts received in excess of the agreed amount and must be paid over to Government. Reserve Ceiling: £Unlimited</p>					
<b>Adoption Reform Grant</b>	<b>£67,512</b>	<b>(£10,612)</b>	<b>£56,900</b>	<b>£0</b>	<b>£56,900</b>
<p>The Adoption Reform Grant has been given to local authorities to: a) introduce structural reform of adopter recruitment to increase the supply of adopters; and, b) reduce the backlog of children waiting for adoption, particularly by developing innovative ways of finding adoptive families for children who traditionally wait longer than average to be adopted. Reserve Ceiling: £56,900</p>					
<b>SEN Grant</b>	<b>£75,000</b>	<b>£95,000</b>	<b>£170,000</b>	<b>(£63,000)</b>	<b>£107,000</b>
<p>The SEN reform Grant is required to complete the transfer of Statements of SEN to Education, Health &amp; Care Plans (EHCP) as defined by the Children &amp; Families Act 2014. Reserve Ceiling: £Limited to amount of grant received</p>					
<b>SEND Grant</b>	<b>£0</b>	<b>£103,658</b>	<b>£103,658</b>	<b>£0</b>	<b>£103,658</b>
<p>This is an additional grant covering the same as SEN Reform Grant for disabled children. Reserve Ceiling: £Limited to amount of grant received</p>					
<b>Tourism</b>	<b>£74,356</b>	<b>(£6,844)</b>	<b>£67,512</b>	<b>(£14,000)</b>	<b>£53,512</b>
<p>Continued funding of tourism initiatives from Anglian Water Section 106 funding. Reserve Ceiling: £53,600</p>					
<b>Digital Rutland</b>	<b>£367,335</b>	<b>(£74,948)</b>	<b>£292,387</b>	<b>(£180,000)</b>	<b>£112,387</b>
<p>As agreed by Cabinet, amount set aside for completion of Digital Rutland works, a substantial amount is to be used in 15/16.</p>					

## Appendix 1

Reserve	Balance 01/04/2014	Transfers to/(from) Reserve	Balance 31/03/2015	To be used in 15/16	Balance 31/03/2016
Reserve Ceiling: £112,387					
<b>Budget Carry Forward</b>	<b>£355,896</b>	<b>£95,104</b>	<b>£451,000</b>	<b>(£396,000)</b>	<b>£55,000</b>
<b>Sub-Total</b>	<b>£3,241,847</b>	<b>£854,965</b>	<b>£4,096,812</b>	<b>(£1,641,184)</b>	<b>£2,456,828</b>
<b>Commuted Sums</b>	<b>£356,805</b>	<b>(£35,191)</b>	<b>£321,614</b>	<b>(£36,000)</b>	<b>£285,614</b>
<b>S106 Funds</b>	<b>£1,083,776</b>	<b>£635,927</b>	<b>£1,719,703</b>	<b>(£590,000)</b>	<b>£1,131,703</b>
<b>Total</b>	<b>£4,682,428</b>	<b>£1,455,701</b>	<b>£6,138,129</b>	<b>(£2,267,184)</b>	<b>£3,874,145</b>

1.32 On the assumption that recommendations are approved, earmarked reserves have been projected to the end of 2015/16. The use of £2.267m of reserves in 2015/16 is made up as follows:

- £1.167m already shown in the MTFP approved as part of the budget report (Report 39/2015);
- £200k for use on a replacement Social Care Case Management system as approved by Cabinet (Report 85/2015);
- £20k for use to support a transformational review for the Voluntary, Charity and Faith sector from the Invest to Save Reserve (Report 235/2014); and
- £446k of budget carry forwards as reported in para 1.25.

1.33 Officers are also requesting approval for further usage of existing earmarked reserves of £432k as detailed below:

Description	Amount £'000	Explanation
Bridges	33	In 2013/14, funding was carried forward to 2014/15 to complete works to Bridges. This work is still ongoing and therefore, it is requested that the balance be used in 2015/16.
Childrens Workforce Development	20	Due to PeopleFirst review and work undertaken within Children's Services, training planned for 2014/15 has been deferred. Training has now been set up and it is requested that this carry forward be approved for use in 2015/16.
Catmose Fire Escape	5	The works required to the fire escape at the Council offices has been completed. However, there is a retention on the scheme which will be paid in 2015/16 and therefore it is requested that the use of the balance be approved.
Warm Homes	28	This is funding that was transferred to earmarked reserves in 2013/14 to be given out in grants to

## Appendix 1

Description	Amount £'000	Explanation
		individuals to help make their homes more energy efficient. This work continues and therefore it is requested that the balance be used in 2015/16.
DCLG Frontrunners Grant	25	This is grant funding carried forward in 2013/14 to be used to assist parishes to develop their own local plans. This work is still ongoing and therefore it is requested that the balance be used in 2015/16.
Transitional Arrangements – People Directorate	215	It is requested that £215k of the Social Care Reserve is used to fund the transitional management arrangements within the People Directorate.
Planning Delivery Grant	35	£25k is required for the CIL (Community Infrastructure Levy) Public Examination and a further £10k local plan studies.
Use of Section 106 for capital projects	71	The Disabled Facilities Grant of £56k for 2015/16 and Restoration of Oakham Castle of £15k were included in the MTFP's capital programme but the use of S106 was not reflected in the use of the S106 earmarked reserve.
	<b>432</b>	

## Section 2 – Capital Outturn

### A Overall position – what is the overall position?

2.1 Appendix 6 shows the detailed final spending position on each scheme within the capital programme. The 2014/15 budget represents the indicative amount that projects expect to spend in the year with the outturn showing actual amounts spent. As a number of projects extend across more than one year, a variance in 2014/15 does not necessarily mean that a project is under or over spent as a whole. The spending and funding are summarised below:

Portfolio	Project Budget £000	Total Project Forecast £000	Variance £000	Total Budget 2014/15 £000	2014/15 Outturn £000
<b>Approved Projects</b>					
People	841	744	(97)	437	340
Places	45,988	44,718	(1,270)	7,518	5,681
<b>Total Approved</b>	<b>46,829</b>	<b>45,462</b>	<b>(1,367)</b>	<b>7,955</b>	<b>6,021</b>
<b>Unallocated funds</b>					
People	1,853	0	(1,853)	0	0
Places	577	0	(577)	0	0
<b>Total Unallocated</b>	<b>2,430</b>	<b>0</b>	<b>(2,430)</b>	<b>0</b>	<b>0</b>
<b>Total Capital Programme</b>	<b>49,259</b>	<b>45,462</b>	<b>(3,797)</b>	<b>7,955</b>	<b>6,021</b>
<b>Financing:</b>					
Grant	34,602	31,595	(3,007)	5,562	4,625
Prudential borrowing	7,869	6,771	(1,098)	2,206	901
Usable Capital Receipts Reserve	4,991	5,286	295	20	315
Revenue Contribution to Capital Outlay	507	502	(5)	51	46
Contributions	1,290	1,308	18	116	134
<b>Total Financing</b>	<b>49,259</b>	<b>45,462</b>	<b>(3,797)</b>	<b>7,955</b>	<b>6,021</b>

2.2 There was an under spend of £50k on Disabled Facility Grants (DFG) which is requested to be carried forward into 2015/16. This budget is demand led and the take up was lower than expected for 2014/15. From 2015/16 DFG is part of the Better Care Fund so the Council cannot use the funds for alternative use.

2.3 Based on the actuals for 2014/15, the expenditure has been slower on certain projects than expected and will be spent in 2015/16. This will increase the indicative 2015/16 programme by £1.9m as the funding was not spent in 2014/15. The table below shows the projects affected.

<b>Project Number</b>	<b>Project Name</b>	<b>Amount to reprofile from 2014/15 to 2015/16 £000</b>	<b>Reason for re-profile</b>
CE1005 – CE1106	Various Highways	371	Major works have been identified at listed sites requiring further survey work and consultation with specialist craftsmen and English Heritage. Delays in other schemes due to trial of new materials and awaiting outcomes before implementing other schemes.
CH1038	Digital Rutland	1,184	As reported to Cabinet in report 145/2014 the completion date for the project is now 31/05/2016 due to changes in scope and an extension to the project. As a result the profiling of the budget will require adjusting and moving into 2015/16.
CH10XX	Capital Allocations Project Board	121	Slight delays on projects due to arranging suitable times to carry out the works required.
CH1077	Active Rutland Hub	247	The project was delayed due to a requirement from Sport England to improve the sustainability of the building through re-cladding as notified in report 164/2014 to Places Scrutiny.
CD1011	Autism Innovation	15	The Grant notification (£19k) was only received in late February and officers were unable to get a scheme of works together and spend by the end of March.
<b>Total</b>		<b>1,938</b>	

- 2.4 Oakham Enterprise Park has spent ahead of the profile expenditure by £111k (as shown in Appendix 6) this can be consumed within the overall budget and the project is not expected to be overspent. The main reason for this is that the uptake of units has been quicker than expected and this has resulted in the completion of compliance works being done in advance of the schedule.
- 2.5 There are no projects significantly overspent which the Council has not been able to fund through underspends or other available funding.

### Section 3 – Other financial updates

#### A New Homes Bonus – will we achieve our target?

- 3.1 The “New Homes Bonus” (NHB) is a scheme aimed at encouraging local authorities to grant planning permission for the building of new houses, in return for additional revenue. It is based on the net increase in the number of dwellings (additions less demolitions), with extra bonus for affordable homes, empty homes brought back into use and local authority owned and managed gypsy site pitches. Each additional property attracts a grant equivalent to the national average council tax for that Band (approx. £1,450 per year for 6 years, a total of £8,700). An additional £350 is received for each affordable home.
- 3.2 The Council has included in the MTFP a target of 180 for ‘new’ homes for its 2016/17 allocation. The 2016/17 grant is based on a change in property totals measured from October to October. As it stands the current position looks favourable.

<b>New Homes Bonus (Council Tax Band)</b>	<b>Start position CTB1 Oct 2014</b>	<b>Actual 31 Mar 2015</b>	<b>Movement from base</b>
A	1,569	1589	20
B	4,372	4414	42
C	2,908	2942	34
D	2,375	2388	13
E	2,201	2227	26
F	1,555	1567	12
G	1,243	1246	3
H	145	146	1
<b>Properties</b>	<b>16,368</b>	<b>16,519</b>	<b>151</b>
Empty Homes	157	161	-4
Movement			147
Target			180
<b>% achieved</b>			<b>82%</b>

#### B Council Tax and Council Tax Benefit – are we on budget?

- 3.3 Changes to Council Tax Benefit have been implemented from April 2013. The Council’s council tax base has been reduced to reflect its existing Scheme. A further allowance was made in the 2014/15 budget to provide support for any existing benefit recipients who suffer hardship (to the value of £100k by way of a discretionary fund). Total spend for 2014/15 was £1,421,668 compared to £1,466,186 in 2013/14 (caseload 460 at year end) and the budget of £1,553,000.

- 3.4 The Council also put £100k into a Discretionary Hardship fund. The latest position is shown below. The final quarter saw a small increase in applications but the fund remains substantially under spent. The fund for 2015/16 has been reduced to £50,000 to reflect the historic level of demand. The remaining £50,000 of the budget has been transferred to the welfare reserve to support excess demand should it arise but also to allow the Council to fund minor variations to the scheme.

	<b>13/14</b>	<b>14/15</b>
Number of applications	197	214
Number awarded	129	172
Number of appeals (won)	0	1
Number of appeals	7	1
Value of awards	£15,000	£24,184

### **C Debtors – are we collecting our debts?**

- 3.5 The Council's aged debt position is lower than the previous year but it includes an invoice for £622k (>91 days) for NHS England which has been paid. If this invoice is excluded from the analysis the debt would be £1,689k, considerably less than at the end of 2013/14. £155k of the £177k in 61-90 days relates to an invoice to the East Leicestershire and Rutland Clinical Commissioning Group.

<b>Aged debt</b>	<b>13/14 £'000</b>	<b>14/15 £'000</b>
0-30 days	1,988	1,084
31-60 days	48	20
61-90 days	11	177
> 91 days	250	828
Deferred Payments	97	202
<b>Total</b>	<b>2,394</b>	<b>2,311</b>

## Section 4 - 2015/16 Budget Update

### A 2015/16 budget - What is the latest budget and how has it changed from that approved?

4.1 Since the budget was approved, a number of changes have been agreed by Members and some others are presented in this report for approval. The changes include:

- Decisions made by Members to approve additional expenditure in certain areas;
- Additional grants received by the Council following approval of the budget; and
- Proposals to carry forward budgets from 2014/15 to 2015/16.

4.2 These changes have been consolidated into the following table to show the 2015/16 should all changes be approved.

Portfolio	Approved Budget £'000	Budget c/f £'000	Other £'000	Revised 15/16 budget £'000
People	15,651	210	235	16,096
Places	12,369	140	126	12,635
Resources	5,714	96	45	5,855
Fire Support	75	0	(75)	0
Savings	(300)	0	0	(300)
<b>Net Cost of Services</b>	<b>33,509</b>	<b>446</b>	<b>331</b>	<b>34,286</b>
Capital Financing	1,904	0	0	1,904
<b>Net Spending</b>				
Non ring-fenced grants	(7,759)	0	0	(7,759)
National Non-Domestic Rates	(4,251)	0	0	(4,251)
Council Tax	(20,685)	0	0	(20,685)
Transfers to/(from) Earmarked Reserves	(1,167)	(446)	(652)	(2,265)
Revenue Contribution to Capital Outlay	880	0	271	1,151
Appropriations	(1,855)	0	0	(1,855)
<b>(Surplus)/Deficit</b>	<b>576</b>	<b>0</b>	<b>(50)</b>	<b>526</b>
General Fund 1 April 2015	(9,226)			(9,675)
General Fund 31 March 2016	(8,650)	0	(50)	(9,149)

4.3 The detail for the budget carry forwards can be found at 1.25. The changes in the Other column are explained in paragraph 1.33 and as follows:

- Report 52/2015 – Cabinet agreed to extend the operation of Shore Link bus until end of August 2015 at a cost of £82k. This is reflected in the Places budget. The Report explained that this cost could be reduced if the Council is able to use some of the capital receipt arising from the sale of the buses to deliver some capital projects currently intended to be funded from revenue. This will be kept under review. Since Cabinet approved this expenditure, additional funding has been received from the Department of Transport.
- Report 235/2014 – Cabinet agreed to support a transformational review for the Voluntary, Charity and Faith sector (£20k) from the Invest to Save reserve (shown in Resources Directorate).
- The Council received notification Individual Electoral Registration grant in February 2015 of £11k. This is not a ring-fenced grant but the project must be completed so budget and income has been added to the Elections functional budget (shown in Resources Directorate).
- The Council received £77k to implement the second phase of the Troubled Families programme. Whilst this grant is not ring fenced, it is proposed that the grant income is used as intended to fund the extension of the programme to help a further 10 families. The Changing Lives functional budget has been updated to reflect this.
- The Council has received notification of bus subsidy ring-fenced grant of £69k. This is to be paid direct to operators. A new '0' ring fenced budget is included within the Places directorate.
- The Council has taken over the management of Council garages (let to private customers) from Spire Homes. A new cost centre has been set up for this service. Whilst it is believed that the income generated from these garages will be in the region of £25k, the costs associated with service delivery and additional maintenance works are likely to deliver a break-even position in 2015/16. The Places directorate includes a new '0' net budget.
- Report 83/2015 - Cabinet agreed to use £200k of Adult Social Care Earmarked Reserve to fund the new adult social care system and its implementation. This is included in the budget as a "Revenue Contribution to Capital Outlay". There was no change to the in-year operational revenue budget.
- The Council originally offered £75k to the Fire Service to maintain an additional tender in Rutland. The Fire Service is maintaining existing arrangements until March 2016 so it is unlikely that the £75k will be paid in 2015/16.

**B 2015/16 Budget review – where are the emerging pressures and where are areas where the Council could make savings?**

- 4.4 In reviewing the outturn position, Directorates have considered whether additional savings can be put forward for the 2015/16 budget and whether there are emerging pressures that need to be addressed in the budget or monitored through the year.
- 4.5 The table below summarises the position. At this stage, Members are asked to approve additional budget for insurance as a result of increased premiums due to a revaluation and note the position on other savings/pressures and to review it again at the end of Quarter 1.

Area	Value £000	Comments
<b>Savings identified to be potentially removed from budget</b>		
Chief Executives	5	£2k grant budget and £3k Printing budget not used in 2014/15
Stationery	2	Based on outturn for last two years
Communications	3	Based on outturn for last two years – Printing, publicity and newsletter under utilised
Civic Expenses	2	Based on outturn for last 2 years
Reprographics	4	To reduce 2015/16 budget in line with 2014/15 outturn
Housing Benefit Payments	46	A Budget saving can be achieved due to changes in how the authority accounts for the Debt Recovery Process
Home to school transport	30	Subject to further work on pupil numbers for next year
Museum & Libraries business rates	8	Business Rates have been reduced for 2015/16.
Voluntary Sector Grants	7	Contribution to the Deaf and Hard of Hearing service at Leicestershire County Council no longer required
<b>Areas to be looked at further/under review – figures to be confirmed when reviews completed</b>		
Youth Housing project	TBC	Status of project being reviewed and this may have an impact on the 15/16 budget.
Highways	TBC	Additional capital funds received may allow for release of revenue funding. Director is considering the options.
Public Health	TBC	People Directorate are looking into the use of the PH reserve to fund core expenditure whilst giving PH management opportunity to exit existing contracts/reshape offering. This would offer a General Fund saving.

Area	Value £000	Comments
Oakham Enterprise Park	TBC	MTFP currently showing net surplus of £121k. The Business Plan is being updated with units being let ahead of schedule.
<b>Known pressures to be addressed through budget carry forwards, earmarked reserves or general reserves</b>		
Interim Head of IT	39	As the Council has not yet recruited a new Head of IT, there will be a pressure in 2015/16 which can be offset by the carry forward of underspends on some aspects of the 2014/15 IT budget. Recruitment is ongoing so it is envisaged, subject to notice periods etc, that a permanent recruit may be in place by the end of September/October.
Corporate Insurance	25	£25k transferred from General Fund an insurance budget pressure in 2015/16
Transitional Arrangements – People Directorate	215	Costs to be met from Adult Social Care Reserve
<b>Potential pressures to be monitored</b>		
Parking	TBC	Cabinet considered a number of parking issues on 16th December 2014 and discussed removal of the increased charge for market days on a trial basis for 6 months. Sales would need to increase by about 30% to cover the cost. As it is very difficult to predict how the proposed changes will affect sales it is recommended that a 6 month trial is implemented to determine the impact.
Internal Audit	20	Maternity cover will be required for one of the auditors. Options are being assessed.
Coroner	3	Budget set pre notification of charges from Leicestershire County Council. Actual cost is slightly higher.
Welland Procurement	7	The Council has been notified that its contribution for 2015/16 will be £7k higher than budgeted.
Legal	20	General usage of the legal budget in 2014/15 is c£20k higher than the 2014/15 budget. Management of the legal budget is changing so this potential will be monitored.
SEN Transport	50	Outturn is £50k higher than the 2015/16 budget but there is a corporate wide

Area	Value £000	Comments
		transport project ongoing aiming to mitigate this cost and make savings.
Fairer Charging Income	11	Costs incurred and income recovered can be volatile and vary according to the individual circumstances of those concerned.

### C MTFP – How has the MTFP changed?

- 4.6 The MTFP was presented to Full Council in February 2015 as part of the annual budget setting process. The MTFP is kept up-to-date to reflect any funding changes, any additional pressures or reductions in budgets and the results of outturn.
- 4.7 The Assistant Director – Finance will produce an updated version of the MTFP when the medium term funding position becomes clearer now that the results of the election are known. Other than reflecting the outturn position in the MTFP, there have been no announcements from Government that mean that the funding outlook has changed.
- 4.8 The Budget report (39/2015) included a number of significant risks to the MTFP. The status of these risks has been updated but there is little change. A brief summary is included below.

Funding	Commentary	Updated RAG rating
RSG	<p>The RSG allocation is known up to 2015-16. Beyond that the Council continues to assume that grant will be reduced.</p> <p>The Autumn Statement confirmed that spending will continue to fall – “The government’s planned consolidation in the next Parliament is reflected in the fiscal assumption that Total Managed Expenditure will fall in real terms in 2016-17 and 2017-18 at the same rate as between 2010-11 and 2014-15.” There is no change to this assumption following the election.</p> <p>The MTFP assumes the current trend of funding reductions will continue. For 2016/17 a reduction of 25% has been built in.</p>	<b>AMBER – no change</b>
Business rates	<p>The amount to be retained under "Business Rates Retention" (BRR) scheme has been updated in line with the current year forecast and a view about growth for 2015/16.</p> <p>The Council has seen a surge in appeals before the end of the financial year (see Section 1.4D). The Government is undertaking a review of business rates but has stated that it is not looking to reduce tax</p>	<b>AMBER – no change</b>

Funding	Commentary	Updated RAG rating
	<p>revenue.</p> <p>Should the Council over or under achieve against this figure, this will be adjusted in future years so any surplus, for example, will not be received in 2015/16. (Report 245/2014 Appendix 1 para 3.3 explains how this works in more detail).</p>	
Council tax	<p>Unlike other funding, the decision rests with the Council about council tax rises but there is uncertainty as Members determine tax rises annually – the MTFP assumes a council tax freeze in 2015/16 and 2% increases thereafter.</p>	<b>GREEN – no change</b>
New Homes Bonus	<p>There has been debate over whether NHB will continue in its current form, will be ring-fenced or replaced with a different scheme. For example, in 2014/15, the Government decided to top-slice NHB to give to Local Enterprise Partnerships (LEPs) but then reversed this decision shortly after.</p> <p>Whilst no announcements have been made, the pressure on the Government to oversee the building of new homes means that funds could come with more conditions or be stronger linked to outcomes.</p>	<b>AMBER – was RED</b>
Better Care Fund/Health funding	<p>The Better Care Fund replaced grant previously received from Health (NHS Support for Social Care grant). The BCF allocations have been confirmed for 2015/16. There have been no announcements for 2016/17. NHS England is closely monitoring the impact of the BCF and a failure nationally to deliver results may impact on its future operation. This remains a significant risk.</p>	<b>AMBER – no change</b>
Care Act	<p>There is still some uncertainty around a number of variables that could have a significant cost impact including the number of self-funders or carers who will ask to be assessed and the extent to which care costs above the cap will be funded. There have been no further updates since budget.</p>	<b>AMBER – no change</b>

4.9 In summary, the projections set out in the MTFP at budget time, remain unchanged. Whilst the Council plans to save at least £1.5m by 2017/18, the MTFP continues to show that by 2017/18 spending plans exceed available resources by £1.5m. The outturn position does not change this challenge.

#### **D Capital – What is the latest capital budget for 2015/16?**

4.10 There have been changes within the capital programme and funding within the MTFP. These changes are as follows:

## Appendix 1

<b>Project</b>	<b>Reason for Change</b>	<b>Change to capital programme £000</b>
Pupil Place Planning	Report 81/2015 presented to Cabinet requesting £938k to be released from Basic Needs Funding held by the Council to create 120 primary school places across the County	Funding already included as unapproved scheme – transferred to approved scheme
Capital Allocations Project Board (CAPB)	Report 82/2015 presented to Cabinet to release £400k to the CAPB support the rectification of various health and safety, capacity and maintenance issues across schools in the County.	Funding already included as unapproved scheme – transferred to approved scheme
Replacement Social Care Case Management System	Report 83/2015 was presented to Cabinet to seek authorisation to award a contract for a social care case management system.	200 Use of Reserve 0 Funding already included as unapproved scheme – transferred to approved scheme

4.11 The impact of the changes above and the budget carry forwards are shown in the table below:

<b>Portfolio</b>	<b>MTFP 2015/16 £000</b>	<b>Carry Forwards 2014/15 (para 2.2) £000</b>	<b>Re- profiling £000</b>	<b>Approved Projects £000</b>	<b>Revised Capital Programme £000</b>
People	290	50	0	514	854
Places	3,528	0	1,938	1,338	6,804
Resources	0	0	0	0	0
<b>Total Approved Programme</b>	<b>3,818</b>	<b>50</b>	<b>1,938</b>	<b>1,852</b>	<b>7,658</b>
People	2,860	0	0	(1,338)	1,522
Places	2,365	0	0	0	2,365
Resources	567	0	0	(314)	253
<b>Total Unallocated Funding</b>	<b>5,792</b>	<b>0</b>	<b>0</b>	<b>(1,652)</b>	<b>4,140</b>
<b>Total Capital Programme</b>	<b>9,610</b>	<b>50</b>	<b>1,938</b>	<b>200</b>	<b>11,798</b>
<b>Financed by</b>					

Appendix 1

<b>Portfolio</b>	<b>MTFP 2015/16 £000</b>	<b>Carry Forwards 2014/15 (para 2.2) £000</b>	<b>Re- profiling £000</b>	<b>Approved Projects £000</b>	<b>Revised Capital Programme £000</b>
Grant	(8,192)	(50)	(618)	0	<b>(8,860)</b>
Section 106	(71)	0	(136)	0	<b>(207)</b>
Prudential Borrowing	(287)	0	(1,184)	0	<b>(1,471)</b>
Capital Receipts	0	0	0	0	<b>0</b>
Revenue Contribution to Capital Outlay	(880)	0	0	(200)	<b>(1080)</b>
Contributions	(180)	0	0	0	<b>(180)</b>
<b>Total Financing</b>	<b>(9,610)</b>	<b>(50)</b>	<b>(1,938)</b>	<b>(200)</b>	<b>(11,798)</b>