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Rutland County Council

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Meeting:	**CABINET**
Date and Time:	**Tuesday, 14 February 2017 at 9.30 am**
Venue:	**COUNCIL CHAMBER, CATMOSE**
Corporate support: Officer to contact:	**Natasha Brown 01572 720991 email: corporatesupport@rutland.gov.uk**

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A G E N D A

APOLOGIES FOR ABSENCE

1) ANNOUNCEMENTS FROM THE CHAIRMAN AND/OR HEAD OF THE PAID SERVICE

2) DECLARATIONS OF INTEREST

In accordance with the Regulations, Members are required to declare any personal or prejudicial interests they may have and the nature of those interests in respect of items on this Agenda and/or indicate if Section 106 of the Local Government Finance Act 1992 applies to them.

3) RECORD OF DECISIONS

To confirm the Record of Decisions made at the meeting of the Cabinet held on 17 January 2017.

4) ITEMS RAISED BY SCRUTINY

To receive items raised by members of scrutiny which have been submitted to the Leader (copied to Chief Executive and Democratic Services Officer) by 4.30 pm on Friday 10 February 2017.

REPORTS OF THE DIRECTOR FOR RESOURCES

5) REVENUE AND CAPITAL BUDGET 2017/18 AND MEDIUM TERM FINANCIAL PLAN

(KEY DECISION)

Report No. 44/2017
(Pages 5 - 134)

6) TREASURY MANAGEMENT STRATEGY 2017/18

(KEY DECISION)

Report No. 41/2017
(Pages 135 - 180)

7) EXCLUSION OF THE PRESS AND PUBLIC

Cabinet is recommended to determine whether the public and press be excluded from the meeting in accordance with Section 100(A)(4) of the Local Government Act 1972, as amended, and in accordance with the Access to Information provisions of Procedure Rule 239, as the following item of business is likely to involve the disclosure of exempt information as defined in Paragraph 2 of Part 1 of Schedule 12A of the Act.

Paragraph 2: Information which is likely to reveal the identity of an individual.

REPORT OF THE DIRECTOR FOR RESOURCES

8) WRITE-OFF OF IRRECOVERABLE DEBTS 2016/17

Report No. 14/2017
(Pages 181 - 186)

9) ANY ITEMS OF URGENT BUSINESS

To receive items of urgent business which have previously been notified to the person presiding.

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MEMBERS OF THE CABINET: Mr T Mathias Chairman

Mr O Hemsley
Mr R Clifton
Mr R Foster
Mr A Walters

Mr D Wilby

SCRUTINY COMMISSION:

Note: Scrutiny Members may attend Cabinet meetings but may only speak at the prior invitation of the person presiding at the meeting.

ALL CHIEF OFFICERS
PUBLIC NOTICEBOARD AT CATMOSE
CORPORATE SUPPORT TEAM

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Report No: 44/2017
PUBLIC REPORT

CABINET

14 February 2017

REVENUE AND CAPITAL BUDGET 2017/18 AND MEDIUM TERM FINANCIAL PLAN

Report of the Director for Resources

Strategic Aim:	All	
Key Decision: Yes	Forward Plan Reference: FP/260816/01	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor Tony Mathias, Leader and Portfolio Holder for Finance and Places (Highways, Transport and Market Towns)	
Contact Officer(s):	Saverio Della Rocca, Assistant Director (Finance)	01572 758159 sdrocca@rutland.gov.uk
	Debbie Mogg, Director for Resources	01572 758358 dmogg@rutland.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS

Cabinet recommends to Council that it:

a) approves the revenue budget for 2017/18 shown in summary at Appendix 1, Section 3 and in detail at Appendices 3, 4 and 5

b) approves that the minimum level of general reserves remains at £2m over the period of the medium term financial plan

c) approves a council tax increase of 3.99% including a 2% social care precept

d) approves the capital programme as detailed in Section 4 of Appendix 1

e) notes the Medium Term Financial Plan at Appendix 2 and underlying assumptions

f) increases the ceiling on the social care earmarked reserve to £1m and authorises the Assistant Director – Finance to top up the reserve to £1m as part of the 16/17 outturn

g) creates a new “pressures” earmarked reserve with a ceiling of £1m as per Appendix 1 para 2.7.8, and authorises the Assistant Director – Finance to put an initial contribution of £500k that reserve as part of the 16/17 outturn

h) notes that additional revenue or capital expenditure may be incurred in 2017/18 funded through 2016/17 budget under spends to be carried forward via earmarked reserves. The use of reserves for budget carry forwards is not currently shown in the budget but will have no impact on the General Fund

i) approves a collection fund surplus of £196,000 for distribution of which £170,000 is the Rutland share

j) notes that the Council is being asked separately to approve the Treasury Management Strategy, but that any implications from it are already covered in the final budget

1 PURPOSE OF THE REPORT

1.1 The Council is required to set a balanced budget and agree the level of Council tax for 2017/18. This report presents the final budget for Cabinet to recommend to Council for approval.

2 BACKGROUND AND MAIN CONSIDERATIONS

2.1 Overall position

2.1.1 The budget for 2017/18 is set within the context of the Governments 4-year settlement offer made in November 2015 and accepted in September 2016.

2.1.2 The Autumn Statement and 17/18 Local Government Finance Settlement resulted in little new funding for the Council. The Council did receive a new adult social care grant of £136k but this was outweighed by changes to the New Homes Bonus scheme which results in estimated losses of over £800k up to 20/21.

2.1.3 The reduction in New Homes Bonus funding was to some extent already anticipated as the Council's MTFP assumed a loss of £1.6m (up until 20/21) with the reduction of six year payments (of £1,540 per Band D equivalent) to four year payments. However, the introduction of a 0.4% baseline (c65 properties) below which no funding is received creates further losses of in excess of £800k as noted above.

2.1.4 The lack of any substantial new funding in the Finance Settlement coupled with the freedom Councils were given to bring forward council tax rises (for adult social care purposes) reiterates the Government's stance on local authorities needing to generate their own funding.

2.1.5 One of the Council's aims in setting the budget is to deliver services within its MTFP. In this regard, there are two key principles that the Council must achieve over the medium term:

- First, the Council must not spend more than the resources it has available – it must set a balanced budget and one that does not rely on the ongoing use of reserves;

- Second, the Council must ensure that its level of General Fund balances remains above the minimum level of £2m as advised by the Council's Chief Finance Officer (para 2.7 of Appendix 1 refers).

2.1.6 In the medium term, the MTFP shows the challenges facing this Council – namely that assuming the Council raises Council tax by 3.99% each year (including levying the additional 2% social care precept) we will still have to reduce net expenditure by c£2m to ensure that it is spending within its available funding. The earlier the Council takes action then the less severe it will need to be.

2.1.7 The revenue budget for 17/18 is therefore set in the acknowledgement that further reductions in net expenditure either through savings or income generation will be required in time without drastic action today.

2.2 Changes since draft budget - Revenue

2.2.1 Cabinet approved a draft budget for consultation (Report 08/2017) on 10th January. Since that date various amendments have been made – the full list is given in Appendix 11. The following key points should be noted:

2.2.2 **Funding settlement** - the final funding settlement is still awaited but unlike in 16/17, it is expected that there will be no new funding made available.

2.2.3 **Specific grants**

- In late December, the Council were notified that there would be a final year of Special Educational Needs Disabilities reform grant funding to support the transition to the new system for special educational needs and disability. The grant for 2017/18 is £28k and it is anticipated that this will be spent during the year. The revised budget includes the grant income and additional spend.

- In December, the Council also received notification of a new annual fund to tackle the problem of high levels of second homeownership in their communities. The Community Housing Fund will be targeted at the community-led sector and distributed to groups via local councils. The overall fund nationally will be £60m and will help almost 150 councils. Whilst allocations to individual councils have yet to be announced, a list of councils who will receive funding has been published. The funding allocated to the East Midlands is £2.69m with Rutland being one of four councils named as being the recipients of this funding. The budget does not include any allocation at present.

- The Council received an Adult Social grant of £136k. The draft budget included this grant in the social care earmarked reserve. This funding has now been included in the Directorate budget to support officers in undertaking work to look at how care is delivered and a review of direct payments.

2.2.4 **Business rates** - the Council has completed its NNDR1 return and business estimates to Government. There have been no updates to the draft budget but Members should note that business rate projections can be volatile as they are based on many variables (Appendix 1, 2.2.11 gives more details).

2.2.5 **New Homes Bonus** - the Council receives different bonus payments depending on the Banding of new properties with higher banded properties attracting more bonus. The draft budget assumed that housing growth of 274 homes in 2017/18 would translate, on average, into Band D properties (a conversion rate therefore of 1:1). The build profile in Quarter 1 of the NHB year suggests that lower banded properties are being built and therefore income assumptions have been revised downwards. There is no impact in 17/18 but there is a £19k impact in 18/19 and £38k in 19/20 and 20/21.

2.2.6 **Collection fund** – the surplus on the Collection Fund is confirmed as £196k.

2.2.7 **Better Care Fund** – the 2017/18 budget process is yet to be confirmed and signed off by NHS England and will be updated in due course.

2.2.8 **Spending plans** – amounts to be spent by Directorates have changed to reflect the use of grants as explained in 2.3.3 and to reflect the proposal by Cabinet to increase parking fees. This will yield an estimated additional £85k above that declared in the draft budget.

2.2.9 Whilst there are always fluctuations in demand for services, no additional pressures have been recognised at this time.

	Draft budget 2017/18 £000	**Final 2017/18 £000**
People	16,135	16,379
Places	12,299	12,240
Resources	5,404	5,398
Sub-Total Directorate budgets	33,838	34,017
Headcount Saving	(121)	(121)
Pay Inflation contingency	45	45
Social care contingency	200	250
Sub-Total Contingencies & Corporate Savings	124	174
Net cost of services	**33,962**	**34,191**
Revenue contribution to capital	0	0
Appropriations	(1,897)	(1,897)
Capital financing costs	1,905	1,905
Interest income	(180)	(180)
Sub-Total Capital	(172)	(172)
Total Net Spending	**33,790**	**34,019**
Funding	**(33,615)**	**(33,730)**
Use of earmarked reserves	**(108)**	**(270)**
Use of General Fund reserves	**67**	**19**

2.3 Changes since draft budget - Capital

2.3.1 Two updates have been made since the draft budget. Following a Government announcement regarding Roads Funding the Council has received notification that it could receive £378k from the National Productivity Investment Fund for reducing congestion at key locations, upgrade or improve the maintenance of local highway assets to improve access to employment and housing, to develop economic and job creation opportunities.

2.3.2 Funding for the National Productivity Investment Funds will be confirmed once details are summited on how the funds will be spent. The project will be additional to Rutland's already planned maintenance service or other programmes. Details of the funding should be submitted by 31st March 2017.

2.3.3 Cabinet has agreed to invest £200k from capital receipts to undertake works to transform the Barleythorpe college site into a Business Centre (Report 4/2017).The site will be vacant from August 2017.

2.4 2017/18 budget summary

2.4.1 The draft revenue budget for 17/18 is therefore proposed in the acknowledgement that further reductions in net expenditure either through savings or income generation will be required in time without drastic action today.

2.4.2 The key points to note in the draft revenue budget are:

- The available funding resources to the Council is £33.730m compared to £34.121m last year with RSG reduced from £2.353m to £889k;
- Of the funding available, only £10.3m is from government funding (this includes business rates);
- The available funding of £33.7m assumes that Council increases council tax by 3.99% (including 2% for the social care precept);
- The Council is using £19k from its General Fund and £270k from earmarked reserves to balance its budget;
- The net cost of services is £34.191m, slightly higher than the 16/17 approved budget of £33.993m;
- The 17/18 budget includes a pay award of 1%;
- The 17/18 budget includes a contingency of £250k to meet in-year social care pressures if needed;
- Net capital financing costs are £1.903m;
- The budget includes £807k of new service pressures and other one off expenditure £330k funded from reserves or new grants; and
- The budget includes £817k of new savings and savings planned from previous years of £770k.

2.4.3 The capital programme for 17/18 comprises:

- Capital projects already approved that will span across more than one financial year. Any projects already approved which are not yet completed will continue into 17/18;
- Funding set aside for specific areas/projects – in these areas detailed plans will be brought forward in due course.

3 CONSULTATION

3.1 The Council is required to consult on the budget as set out in Section 7 of Appendix 1.

3.2 Comments from public consultation were received online and through other means. A full copy of all comments with responses from the Portfolio Holder for Finance is included in Appendix 12.

3.3 The budget proposals were discussed at Scrutiny Panels in mid-January. The minutes of Scrutiny meetings are available via the Council website. The then Acting Leader presented the budget and highlighted some of the key points underpinning the budget in particular the loss of central government funding. Scrutiny Panels understand the financial position facing the Council and are aware of the challenges facing the Council. Members questions focused primarily on different aspects rather than the overall financial position. Areas of focus included:

- New Homes Bonus – Members wanted to understand in more detail how the changes made by Government caused a financial loss. The then Acting Leader explained how the Council had made representations to Government asking for compensation.

- Fees and charges – several questions were raised around fees and charges with the general view that the Council needed to try and be more 'commercial', within the boundaries of what is legally permissible. The then Acting Leader explained that Cabinet agreed with this approach and from 18/19 had requested that fees and charges were reviewed much earlier and in more depth. Proposals for parking charges in particular divided opinion.

- Low cost of services – Members are aware that the Council is low cost in overall terms and wanted this message in particular to be communicated. Given the financial position, Members asked about relative service costs and Officers agreed to look into what additional work could be done in this area building on what has been done previously.

- Conservation officer – the Council obtains support (1 day a week) from an officer employed by South Kesteven District Council. Whilst officers felt that this level of support was appropriate, some members expressed concern regarding capacity and whether more support was needed.

- Impact of savings – Members wanted to understand whether savings would have a front line impact. The Directors views were that this was considered and this was not the case for existing proposals with some examples provided.

- Bus services – an enquiry was made about the withdrawal of the A47 Uppingham/Leicester Bus Service. The Acting Leader explained that the Council would step in the short term to fund this route but that this would be reviewed later in the year based on usage.

- Delayed Transfers of Care (DTOC) – Members wanted to understand the Councils performance in this area. It was explained that performance was strong and that this has a positive financial impact on the Council. The Council had reduced DTOC (arising from social care delays) by 80% and that the CCG had recognised the significant improvement.

- Education – various questions were asked about Education funding and the Councils education services provision. The Director explained that education funding is under national review and that changes to the national funding formula could have an adverse impact locally and the Council were lobbying in this regard. At the same time, alongside the national debate, the new Head of Learning and Skills would be reviewing the Councils provision.

- Homecare rates – Members had seen the UK Home Care Association report indicating that Councils should be paying £16.70 per hour for Homecare and noted the current rate is 24p under this amount. It was explained that the Council is re-commissioning this service so the rate will be reviewed again but also that the Council has one of the highest rates in the region and the average rate can be skewed by amounts paid in London for example.

3.4 The Council is holding a Business Summit on 9th February and feedback from this event will be presented at the Council meeting.

4 ALTERNATIVE OPTIONS

4.1 There are four key areas where the Council has choices: revenue savings/pressures, the capital programme, funding decisions and reserve levels. These are considered separately.

4.2 Revenue savings/pressures

4.2.1 Option 1 - In terms of revenue savings/pressures Members could approve all savings/pressures for consultation – this is the recommended option. Where savings have been put forward Officers are of the view that these are achievable without impacting on front line services. The budget includes service pressures most of which arise from a need to respond to statutory requirements and/or unavoidable circumstances.

4.2.2 Option 2 - Members could reject all savings/pressures – this would mean that in those areas where savings have been put forward officers would revert back to original spending plans. In light of the future funding outlook this is not advisable. In terms of pressures, then where these are included to respond to statutory requirements, Officers would need to find alternative savings either before the budget was set or in-year; otherwise it is likely that the budget would be overspent. The rejection of all proposals is not recommended.

4.2.3 Option 3 – Members could approve savings/pressures with amendments. Members would need to be mindful of the financial implications of doing this on the overall financial position.

4.3 Capital programme

4.3.1 The capital programme for 17/18 includes projects already approved by Cabinet/Council.

4.3.2 Cabinet will be asked to delegate responsibility to officers in consultation with Portfolio Holders to work up the detail of projects and incur expenditure in relation to IT projects.

4.3.3 IT infrastructure spend can be incurred on a new system or upgrading existing equipment. Delegation will be requested for reasons of expediency and to avoid bringing back requests for small value projects. Members could choose not to approve this delegation and require full Cabinet approval.

4.4 Funding

4.4.1 The MTFP includes funding assumptions. The majority are based on the professional judgement of officers taking into consideration the settlement allocation and all other available information. The one key funding decision that Full Council has to make is around whether to increase Council tax.

4.4.2 This decision is fundamental to the amount of funding the Council will have available over the next five years given the cuts in Government funding. In making these decisions, Members need to be aware of the following issues:

- The Council accepted a 4 year funding offer in September 2016. This offer included a **significant reduction in Government funding** over the four year period.

- Government's funding allocations announced in 16/17 in the four year offer assume **Councils will raise council tax** – this assumption is not changed in the Finance Settlement – there is no new core funding for Council;

- **All decisions have a cumulative impact** – for example, the 'loss' of funding by retaining Council tax at its current level may be c£800k in 17/18 but over a 4 year period the loss is in excess of £3m (even if 3.99% increases are applied from 18/19 onwards); and

- **Making savings is unlikely to compensate for funding reductions** – the MTFP already assumes substantial savings have to be made over the life of the MTFP, over £2m by 19/20.

4.4.3 It is strongly recommended that the Council increases council tax by 3.99% (including the social care precept).

4.5 Reserve levels

4.5.1 The Councils Section 151 Officer (Assistant Director – Finance) is recommending that the minimum General Fund reserve level is maintained at £2m and that £1m of existing General Fund balances are transferred to earmarked reserves (para 2.7.6 of Appendix 1 explains in detail).

4.5.2 Many authorities keep a lower level of General Reserves and set funds aside in earmarked reserves. The rationale for this is that a high level of General Fund balances can give a distorted view of financial health. As authorities know that additional pressures or liabilities are inevitable creating earmarked reserves to cover these gives a better balanced view of the real level of General Fund balances.

4.5.3 It is therefore **proposed that the £1m transfer** includes a top up of £500k to the **social care reserve and that the ceiling is increased to £1m**. Other than a £250k contingency, the MTFP includes no additional contingency for increased demand for social care. Some Councils include an amount for unpredicted demand in spend forecasts. The Council is opposed to this approach as it can discourage budget managers from taking corrective action or looking at alternative means of living within the budget. However, it is very likely that additional demand will be experienced at some point over the medium term as evidenced by work undertaken by the People Directorate which indicates that the 80+ population is expected to grow by just under 50% in the next 10 years.

4.5.4 It is also proposed that £500k is put into a new **pressures reserve** (with a ceiling of £1m) to meet the costs of price pressures (as seen with recycling costs in 16/17); uncontrollable demand for services outside of social care; and other one-off costs. As officers submit pressures for consideration in the annual budget a contribution would be made from the earmarked reserve thereby reducing the impact on the General Fund. There is no allowance in the MTFP for pressures at present.

4.5.5 Council could choose not to implement these changes. Technically, the overall position would not change but Members would need to bear in mind that all future non-social care pressures and any social care pressures above the existing reserve level would need to be funded from General Fund reserves.

5 FINANCIAL IMPLICATIONS

5.1 The draft budget as presented relies on a contribution of £19k from the General Fund. As set out above, this is affordable in 17/18 but in the medium term net expenditure needs to be reduced by just under c£2m.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

6.1 The Council is on course to agree its budget and set its Council Tax for 2017/18 within the timetable required by statute and the constitution.

6.2 Under section 25 of the Local Government Act 2003 the Section 151 Officer is required to report to the Council on the robustness of the estimates made for the purpose of setting the Council Tax and the adequacy of the proposed financial reserves. This report meets that requirement and comment is made in Appendix 1, Section 3.8.

6.3 The Council is also required by the Local Authorities (Funds)(England) Regulations 1992 in exercise of the powers under section 99(3) of the Local Government Finance Act 1988, to make an estimate on 15 January of the amount of the deficit or surplus on the Collection Fund as at 31st March 2016. This report sets out an indicative figure to be formally confirmed in the February budget.

6.4 A full list of legal and governance considerations and how the Council meets them is covered in Appendix 1, Section 8.

7 EQUALITY IMPACT ASSESSMENT (EIA)

7.1 In the exercise of its functions, the Council must have due regard to the Council's duty to eliminate discrimination, to advance equality of opportunity for protected groups and to foster good relations between protected groups and others.

7.2 The Council has completed EIA screening for all savings proposals and the tax increase (see Appendix 1, section 3.9). There are no proposals for decision on specific courses of action that could have an impact on different groups of people and therefore full EIAs are not required.

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 The Council is required to set a balanced budget and agree the level of Council tax for 2017/18.

10.2 The budget is affordable within the context of the MTFP and will allow the Council to meet service aims and objectives for the coming year.

11 BACKGROUND PAPERS

11.1 There are no additional background papers to the report.

12 APPENDICES

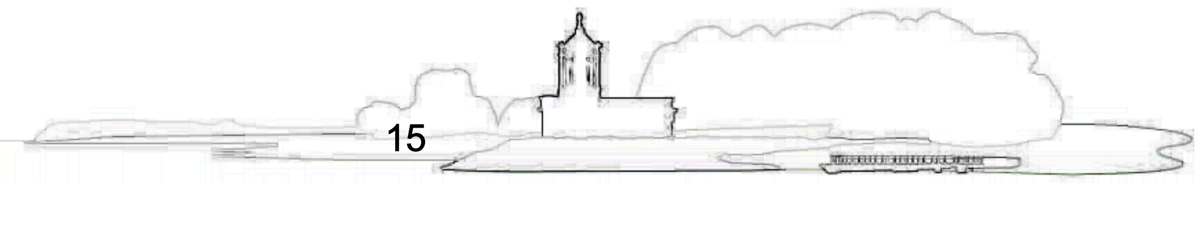
Appendix 1	Budget Report 2017/18
Appendix 2	Medium Term Financial Plan and assumptions
Appendix 3.1	People Directorate – functional analysis
Appendix 3.2	People Directorate – subjective analysis
Appendix 4.1	Places Directorate – functional analysis
Appendix 4.2	Places Directorate – subjective analysis
Appendix 5.1	Resources Directorate – functional analysis
Appendix 5.2	Resources Directorate – subjective analysis
Appendix 6	Savings
Appendix 7	Pressures
Appendix 8	Education Services Funding
Appendix 9	Earmarked Reserves
Appendix 10	Capital programme
Appendix 11	List of changes to draft budget
Appendix 12	Consultation responses

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

Appendix 1

Rutland County Council

The Budget
2017 - 18



Contents

1 EXECUTIVE SUMMARY

1.1 Overview from s151 Officer

1.1.1 In December 2015 the Government offered the Council a 4-year funding settlement which was accepted in September 2016. In the 17/18 Finance Settlement, the Government confirmed the offer and therefore the Councils government core funding position is similar to that reported in the prior year in that RSG will fall to 'zero' by 19/20 with the Council handing over an additional £1m to Government in business rates. Unfortunately, the settlement brought with it no major additional funding other than an adult social care grant of £136k but it did confirm changes to New Homes Bonus which will result in further losses of funding of in excess of £800k (the actual amount will depend on the number of properties built) to 20/21.

1.1.2 Whilst the Government is revamping the system for business rates (100% Business Rates Retention) and is reviewing the 'needs' formula and funding allocation method (Fair Funding Review), the finance settlement indicates that there is very unlikely to be additional government funding for existing duties although this Council and the LGA continue to lobby based on undoubted pressures that local government is facing. In addition to a loss of central government funding, council tax and business rates income will also be under pressure with the closure of St George's Barracks in 2020/21.

1.1.3 Alongside funding cuts and uncertainty, the Council continues to experience pressure on its base budget, not from new investment, but from increased demand for existing services (adoption and fostering, children's social care and transport) and changes in the economic environment which continue to have a negative impact on costs (waste management).

1.1.4 The medium term funding outlook therefore remains unchanged in that Government funding will reduce over the next few years with Elected Members expected to raise revenue locally through council tax to make up the shortfall at the same time as having to oversee reductions in net spending against a backdrop of demand and cost pressures. The key change in the settlement is that Councils will be allowed to raise a social care precept of up to 3% in 17/18 and 18/19 (but still cannot exceed 6% over the next three years). This would mean that Councils can levy more council tax for social care in 17/18 and 18/19 if they have an urgent need.

1.1.5 In the Quarter 2 MTFP, the Council estimated that by 20/21 the financial gap would be in the region of £2.8m. Following confirmation of the funding settlement, review of financial planning assumptions and the detailed budget work, the gap is now estimated at £1.878m. The Quarter 2 MTFP assumed that the Council would be using just over £1m of General Fund reserves to balance the budget in 17/18 but this has been reduced to £19k. Whilst there is still an overall funding gap, further savings proposals and investment opportunities are being developed for 18/19 and 19/20 which will reduce the gap further.

1.1.6 In terms of General Fund balances, the reduced 17/18 budget deficit has had the impact of slowing down the attrition of General Fund balances. Last year, it was predicted that by 20/21 balances would be at £1.785m but now they are expected to be at £5.548m. A combination of new savings, greater housing growth and additional business rates has slowed down the anticipated reduction in General Fund balances. Whilst the position is still not tenable in the medium term, the Council has more time to tackle the challenge.

1.1.7 For the next few years therefore the Council's remit remains the same: to work towards reducing its deficit position so that it can live within its means by:

- focusing its resources on priority areas in line with the new corporate plan;
- continuing to ensure that it focuses on achieving value for money/best value;
- continuing with its plans to identify and deliver savings;
- looking for opportunities to be more commercial and generate revenue income from investments; and
- embracing the flexibility given by the Government to raise council tax.

1.1.8 As noted in its efficiency plan, approved by Council in September 2016, given that the Council has already made substantial savings and that its service costs per head are the lowest amongst unitary councils, there is a low likelihood of the Council being able to meet the challenge without an impact on front line services. Future savings proposals are likely to involve some difficult decisions including:

- withdrawing service provision in non-statutory areas;
- reducing or rationalising service provision in some areas; and
- asking stakeholders to contribute more to the cost of service delivery.

1.1.9 Following the outcome of consultation and further to announcements from Government, confirmation of grant funding and completion of the forecast for business rates income, some changes have been made to the draft budget. These changes result in a reduction in use of the General Fund of £48k compared to the draft budget.

1.1.10 My summary of the position for the proposed 17/18 budget is as follows:

- The available funding resources to the Council is £33.730m compared to £34.121m last year with RSG reduced from £2.353m to £889k;

- Of the funding available, only £10.3m is from government funding (this includes business rates);
- The available funding of £33.7m assumes that Council increases council tax by 3.99% (including 2% for the social care precept);
- The Council is using £19k from its General Fund and £270k from earmarked reserves to balance its budget;
- The net cost of services is £34.191m, slightly higher than the 16/17 approved budget of £33.993m;
- The 17/18 budget includes a pay award of 1%;
- The 17/18 budget includes a contingency of £250k to meet in-year social care pressures if needed;
- Net capital financing costs are £1.903m;
- The budget includes £807k of new service pressures and other one off expenditure of £330k funded from reserves or new grants; and
- The budget includes £817k of new savings and savings planned from previous years of £770k.

1.2 Key questions and answers

1.2.1 Delivering Council Services within the MTFP is a key priority for the Council. The remainder of this report gives Members answers to some of the key questions relevant to the budget setting process. Further detail can be found in individual sections.

Key questions	**Status**	**Ref**
Statutory and constitutional requirements (section 8)		
1. Overall Position – Is the Council on track to meet its constitutional and statutory requirements?	Statutory requirements yes, but the draft budget was pushed back to January 2017 to give an opportunity for the detailed local government settlement to be processed.	Section 8
Funding and MTFP (section 2)		
2. What resource does the Council have available in 17/18 and over the next few years and how certain is it?	The Council's resources have reduced from 16/17 and are predicted to reduce further. Total available resources in 19/20 (the last year of the 4 year offer) will be less in cash terms than those available in 16/17.	2.2 and Appendix 2 MTFP
3. What level of reserves should the Council aim to retain?	It is proposed that the minimum level is retained at £2m but given the increased level of uncertainty and risk the Council will need to monitor this position. The	2.7

Key questions	Status	Ref
	short term position affords the Council time to reduce expenditure to match funding levels.	
4. What choice does the Council have over the level of Council tax?	The Council can decide to keep Council tax at the current level or increase it by up to 4.99% (including 3% for social care). The budget assumes a 3.99% increase in council tax. Whilst Members do have a choice, not embracing a 3.99% increase would have a significant impact on balances.	2.5
5. Is the Council in a healthy financial position?	In the short term the position is stable and the budget for 17/18 has improved the financial position. The Council's current forecasts indicate that spending plans exceed available resources and therefore action is still required before General Fund reserves are reduced significantly.	2.8
17/18 budget (section 3)		
6. What does the overall budget look like and how does it compare to prior year?	The 17/18 final budget is in cash terms 0.6% higher than 16/17. In achieving this position a number of uncontrollable pressures have been absorbed.	3.2
7. Priorities – how does the proposed budget support the Council's priorities?	The Council's spending plans continue to promote the Council's priorities in line with the new corporate plan. The Corporate Plan includes some key financial targets which this budget contributes towards.	3.6
8. What new savings is the Council planning to make in 17/18?	The budget includes £1.58m of savings. £817k are new savings and £770k relate to savings already built into the MTFP. None of the savings are deemed to have a significant impact on front line services.	3.4
9. What pressures is the Council facing in 17/18?	The Council continues to experience pressure on its base budget (new pressures of £807k and already known pressures of £185k). Pressures arise from increased demand for services (adoption and fostering, children's social care and transport) and cost pressures (waste management).	3.5
Capital (section 4)		
10. Are there any additions/amends to the current capital	Most schemes continue into 17/18. Some funding, e.g. highways, has been set aside and spending plans will be presented and approved in due course.	4

Key questions	Status	Ref
programme?		
Consultation (section 7)		
11. How has the Council consulted on the budget?	Through Scrutiny Panels, on-line consultation, a meeting with local business and the local parish council forum. Results are shown in Section 7 and Appendix 12	7.1

2 FUNDING AND MEDIUM TERM FINANCIAL PLAN (MTFP)

2.1 Overview

2.1.1 This section sets out the financial context for the 17/18 budget and in particular the financial position over the MTFP, taking into account:

- The finance settlement and available funding (2.2);
- Funding issues and risks beyond 17/18 (2.3);
- Indicative spending plans and risks (2.4);
- Council tax choices (2.5 including the Collection Fund– 2.6); and
- Level of General Fund reserves needed (2.7).

2.1.2 The Council has a rolling MTFP where all funding assumptions and spending plans are reviewed and updated. The table below summarises how the MTFP has changed since that published at Quarter 2 and the impact this has had on the overall position. The detail is explained further in this report and the position is summarised in 2.8. This table has been updated since the draft budget was produced to reflect various changes as listed in Appendix 11.

	Detail	**17/18 £m**	**18/19 £m**	**19/20 £m**	**20/21 £m**
Pre budget report position (Q2) gap		**1.0273**	**2.1549**	**2.7721**	**2.8313**
Net cost of Services	Section 3	(0.2158)	(0.4194)	(0.5772)	(0.6918)
Misc government grant	2.2.3	(0.1792)	0.0033	(0.0456)	0.0160
New Homes Bonus	2.2.5	(0.0400)	0.1954	0.2976	0.3586
Better Care Fund	2.2.7	0	0	0	0
Council Tax/Social Care Precept	2.5	(0.1494)	(0.2993)	(0.4039)	(0.5054)
Collection Fund	2.6	(0.1700)	0	0	0
Rural Delivery Grant	2.2.1	0	0	0	0
Transitional grant	2.2.1	0	0	0	0
Business rates	2.2.8	(0.1080)	(0.1278)	(0.1464)	(0.1441)
RSG	2.2.1	0	(0.0307)	0	0
Earmarked reserves use	3.7	(0.1454)	(0.1544)	(0.0852)	0.0140
Post budget gap		**0.0195**	**1.322**	**1.8114**	**1.8786**
Change in Gap		**(1.0078)**	**(0.8328)**	**(0.9607)**	**(0.9527)**

2.2 The finance settlement - what is the available funding and overall position for Rutland?

2.2.1 The local government finance settlement for 16/17 included a 4-year settlement offer to local councils (as set out in the table below) which the Council accepted. In the 17/18 Finance Settlement, DCLG confirmed that the figures quoted in the ‘offer’ have not changed (the offer was subject to an annual refresh in the event of exceptional circumstances) although the extra tariff payable in 18/19 (worth £30,692) has now been removed.

	2016/17	**2017/18**	**2018/19**	**2019/20**
RSG	(2,353,919)	(888,716)	0	0
Transitional Grant	(339,932)	(336,573)	0	0
Rural Service Delivery Grants	(843,258)	(680,891)	(523,763)	(680,891)
Tariffs relating to Business Rates (extra payment to Government)	0	0	0	958,318
Total core government funding	**(3,537,109)**	**(1,906,180)**	**(523,763)**	**277,427**

2.2.2 In terms of core government funding, the Council therefore is receiving 45% less than in 2016/17. In terms of other government/external funding, the Council’s key income streams are set out below with some commentary.

	2016/17	**2017/18**	**2018/19**	**2019/20**
Misc grants (2.2.3)	(350,641)	(351,128)	(117,728)	(115,728)
New Homes Bonus (2.2.5)	(1,230,024)	(1,214,332)	(1,266,270)	(1,265,755)
Better Care Fund (2.2.7)	(2,061,200)	(2,061,200)	(2,061,200)	(2,061,200)
Business rates (2.2.8)	(4,770,200)	(4,785,764)	(4,917,954)	(5,115,963)
Total other government funding	**(8,412,065)**	**(8,412,424)**	**(8,363,152)**	**(8,558,646)**
Ring-fenced government funding (e.g. public health)	1,359,000	1,326,000	1,291,100	1,256,000

2.2.3 The Council receives few **grants** from Government departments. In the draft 2017/18 budget, we assumed the following grants would be received: Adult social grant (£136k), a grant for social care in prisons from the Department of Health (£54k) and school improvement/Education services grant (£46k).

The final budget includes a Special Educational Needs reform grant (£28k), anticipated additional school improvement grant of £21k and an Independent Living Funding grant of £66k (this was assumed to be no longer available).

2.2.4 The Council also received notification of a new annual fund to tackle the problem of high levels of second homeownership in their communities. The Community Housing Fund will be targeted at the community-led sector and distributed to groups via local councils. The overall fund nationally will be £60m and will help almost 150 councils. Whilst allocations to individual councils have yet to be announced, a list of councils who will receive funding has been published. The funding allocated to the East Midlands is £2.69m with Rutland being one of four councils named as being the recipients of this funding. As the Council has not received a specific allocation no amount is included in the budget for now.

2.2.5 In terms of **New Homes Bonus (NHB)** various changes have been announced to the funding mechanism. Six year payments have been reduced to four (this was expected) albeit with a transitional five year payment in 17/18 but more significantly the Government has decided to implement a baseline of 0.4% growth (on existing dwellings) below which the bonus will not be paid. The loss over the period of the 4 year offer is £775k.

2.2.6 The MTFP assumes house building of c160 pa from 19/20 but a higher number in the next two years as shown below. The MTFP also includes a revised calculation for NHB. The Council receives different bonus payments depending on the Banding of new properties with higher banded properties attracting more bonus. The draft budget assumed that housing growth of 274 homes in 2017/18 would translate, on average, into Band D properties (a conversion rate therefore of 1:1). The build profile in Quarter 1 of the NHB year suggests that lower banded properties are being built and a lower conversion rate therefore income assumptions have been revised downwards. The impact on the GF is £19k in 18/19, £37k in 19/20 and £37k in 20/21.

	2017/18	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**
Builds expected	274	252	158	158	158	158

2.2.7 In 2016/17 the Government indicated that this Council would see no increase in its **Better Care Fund** so the fund continues to be included at its 16/17 level. The BCF planning guidance for 17/18 has been issued but unfortunately the spending power summary includes no additional funding for Rutland. The BCF budget will be refreshed as part of Q1 when the budget for 17/18 has been agreed through NHS England.

2.2.8 Local government now retains 50% of the **business rates** collected. In Rutland, 1% is paid to the Fire Authority, and 49% is retained by the Council. This is known as the “business rate retention scheme”. Of the 49% retained, the Council pays a tariff to the Government (valued at £1m).

2.2.9 Whilst there have been substantial changes to business valuations this year resulting in local business paying £1.5m (before transitional relief and other discounts are applied) more in business rates, the Council will only keep a level of business rates commensurate with what the Government believes it needs – this baseline is £4.159m in 17/18. If the yield is above this level the Council will pay a levy of 20% (up from 16% last year).

2.2.10 Estimates of rates payable by businesses (and how much the Council will collect) have been based upon:

- the existing new rateable value;
- changes in rateable value for known significant developments;
- estimates of the cost of reliefs; and
- provision for successful appeals.

2.2.11 When the draft budget was produced, business rate estimates had not been completed but now this work has been done there is no reason to change the estimates. The most difficult element in estimating rates income is the effect of appeals by rate payers. If our appeals provision is lower than actually needed then the Council will take a loss on business rates income. Conversely, if the provision is higher than actually needed, there will be a notional gain on business rates income. The Government has estimated that the loss on appeals/change to the Rateable Value list could be c4.7% (the list has reduced by over £250k since it was published in December). Using that figure, which is broadly in line with the Council's expectations, the Council's business rate income will be c£4.785m (£100k more than expected in the Q2 MTFP reflecting net growth).

2.2.12 The Government will continue to compensate lost income to local authorities for small business rate relief by means of a separate grant, which has been included in the rates income figures.

2.2.13 In overall terms therefore the Council's government/external funding is reducing year on year with the MTFP assuming that Members will continue to raise council tax and levy the social care precept (discussed in more detail in 2.5).

	2016/17	**2017/18**	**2018/19**	**2019/20**
Core government funding	(3,537,109)	(1,906,180)	(523,763)	277,427
Other funding	(8,407,046)	(8,412,424)	(8,363,152)	(8,558,646)
Total government funding	**(11,944,155)**	**(10,318,604)**	**(8,886,915)**	**(8,281,219)**

	2016/17	2017/18	2018/19	2019/20
Council tax (inc collection fund and social care precept)	(22,172,000)	(23,411,300)	(24,513,100)	(25,745,200)
Total resources	**(34,116,155)**	**(33,729,904)**	**(33,400,015)**	**(34,026,419)**
Use of earmarked reserves	(1,446,000)	(270,200)	(279,200)	(163,800)

2.2.14 In summary, the overall settlement for 17/18 has not substantially changed the overall position from the prior year. In order for the Council to keep funding at a level commensurate with 16/17 cash levels (6-7% less after inflation) by 19/20 it needs to raise council tax by 3.99% each year.

2.3 Beyond the 2017/18 settlement – what funding issues are on the horizon and how do they impact the MTFP?

2.3.1 The table below goes into detail about a range of announcements/ongoing matters that could directly or indirectly affect local government and this council.

Issue	Impact
By the end of the Parliament local government **will retain 100 per cent of business rate revenues.** The system of top-ups and tariffs which redistributes revenues between local authorities will be retained but will be reviewed. The **Fair Funding Review** is re-examining what the "needs" of authorities are and how funding may be allocated taking into account available resources. This review is unlikely to be concluded by the end of the Parliament.	As with any changes in funding systems there can be winners and losers. It is too early to assess the impact for the Council of 100% business rates retention. The MTFP assumes there will be no change for now. The Fair Funding Review is unlikely to lead to any material change to the Council's funding as the review explains that the Council's relative resource position will be taken into account. As this Council is deemed to have a high level of its own resources (i.e. council tax) then its share of any national pot is likely to be low.
The government is considering **transferring additional responsibilities** to local authorities and funding this through surplus rates.	The MTFP assumes no transfers of responsibility and funding for now. Historically, where there have been transfers, the Council has "lost" funding e.g. council tax benefit. The Council will only lose out if transfers are not cost neutral.

Issue	Impact
The **social care precept** continues to give local authorities the ability to raise new funding to spend exclusively on adult social care. Some changes have been made to allow Councils to bring forward increase to 17/18 and 18/19 – the detail is covered in 2.5. It is possible that amendments to the power could be made again in due course (i.e. beyond the period of the 4 year offer).	The MTFP assumes in line with Government expectations that the Council will take the opportunity to levy a precept of 2%. An additional 2% on Council tax is worth in excess of £400k pa.
From 2017 the Spending Review makes available social care funds for local government, rising to £1.5 billion by 19/20, to be included in an improved **Better Care Fund**. No changes to the BCF were proposed in the Autumn Statement or Settlement. Changes to how the BCF is used could create a pressure on the General Fund should funds be diverted from protecting core services to new areas.	The MTFP includes the BCF and expects to continue at its current rate. There is no additional funding for Rutland. The Council has a good working relationship with the CCG and both sides recognise that protecting existing social care services has had a beneficial impact on BCF outcomes such as the avoidance of non-elective admissions.
The **Independent Living Fund (ILF)** closed on 30 June 2015. From 1 July 2015, the funding and responsibility of ILF care and support needs transferred to local authorities. The Council received a grant to cover costs in 15/16 and 16/17 but it is not known whether this will be received this year.	The Council originally assumed no funding from 17/18 but funding will now be received for the next 3 years.

Issue	**Impact**
The Government remains committed to introducing the **Dilnot** reforms to social care, with funding provided in 19/20 to cover the costs of local authorities preparing for these changes. The cap on reasonable care costs and extension of means tested support will then be introduced and funded from April 2020.	The Council assumes that Dilnot reforms will be fully funded although there continues to be a £100k contingency built into the MTFP 18/19. It is not known whether future funding will cover all costs. When plans are set out in detail the Council will need to model the potential impact and use the results as a basis for assessing whether funding will be sufficient to cover marginal costs.
The **New Homes Bonus** continues albeit with revisions. The length of payments is reduced from six years to four years but there will be a five year transitional payment in 17/18. The key other change is that payments will only be made for growth above a baseline of 0.4% of existing dwellings. The Government also consulted on other changes including making reductions if local authorities do not have a local plan or using a lower tariff for homes built on appeal. Whilst no changes have been made for now the Government is committed to looking at NHB again if authorities are not delivering on housing growth or if growth is significant indicating that the baseline is too low.	The MTFP assumes there will be no further changes to the New Homes Bonus scheme and payments are based on housing trajectory numbers and the new payment method.
The Government made savings in local authority **public health** spending last year and indicated further savings would be made in 17/18 and beyond at an average of above 2% per annum. In year, the Government have produced a note setting out PH responsibilities and a description of 'what this means in practice' against which local areas can self-assess with a view to	PH funding announcements have been made and confirm a reduction in funding of £33k in 17/18 and likely reductions of c£35k in 18/19 and 19/20. The MTFP assumes that any public health funding reduction will be absorbed or met in the short term from the Public Health reserve.

Issue	Impact
reviewing and improving.	
The Government is setting up a £2.3 billion **Housing Infrastructure Fund** up to 2020/21 to deliver infrastructure that will support the building of 100,000 new homes in high demand areas, which will be allocated to local government on a competitive basis	It is not known whether this Council will be able to access the fund as it will depend on the qualifying criteria.
The Government will award £1.8 bn to **Local Enterprise Partnerships** (LEPs) - £392m to the Midlands and £151m to the East of England.	The Council is part of the Greater Cambridge and Greater Peterborough LEP and may benefit from access to funding although funding is not expected until later in the Parliament.
Government remains committed to devolving powers to support local areas and is working towards various deals with **Combined Authorities** (CAs). More funding (skills, employment support, transport, adult education) will be routed through LEPs and CA and not being a member of a CA could give the Council a funding risk.	Council continues to monitor what the best approach is for Rutland and no decision has been made as to whether it will become a member or non-constituent member of a CA.
Schools funding is outside of the Revenue Account and is ring fenced. All aspects of school funding are under consultation. Details are given in Section 5. The Government is pressing ahead with the planned cut to the Education Services Grant, despite deciding not to go ahead with the Education for All Bill which would have removed councils' school improvement duties. Councils will now receive a separate grant to allow authorities to play a transitional role, as the school-led system of school improvement continues to mature. The Council has received illustrative numbers for the Central Schools Block from 2018/19 which would	It is possible that the level and nature of funding could inadvertently place more pressure on the General Fund should the Council not be able to deliver its statutory duties or if it has to intervene to support schools. The Council's new Head of Learning and Skills is reviewing the Council's education service offer in light of the changes in school funding, government policy and local challenges around High Needs provision.

Issue	Impact
suggest that funding on retained duties (from the ESG) will continue to fall resulting in a continuing pressure on the General Fund.	
Local authorities continue to have flexibility to **spend capital receipts from asset sales on the revenue** costs of reform projects, subject to conditions.	The Council assumes that no capital receipts will be used to fund revenue over the life of the MTFP but will continue to keep this under review.
The Government has also confirmed the transitional scheme they will use for the **2017 Business Rates revaluation**. Any rise will be capped at 5 per cent in the first year for small properties. This will be paid for by caps on reductions to businesses which gain from the revaluation, with smaller businesses having reductions phased in to a lesser extent than those for larger businesses, which will have their maximum increase in the first year reduced from 45 per cent to 42 per cent.	There will be no direct impact on Council funding as the transitional scheme will be paid for by Government.
The **Local Plan** is the plan for the future development of Rutland which is drawn up by the Council in consultation with the community. The Local Plan will identify how much additional new development will be needed in Rutland over the next 20 year period to 2036 and where this should be located.	Local plan information will impact income assumptions (council tax and new homes bonus) and may have an impact on spending plans including capital projects.
In November, the MOD confirmed that **St George's Barracks** will close in 2020/21. The Council receives both council tax and business rates from this site, c£500k pa.	The future use of the site is unclear and the Council will be monitoring developments closely and will aim, as far as possible, to mitigate any potential loss of funding. There is ongoing dialogue with the Defence Infrastructure Organisation (DIO).

2.4 **Spending plans and pressures – how may spending plans change over**

time?

2.4.1 The MTFP at Appendix 2 sets out the forecast spending profile of the Council over the medium term. The MTFP has been regularly updated throughout the year and shows the baseline position, assuming a continuation of existing services with allowances for service pressures, inflation etc. The budget for 17/18 is discussed in Section 3.

2.4.2 This section focuses on the factors that may have a significant impact on spending plans over the next 5 years and covers:

- Assumptions, contingencies and risks (2.4.3)
- Approach to reducing net expenditure (2.4.4).

Core assumptions, contingencies and risks

2.4.3 While the MTFP provides a useful modelling tool that can be used to demonstrate the effect of a range of variables on the Council's financial stability over the medium term, there are a number of inherent risks that could impact on spending that are outside of the Council's control (these are covered below).

Risk	**Action to mitigate risk**
The **apprenticeship levy** will be introduced in April 2017 at a rate of 0.5 per cent of an employer's pay bill, to deliver 3 million apprenticeship starts by 2020. The levy will be paid through PAYE. The cost of the levy c£40k is built into the MTFP. The MTFP assumes the levy will continue at 0.5%. An increase to this rate would create a new pressure.	Employers in England who pay the levy will be able to get out more than they pay into the levy. Levied employers buying training from May 2017 can get some costs reimbursed. The Council is looking into how it approaches apprenticeships so that it recoups the cost of the levy. Employing apprentices could offer savings in due course.
In the past few years, the national pay agreement has been settled at below the 2% rate of **pay inflation** built into the MTFP. With inflation expected to continue above 2%, it is expected that trade unions and others will continue to lobby for increases and the introduction of the Living Wage.	The MTFP assumes an annual 2% pay award and as the Council is part of the national bargaining agreement no change is proposed.
There is a risk that the Council will	Proactive monitoring of demand

Risk	Action to mitigate risk
bear the financial burden of any increase in the number of residents claiming **council tax support**, **discretionary housing payments or crisis loans.** In the last few years the number of people claiming support has reduced as the County has reached full employment. However, the Government's **welfare reform changes** (including the housing benefit cap) will reduce income of those receiving support and may increase the demand for council tax support, discretionary fund, crisis loans and discretionary housing payments. In addition, there is a risk that **council tax collection levels** will be lower than estimated particularly if council tax increases of 3.99% are applied with a subsequent impact on the future financial position of the Collection Fund.	for funding and collection levels for council tax will provide early indicators of any risks materialising. The Councils offer continues to be reviewed.
The MTFP assumes that some **service pressures** can be contained within the forecast budgets as growth is only built in where there is a degree of certainty. However there are a range of potential issues across different services that could have an impact: • increase in the cost of care packages arises from a growing population of older people, and other vulnerable adults requiring care; together with growing numbers with complex care needs; • the increase in costs of children looked after with a significant number of the children requiring placements being very vulnerable, and some have complex	These will be monitored through the monthly monitoring process and quarterly reports to Cabinet. Variances identified as recurring are highlighted to Cabinet and the longer term implications assessed. As far as possible Directors will try to manage costs pressures within budget. It is proposed that a new earmarked reserve be set up to meet service pressures (discussed in section 2.7). Sufficient balances will also be maintained to cope with unforeseen cost pressures in the short-term.

Risk	Action to mitigate risk
behaviours; and • extra costs of social worker employment arising from a national shortage of qualified social workers. Good progress has been made to recruit permanent staff but further incentives may be required to retain and recruit staff.	
Some budgets are **demand led** so whilst the Council will try and predict trends based on available information, there is an element of unpredictability where even a few cases can be financially significant. Demand led budgets include fostering and adoption, children's social care, adult social care and elements of transport budgets.	These will be monitored through the monthly monitoring process and quarterly reports to Cabinet. Variances identified as recurring are highlighted to Cabinet and the longer term implications assessed. Sufficient balances will be maintained to cope with unforeseen cost pressures in the short-term. A social care earmarked reserve is also in place to meet the costs of increases in demand in that area.
Whilst **inflation** has been low for some time and the Government target is to keep it below 2%, there are emerging issues that may cause pressure on prices the Council pays for goods and services. Notwithstanding the impact of Brexit, the new National Living Wage (NLW) set at £7.20 from April 2016 will increase to £7.50 in April 2017.	The Council will monitor the position on key contracts and has inflation built into the MTFP which has been revisited as part of the 17/18 budget. Some adjustments have been made to inflation rates post 17/18. The Council is tendering for services so it can ensure value for money and does allow for inflationary cost increases and will aim where possible to keep costs within the current budget.
Interest rates may change thereby	Regular review of the position

Risk	Action to mitigate risk
reducing the Council's ability to earn investment income. Advice from our Treasury advisors is that interest rates will stay below 1% for the next two years.	and consideration of the balance between investing surplus cash and using it to repay long term debt. Advice from Capita is used to forecast investment income.
Capital financing costs have been estimated based on the assumption that no further external borrowing is undertaken during the life of the MTFP.	Corporate analysis of existing and potential new projects indicates that no further external borrowing is required.
The Council can be impacted by changes arising from partner bodies such as the **Police and Fire** as they, like the Council, aim to reduce costs. Any decision to reduce or reconfigure services in this County could result in additional demands on the Council.	The Council is working with partners to understand the impact of any changes and support changes where possible. It has previously built in funding support to partners but this has been removed in the latest MTFP.
In October the UK **Home Care** Association calculated the minimum price councils should be paying was £16.70 per hour, but the average was over £2 less. This Council pays £16.46 The UKHCA said the situation was threatening the future of the market and that agencies were struggling to recruit staff and maintain quality. Similarly residential care providers have expressed similar concerns with the National Living Wage and pension auto-enrolment creating pressures. The challenge is to negotiate a fair rate for the cost of care that allows the market to remain healthy and competitive. There is little doubt the Council will come under fee pressure. For Homecare, the next round of fee negotiations is not anticipated to be until 2018/19 unless providers write in	The Council will be seeking to ensure that any increases are limited to what is reasonable. Inflation rates in the MTFP have been reviewed for adult social care services in particular and some revisions made in anticipation of services being recommissioned.

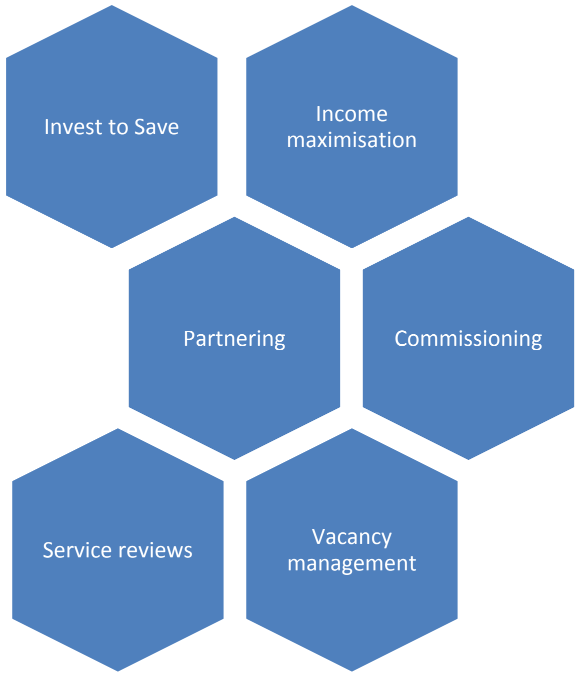
Risk	Action to mitigate risk
and formally ask for a review in 2017/18. For residential care, the contracts allow for an increase based on CPIY. However, providers can write in and ask for this increase to be reviewed at any time.	
The Council has seen **demographic** changes over time and will do so again in the future. Changes in population and number of households have not always translated into increases in service costs. This issue is relevant to Adult Social Care where many authorities assume that increases in population and in particular in 65+ age groups will place extra demand on social care budgets. Future budgets therefore typically include an "allowance" to compensate for this. The Council is expecting to see population changes over the next 5 years but in line with its Adult Social Care strategy it will seek to respond to any changes by helping people to live independently as far as possible.	The Council continues to monitor trends of demands for service and how this links to population changes. Its analysis indicates that the 80+ population will increase by just under 50% in the next 10 years. The Council has a Social Care Reserve and a £250k Social Care contingency (an increase of £50k on the prior year) to allow it to respond to changes in demand in-year and changes to care costs.
In December 2015, the **NHS** outlined a new approach to help ensure that health and care services are built around the needs of local populations. Every health and care system (of which LLR is one) was asked to produce a multi-year Sustainability and Transformation Plan (STP), showing how local services will evolve and become sustainable over the next five years. As primary, secondary and social care are all under demand pressure this is an important plan. The LLR STP has been submitted and has been discussed at the Health and Wellbeing Board. Consultation will take place in 2017.	The Council is looking at all opportunities to deliver services efficiently and for the benefit of local people. Council officers have been working with Better Care Together (BCT) colleagues to assess the impact on Adult Social Care (ASC) of planned changes across a range of work streams and will make the case for funding should the situation arise. Alongside local action, the Council supports lobbying led by the LGA and others for more central government funding.

Risk	Action to mitigate risk
The approach being taken is a 'place based budget' one (single system control total) that looks across organisations at the 'LLR pound' and which focuses on new ways of working and models of care that manage demand and are more efficient. There are 5 big issues being tackled including: a) Urgent & emergency care b) Integrated teams c) General practice resilience d) Service reconfiguration e) Operational efficiency The Council is already working across LLR on joint commissioning opportunities and in some areas has joint teams. There is a strong likelihood that further integration is likely as "health and social care must have a plan" for integration by 2017, to be implemented by 2020. The Council is also aware of the risks of health activity being displaced to social care and the costs that could arise.	
The Council has a number of **outsourced services** and retendering of contracts can lead to price pressure depending on the number of interested suppliers and market conditions. Whilst key contract expiry dates are not imminent (Refuse – 2022, Residual Waste – 2021, Street Cleaning – 2022, Leisure – 2021), contract inflation rates are kept under review.	The MTFP has been updated to reflect the expected cost of services.

Risk	Action to mitigate risk
The **Syrian Vulnerable Persons Relocation Scheme** will require the Council to take in vulnerable persons as part of the Government's response to helping those at risk. Some funding is available but experience of other local authorities is that this is not sufficient to cover costs particularly if social care services are needed.	The Council will seek to maximise funding and lobby for additional funds if possible.
The Council's net **pension liability** for the Local Government Pension Scheme (controlled by Leicestershire County Council as the Pension Fund administrator) has decreased. Following the triennial review, the contribution rates have been amended upwards to close the gap. Should investment returns not narrow the gap in the future, it is possible that contribution rates may increase again creating a demand on the General Fund.	The position will be monitored but the Council's MTFP includes the revised rates.

Reducing net expenditure

2.4.4 One of the key principles of delivering services within the MTFP is "living within your means" i.e. not spending more than the resources available. Whilst the Council has a very good track record of spending within its allocated annual budget, the MTFP shows that in 17/18 and beyond the Council is spending more than the funding it has available and is therefore reliant on using General Fund reserves to balance the budget. The Council has a plan to address this issue which comprises the following elements:



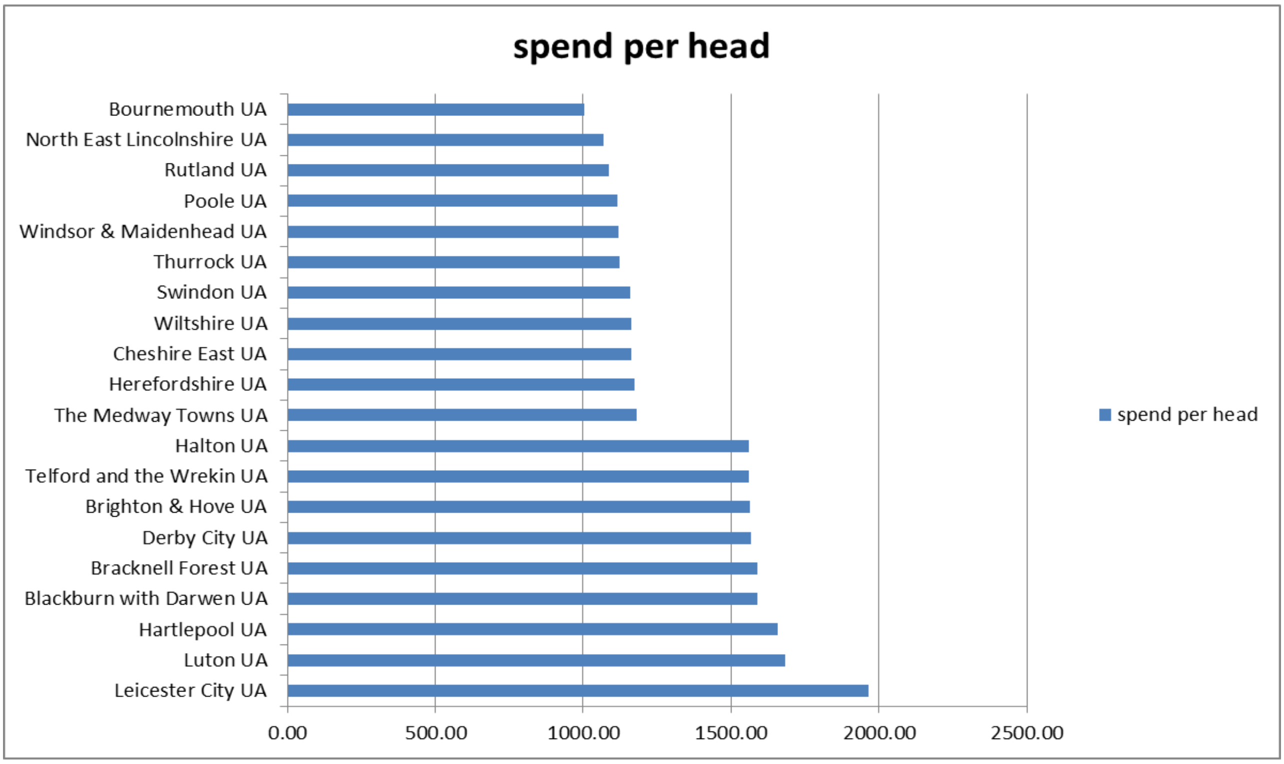
2.4.5 In its efficiency plan the Council stated that it would include a savings target in the MTFP. The Council has previously resisted including a target in the MTFP (other than for the PeopleFirst review) as in effect the forecast annual deficit is a clear indication of the extent to which the Council needs to reduce its spending. The annual deficit continues to signify a proxy "savings target". The PeopleFirst expected savings are now included in Directorate base budgets.

2.4.6 Work has already begun in identifying future savings and income generating opportunities. Inevitably in this financial climate it is an ongoing task. All areas of council services are being examined. There are two key challenges the Council faces: a) its spend per head is low; and b) inevitably there are some areas where the potential for reductions to be made is low either because of savings already made, statutory obligations, current spend levels or other factors. The lists below are not exhaustive but highlight that all areas have to be examined.

Areas where it may be difficult to make savings	**Areas where we may have to examine**
External audit – fee reduced from £180k to £65k over last 10 years **Internal audit** – very low cost at c£85k, service being delegated to LGSS **National insurance** – £1m, set by Government **Pension contributions** – c£2.3m per annum, set by Pension Fund,	**Senior management costs** - £750k, some options for sharing posts already explored and this will continue **Waste management** – £2.4m, refuse collection and recycling **Road maintenance** - £1m, rural road network is important and a high standard

Areas where it may be difficult to make savings	Areas where we may have to examine
unlikely to reduce given Pension Fund deficit **Demand-led social care budgets** - £5.8m, whilst demand can go up or down, it is to a large extent outside of Council control **Social worker staffing** -£2m – staff levels are a function of demand and a minimum level is required **Insurance** - £220k – tendered, cover levels reviewed and little scope for savings other than not having insurance **Members expenses** - £190k – level set externally **Public Health** – £1.3m, ring fenced sum, savings already made and allocation will continue to reduce **Tourism/Economic development - £146k** – key priorities and Council spend is already low **Health and Safety** - £40k – Council already meeting its statutory obligations at low cost **Housing** - £100k – statutory homelessness provision and floating support for those with a housing need	**Parking** - £230k – charges under review **Commercial properties** – (£213)k – key priority moving forward is to generate more income from existing portfolio **Cultural services** – Arts, Libraries, Museums and Sports - £1m - largely discretionary services which have been targeted for savings by other Councils **Planning/development control** - £600k – service delivery model options being considered **Transport** - £2.5m – all aspects under review, some savings already delivered **Public protection** - £400k – already a shared service with Peterborough **Support services (Corporate support, Finance, Legal, HR and IT)** - £3.1m – substantial savings taken in last few years and Business Support review underway **Property services** - £1m – targeted for savings in 17/18 and inevitably there is a residual level of spend required

2.4.7 In terms of spend per head, the Council is ranked 3rd lowest amongst unitary authorities. Figures for some of the high and low spending Councils (based on 16/17 budget figures) are shown below.



2.4.8 Against this backdrop, future savings proposals are likely to involve some difficult decisions which may involve:

- withdrawing service provision in non-statutory areas;
- reducing or rationalising service provision in some areas; and
- asking stakeholders to contribute more to the cost of service delivery.

2.4.9 All Directorates have been through their budgets, and done an initial assessment of further areas for investigation in conjunction with Cabinet. No decisions have been made and in some cases further investigation may not lead to formal proposals being brought forward. In other cases, proposals will be worked up for consideration.

2.4.10 Areas being looked at include:

- Senior management structure - numbers and potential for sharing posts
- Banking contract
- Charging for green waste collection
- Library and museum provision and delivery model
- Transport provision
- Use and management of legal services
- Education services in light of academisation and changes to statutory responsibilities
- Planning shared services
- Models of delivery for care services

- Customer services operation
- Working with parishes on local services
- Use of Section 106 and CIL to support revenue
- Further development of commercial asset base

2.4.11 The list is not exhaustive but gives examples of the range of areas being considered.

2.5 **Council tax – what choice does the Council have?**

2.5.1 The Government has in recent years established a 2% limit on raising Council Tax before a referendum must be called. Last year local authorities were allowed to add a further 2% precept to Council tax for spending on adult social care.

2.5.2 In recognition of the particular pressures on adult social care services, councils will now be able to introduce the rise sooner. They will have the freedom to increase by up to 3% in 2017/18 or 2018/19, but still cannot exceed 6% in total over the three-year period. This means that the total rise in bills will be 6% but can be spread.

2.5.3 To ensure that councils are using income from the precept for adult social care, councils will be required to publish a description of their plans, including changing levels of spend on adult social care and other services. This must be signed off by the Chief Finance Officer (section 151 officer). Councils wishing to use the extra freedom to raise their precept by 3% instead of 2% in 2017/18 must also show how they plan to use this extra money to improve social care. DCLG will set out further details on the conditions of the scheme in the near future.

2.5.4 The MTFP assumes council tax rises of 3.99% in line with Government's expectations from 16/17 onwards and includes some tax base growth as described in Appendix 2. The table below shows the difference between:

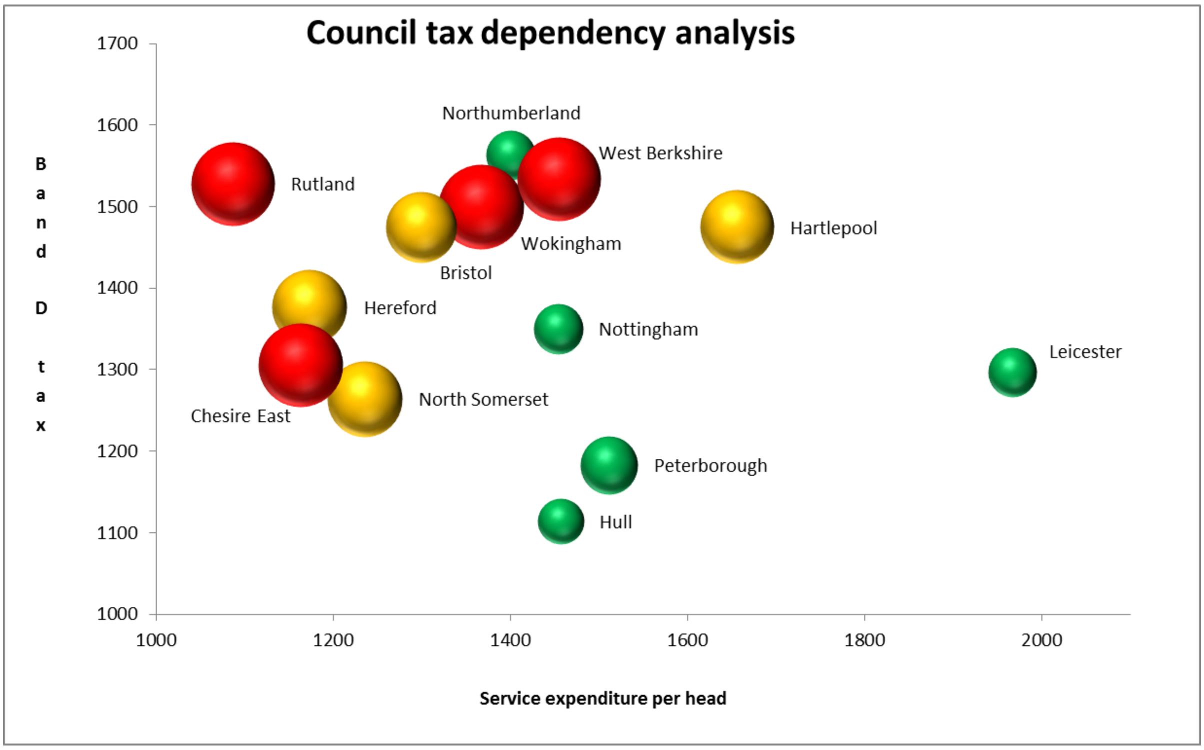
- the current MTFP - a 3.99% annual increase;
- an increase of 4.99% for two years followed by a 2% increase 19/20;
- a 2% annual increase; and
- a council tax freeze for the life of the MTFP.

	Council tax rate 17/18	**17/18 council tax revenue £000**	**Size of gap in 21/22**	**General Fund balance 21/22**
Band D – current	£1,487.59	£22,349	£6,597	(£10,550)
3.99%	£1,546.94	£23,241	£1,565	£3,983

	Council tax rate 17/18	17/18 council tax revenue £000	Size of gap in 21/22	General Fund balance 21/22
4.99% then 2%	£1,561.82	£23,464	£1,573	£4,657
2%	£1,517.34	£22,796	£4,173	(£3,458)

2.5.5 Members should note that even with Council tax rises of 2% for the next five years, the Council would have no General Fund balances remaining in 21/22 and would not be able to balance the budget unless of course substantial savings were made.

2.5.6 Members are aware that the Council's Band D tax levels are amongst the highest of all Unitary councils. As has previously been reported, this position does not mean that the Council is high cost or inefficient as its service expenditure per head is low but is a function of its high dependency on council tax because of its low level of government funding. The diagram below shows the relationship between Band D Council tax levels, Spend per head and Council tax dependency (a RED label indicates a high level of Council tax dependency and GREEN a low level). Unfortunately as the Government funding allocation takes into account relative resources (i.e. the amount Councils generate from council tax) this position is unlikely to change.



2.6 **Collection Fund – what is the estimated surplus for 2016/17?**

2.6.1 The Council, as a billing authority, is required to keep a special fund, known as the Collection Fund. The fund is credited with the amount of Council tax it collects. Expenditure from the fund is in respect of the Council's own demand (i.e. General Fund expenditure net of RSG and share of Business rates) and the precepts payable to the Police Authority and Fire Service.

2.6.2 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 (in this situation the Council) and the preceptors (Police and Fire Authorities). Billing authorities are required to estimate the expected Collection Fund balance for the year to 31 March in order that the sum can be taken into account by billing authorities and preceptors in calculating the amounts of Council Tax for the coming year. The difference between the estimate at 15 January, and actual position at 31 March will be taken into account in the following financial year.

2.6.3 The estimated financial position on the Collection Fund at 31 March 2017 is shown below.

Estimated surplus at 31 March 2017	£196,681
Share of surplus	
Rutland County Council	£169,487
Leicestershire Police Authority	£20,360
Leicestershire Fire Service	£6,834

2.6.4 The Regulations provide for the Council's share of the estimated surplus to be transferred to the General Fund in 17/18.

2.7 **Reserves – What level of reserves does the Council have and should it retain?**

2.7.1 Reserves can be held for three main purposes:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
- a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves; and
- a means of building up funds to meet known or predicted liabilities – these are known as earmarked reserves.

2.7.2 The level of reserves is set to take account of:

- strategic, operational and financial risks facing the Council;

- key financial assumptions underpinning the budget; and
- quality of the Council's financial management arrangements.

2.7.3 In the current climate, it is essential that the Council maintains General Fund reserves to deal with the unexpected. There are a range of risks that may arise that the reserves are held for in order to maintain the Council's sound financial position. These risks include the following:

Risk factor/issue	Potential cost
Loss of business rates income before Safety Net reached through appeals or economic downturn	£0 - £300k
General service pressures or overspends – 1%	£0 - £300k
Grant uncertainty – further reductions in funding	£0 - £500k
Education redundancies no longer paid for through DSG	£0 - £150k
Above inflationary increases including the Living Wage or shortfalls in discretionary income	£0 - £300k
Increase in demand led services	£0 - £500k
Failure of key service provider	£0 - £200k
Legislative or policy changes that may or may not be funded	£0 - £200k
Potential growth in demand for general services	£0 - £200k

2.7.4 The Council's minimum reserves target is currently set at £2m which equates to about 6% of net spending. Presently, the Council's general fund balances (and useable earmarked reserves) are above the minimum level at c£10m. Alongside this balance the Council has c£2.5m in earmarked reserves (detailed in Appendix 9).

2.7.5 A review of the reserves position has been undertaken. **It is proposed that the minimum reserve level is maintained at between £2m and £3m** – this level is deemed adequate based on professional judgement and a risk assessment taking into account the following factors:

a) despite existing savings plans, the Council is still using reserves to balance the budget;

b) there are potential cost pressures which are only partly factored into spending plans;

c) whilst the Council has some savings targets built into the MTFP and has a very good track record of delivering savings, no savings are guaranteed.

2.7.6 **It is also proposed that £1m of General Fund reserves are transferred**

to earmarked reserves. Many authorities keep a lower level of General Reserves and set funds aside in earmarked reserves. The rationale for this is that a high level of General Fund balances can give a distorted view of financial health. As authorities know that additional pressures or liabilities are inevitable creating earmarked reserves to cover these gives a better balanced view of the real level of General Fund balances. The table below shows that Rutland's overall position is healthy but also how its approach differs to that of other Councils with broadly the same level of overall reserves.

	Average General Fund Balance as % of Net Revenue Expenditure (NRE)	**Average Earmarked Reserves as % of NRE**	**Total Reserves as % of NRE**
Unitary average	**3%**	**9%**	**12%**
Rutland	**21%**	**5%**	**26%**
Cornwall	6%	20%	26%
Durham	3%	19%	22%
Leicester	2%	17%	19%
East Riding	1%	19%	20%

2.7.7 It is **proposed that the £1m transfer** includes a top up of £500k to the **social care reserve and that the ceiling is increased to £1m**. Other than a £200k contingency, the MTFP includes no additional contingency for increased demand for social care. Some Councils include an amount for unpredicted demand in spend forecasts. The Council is opposed to this approach as it can discourage budget managers from taking corrective action or looking at alternative means of living within the budget. However, it is very likely that additional demand will be experienced at some point over the medium term as evidenced by the pressures in this year's budget.

2.7.8 It is also proposed that £500k is put into a new **pressures reserve** (with a ceiling of £1m) to meet the costs of:

- price pressures (as seen with recycling costs in 16/17);
- uncontrollable demand for services outside of social care; and
- other one-off costs.

2.7.9 As officers submit pressures for consideration in the annual budget one of the key considerations when a pressure is accepted is whether it will be a one off pressure or whether it is likely to be recurring. Where pressures are clearly recurring then it is prudent to include them in the budget in full. In other cases, there may be uncertainty and one option is to not include the pressure in the MTFP or not include it in full, but to set some funds aside in an earmarked reserve. In the event that the pressure materialises the contribution is made from the earmarked reserve thereby reducing the impact on the general fund.

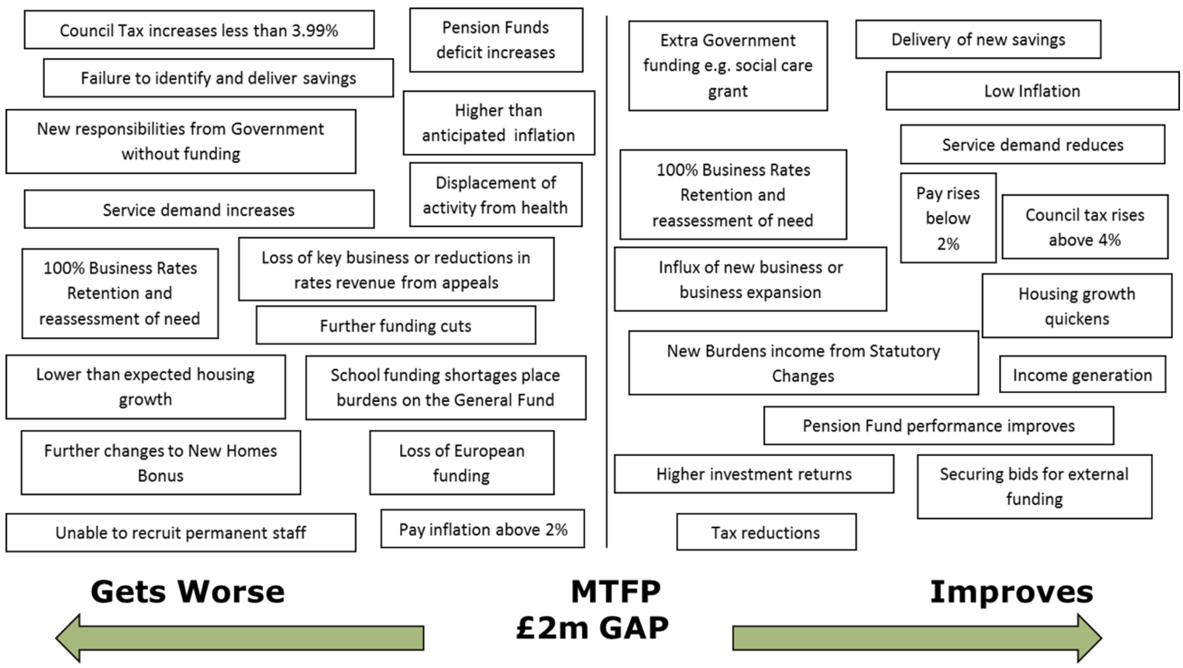
2.8 The financial outlook – what is the overall position?

2.8.1 The medium term outlook remains largely unchanged in that Government funding will reduce over the next few years with Elected Members expected to raise revenue locally through council tax and the social care precept to make up the shortfall at the same time as having to oversee reductions in net spending against a backdrop of increased demand for services (adoption and fostering, children's and adults social care) and cost pressures (e.g. waste management).

2.8.2 The reduced 17/18 budget deficit has had the impact of slowing down the attrition of General Fund balances. Whilst the position is still not tenable in the medium term, the Council has more time to tackle the challenge.

2.8.3 For the next few years therefore the Council's remit remains the same: to work towards reducing its deficit position so that it can live within its means. This work will take place against a backdrop of funding reforms – changes to the business rates system, system for funding allocation and education reform.

2.8.4 The MTFP presents a position based on various assumptions and estimates about variables that are predominantly outside the control of the Council. The Council's experience is that these can change over time and sometimes quite significantly. The picture below shows how the funding gap might "get worse" or "improve" according to events that could materialise.



3 REVENUE BUDGET PROPOSALS

3.1 Overview – what is the overall revenue budget?

3.1.1 The MTFP always includes provisional budgets for future years. The annual detailed budget work (explained in 3.2) updates that budget with latest information as shown in the table below. The draft budget has been amended following consultation and various updates – the full details are given in Appendix 11.

		Draft budget 2017/18 £000	**Final budget 17/18 £000**
3.1.2	People	16,135	16,379
3.1.2	Places	12,299	12,240
3.1.2	Resources	5,404	5,398
A	*Sub-Total Directorate budgets*	33,838	34,017
3.1.3	Headcount Saving	(121)	(121)
3.1.4	Pay Inflation contingency	45	45
3.1.5	Social care contingency	200	250
B	*Sub-Total Contingencies & Corporate Savings*	124	174
	Net cost of services	**33,962**	**34,191**
	Revenue contribution to capital	0	0
3.1.6	Appropriations	(1,897)	(1,897)
3.1.7	Capital financing costs	1,905	1,905
3.1.8	Interest income	(180)	(180)
	Sub-Total Capital	(172)	(172)
	Total Net Spending	**33,790**	**34,019**
	Funding	**(33,615)**	**(33,730)**
	Use of earmarked reserves	**(108)**	**(270)**
	Use of General Fund reserves	**67**	**19**

3.1.2 The **Directorate budgets** are detailed by functional areas in Appendices 3 to 5. The budgets include savings and pressures and more detail is given in 3.4 and 3.5 and Appendices 6 and 7. In reviewing the Directorate Budgets, readers can also refer to the functional budget monitoring workbooks available on the website that are available as part of budget monitoring for background information about services. These can be found on the following link:

http://www.rutland.gov.uk/council_and_democracy/council_budgets_and_spending/2016-17_budget_min.aspx

3.1.3 During 2017/18 a number of structure reviews including a review of the business support will be undertaken and it is anticipated that this could lead to savings. At this stage it is unclear as to which Directorate these savings will fall and therefore a **headcount** savings target of £121k has been included.

3.1.4 The budget includes a small contingency for **pay changes** (adjustment, regrades, staff opting in to pension fund etc). The pay contingency usually includes a 2% contingency for pay awards but this is not the case for 17/18 as Directorate budgets already include a 1% pay award as negotiated last year.

3.1.5 The budget includes a contingency for £250k for **social care**. This is the same approach as per the prior year with an increase of £50k following work completed on 80+ population projections and to allow for changes in the cost of care packages.

3.1.6 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 Directorate budgets.

3.1.7 **Capital financing** costs of £1.905m comprise interest costs on loans of £1.033m and Minimum Revenue Provision (MRP) costs of £872k. MRP is a statutory charge to the revenue account which covers the repayment of debt (see 5.2).

3.1.8 **Interest income** reflects interest earned on investments. This is expected to reduce slightly compared to prior years because of the fall in interest rates.

3.2 Budget comparison – how does the final budget compare to prior year and MTFP expectations?

3.2.1 There are two questions that often arise in relation to the budget:

- How does the budget compare to the prior year?
- How does the budget compare to the expected MTFP budget for 17/18?

3.2.2 For the purposes of this analysis capital costs are excluded. The **budget** for 17/18 at Net Cost of Services level is higher than 16/17. The key movements are:

Area	**Amount £000**	**Detail**
Net cost of services 16/17	**33,993**	Reported in the 2016/17 Budget Report (19/2016)
Less one off items in 16/17	(641)	Budgets funded from earmarked reserves £285k, removal of budgets approved for a fixed term £281k and removal of Fire contribution £75k
In year permanent adjustments	65	HR and Employment policies budget of £50k agreed for Chief Executive, further £15k adjustments following increase in BCF/other funding

Area	Amount £000	Detail
Savings	(1,353)	People First savings £497k; Savings identified by Directorates £817k; expected increased in OEP income £39k
Pressures	1,322	New pressures identified by Directorates of £807k, pressures funded from earmarked reserves or grants of £330k and pressures already in MTFP £185k
Adult Social Care Contingency	50	Increase of £50k following work completed on 80+ population projections and to allow for changes in the cost of care packages.
Pay and other inflation	830	1% pay award; 1% increase on superannuation; pay regrades, increments and pension auto enrolments and non pay inflation - typically 2%, less contract inflation contingency of £150k
Transfer of spending to DSG	(75)	As the Education Services Grant (ESG) is being transferred to the DSG, a recharge of costs supported by the grant is required.
Net cost of services 17/18	**34,191**	An increase of 0.6% or an increase of 2.52% if 16/17 one off items removed.

3.2.3 The **expected 17/18 Net cost of services** budget was £34.407m. This compares to the draft 17/18 budget of £34.191m - a net reduction of £216k or 0.63%.

Area	Amount £000	Detail
17/18 Net Cost of Services expected	**34,407**	Net cost of Services reported at Q1 (133/2016) including Inflation contingencies and People First Savings
Corporate Savings	(817)	New savings put forward by Directorates (see 3.4)

Inflation savings and changes to contingencies	(562)	Savings on Inflation included within MTFP of £84k The pay inflation contingency included 2% for pay increases and an amount for regrades, additional pension costs etc. As the pay award was only 1%, £263k is no longer required. The three year actuarial review of the Pension Fund has taken place and the pension rate will increase by 1% per year for the next 3 years. The MTFP had included a 2% increase for 2017/18 and therefore £95k is no longer required. The pressures identified by the Directorates include inflation on contracts therefore the £153k contingency for contracts and £75k for the Living Wage are no longer required for 2017/18. The Adult Social care Contingency has been increased by £50k
Pressures	1,137	Service pressures put forward by Directorates of £807k and one-off pressures funded from earmarked reserves or grants of £330k
Adjustments	101	Adjustments for Pay regrades and auto enrolment (£58k). The People First budget savings have been overachieved, however the forecast savings achievable for 2017/18 have reduced by £43k.
Recharge to Dedicated Schools Grant (DSG)	(75)	As the Education Services Grant (ESG) is being transferred to the DSG, a recharge of costs supported by the grant is required.
2017/18 budget	**34,191**	

3.3 The budget process – how has the revenue budget been developed?

3.3.1 The starting point is the Q1 approved Budget 2016/17 which is updated for any approved changes and adjustments as reported at Q1 financial monitoring. Minor adjustments are made to individual budgets as part of the normal annual budget process. These include changes to:

- employee costs to upgrade for increments or to align budgets to known pay rates of staff in post and corresponding employer National Insurance and Superannuation contributions;

- external funding streams resulting in adjustments to service spending levels;
- reflect use of reserves and external contributions which have been set aside for specific services;
- remove one-off budgets from 2016/17 and to reflect decisions made since the last budget setting relating to virements and budget additions;
- provide for inflation (the percentage applied depends on the type of budget);
- encompass agreed savings – details are provided in Appendix 6;
- meet service specific pressures – details are provided in Appendix 7;
- rebase budgets i.e. transfer costs between budgets without changing the overall budget.

3.4 **Savings – what savings are included in the budget?**

3.4.1 The 2017/18 budget includes:

a) PeopleFirst savings of £732k. These were already included in the budget as a corporate contingency but have now been converted to achieved savings and are included in Directorate budgets;

b) New savings put forward totalling £817k (Appendix 6). The only saving added since the draft budget was produced is an extra £85k to be achieved in car park income following a recommendation re increases to parking charges;

c) Other savings built into service budgets pre 17/18 budget process giving further savings of £39k;

d) Notional savings of £562k – additional amounts built into the 17/18 budget but now not required because of changes in circumstances or other action taken to control costs (see 3.4.3).

3.4.2 None of the savings put forward are deemed to have a significant front line impact – most relate to reductions in headcount, efficiencies or income generation. In respect of headcount, the Council has managed to deliver reductions largely through natural wastage avoiding redundancy costs.

3.4.3 The budget also includes savings on inflation, pay inflation (see 3.1.4) and superannuation costs compared to the expected MTFP 17/18 budget. The Pension Fund has been subject to its triennial review. This has resulted in revised employer contribution rates being set for the next 3 years. The revised rate for 2017/18 is 21.7% compared to a rate of 22.7% built into the MTFP. The Council has therefore made notional savings of £95k in 17/18 and has used the savings beyond 18/19 to amend inflation assumptions.

3.5 Pressures – what service issues or factors are causing pressures?

3.5.1 **Service pressures** may arise from increased demand from service users, legislative changes that place additional duties or responsibilities on the Council or from withdrawn funding which means the General Fund has to pay for services previously funded through other income e.g. grant. In some cases, service budgets are increased and funded by grant or earmarked reserves therefore there is no change to the net budget. The Council aims to contain service pressures within existing budgets where possible. In section 2, some of the areas where there are risks were discussed. Budgets have not been increased for 2017/18 for these pressures.

3.5.2 Budget pressures include:

a) Pressures of £185k already built into service budgets pre 17/18;

b) New services pressures of £807k which were in the draft budget; and

c) One off pressures for which funds have been set aside in earmarked reserves (totalling £330k of which £119k was included in the draft budget) or funded by extra grant received – whilst these costs are shown as an increase in Directorate budgets, they do not increase the Council's overall budget as explained in 3.5.3.

3.5.3 There are a number of other pressures which are funded so do not impact on the net position:

- Cabinet is proposing to support the A47 Uppingham/Leicester Bus Service in 17/18 (cost £26k) pending a further review later using the Travel4Rutland earmarked reserve.

- The Council has received a SEND grant of £28k which will be used to implement the High Needs Action Plan (refer to report 22/2017).

- The Council also received an Adult Social Care grant of £136k. The draft budget included this grant in the social care earmarked reserve. This funding has now been included in the Directorate budget to meet the costs of increased demand for care and to support officers in undertaking work to look at how care is delivered.

- The Council will use the additional school improvement grant to support the work required (as agreed with School Forum on 12th January) to review high needs provision within the County to ensure pupils are educated as close to home as possible.

3.5.4 The budget also includes two contingencies – one to meet any increase in social care costs of £250k and a small pay contingency of £45k to meet any pay regrades in year.

3.6 Corporate Plan priorities and targets

3.6.1 The Corporate Plan includes an objective to "*ensure that our medium term financial plan is in balance and is based on delivering the best possible value for the Rutland pound*".

3.6.2 The financial targets related to the corporate plan financial objectives are covered below with an update to show how this budget contributes to the overall position.

Corporate plan target	Current position
Agree a savings target programme of between £1.5m and £2m by 31 March 2017 that delivers a reduced financial gap by 2019/20.	The 19/20 financial gap in the corporate plan was £2.5m, but has been reduced to £1.9m with the 17/18 savings programme. Further savings programme to be included in 18/19 budget.
Deliver the annual savings programme, to be reported at the end of each financial year.	The Corporate Plan included a PeopleFirst savings forecast of £774k. The actual amount delivered was £732k which is in excess of the original savings target of £684k.
Maintain reserve balances above minimum recommended level of £2m across the life of the MTFP	Balances remain above £2m over life of MTFP. Importantly projected balances by 20/21 are greater than those envisaged in the corporate plan MTFP.

3.7 **Earmarked Reserves** – **how will they be used?**

3.7.1 Earmarked reserves are used as a means of building up funds to meet known or predicted liabilities. Their establishment and use is subject to Council approval and movements are reported as part of the quarterly financial monitoring reports.

3.7.2 The balances held in Earmarked Reserves at 1st April 2016 and estimated balances as at March 2017 are shown at Appendix 9. The MTFP currently shows net transfers from reserves of £270k for 2017/18 which consist of:

- £14k for Tourism;
- £20k from Highways to fund expenditure associated with the adoption of roads;
- £36k from Commuted Sum reserves to fund grass cutting;
- £36k from Adult Social Care reserve to fund a temporary contracts and procurement post;

- £67k to fund public health expenditure;
- £9k from Adult Social Care reserve to fund web based system maintenance;
- £15k from Invest to Save for library expenditure – which will release a revenue saving;
- £26k from Travel 4 Rutland reserve to fund the A47 Bus Service;
- £47k to fund the Digital Rutland manager post.

3.8 **Reserves and Estimates – how robust are they?**

3.8.1 Best practice requires me to identify any risks associated with the budget, and section 25 of the Local Government Act 2003 requires me to report on the adequacy of reserves and the robustness of estimates.

3.8.2 In the current climate, it is inevitable that the budget carries significant risk. In my view, although very difficult, the budget for 2017/18 is achievable subject to the risks and issues described below.

3.8.3 The most substantial risks are in demand led budgets and in particular social care, specifically the risks of further growth in the cost of care packages, and inability to contain the costs of children looked after. These risks are the ones which will require the most focussed management attention in 2017/18.

3.8.4 In the longer term, the risks to the budget strategy arise from:

- non-identification and delivery of savings;
- unidentified and uncontrollable pressures; and
- loss of future resources, particularly in the transition to 100% business rates retention.

3.8.5 A further risk is economic downturn, nationally or locally. This could result in changes to the 4-year offer, falling business rate income, and increased cost of council tax reductions for tax payers on low incomes. It could also lead to a growing need for Council services and an increase in bad debts.

3.8.6 The budget seeks to manage these risks as follows:

- a £250k contingency has been included in the 2017/18 budget. In addition to managing risk, this provides resource to be diverted should the need arise;
- should the contingency prove insufficient, the Council can call on earmarked reserves;
- a minimum balance of £2m reserves will be maintained.

3.8.7 Subject to the above comments, I believe the Council's general and earmarked reserves to be adequate. I also believe estimates made in preparing the budget are robust based on information available.

3.9 Equalities – does the budget impact adversely on any particular groups?

3.9.1 In the exercise of its functions, the Council must have due regard to the Council's duty to eliminate discrimination, to advance equality of opportunity for protected groups and to foster good relations between protected groups and others.

3.9.2 The Council has completed EIA screening for all savings proposals and for the proposed tax increase. There are no proposals for decision on specific courses of action that could have an impact on different groups of people and therefore full EIAs are not required.

3.9.3 Some of the analysis relating to the Council tax increase is shown below:

Proposal
A Band D Council Tax increase of 3.99%, including Social Care Precept of 2% taking Band D Council Tax from £1,487.59 to £1,546.95 (Rutland County Council only). This proposal is linked to one aspect of local government funding where the Council has some discretion to raise additional funds by increases to Council Tax. However there are Council Tax rules in place that limit the extent of any Council Tax increases before a referendum is required, the limit for 2017/18 is 4.99%.
Initial impact
This increase will be applied to all bands of council tax. This will impact on all residents who are eligible to pay Council Tax. The average cost per week on a Band D property is £29.74. Since Council Tax is applicable to all properties it is not considered that the increase targets any one particular group; rather it is an increase that is applied across the board. At the same time because the increase is applied to all properties it is not possible to exempt any particular groups. By increasing Council tax, the Council is able to prevent further reductions in services to local residents and in so doing can continue to mitigate adverse impacts facing individual households. The Council tax increase needs to be considered in the Rutland context: • **Average house prices** are high in Rutland (Nov 2015): £228,858 (compared to national £186,325); • **Affordability**: an average house in Rutland costs almost 11 times annual salary. • Cost of **renting** is also higher in Rutland (£625pm) than comparators (£600 national)

• **Transport** costs are higher in rural areas: people need to travel longer distances to access basic needs – such as employment, education and health care - and pay more for fuel. Whilst cost of living can be higher, out of 152 upper tier Local Authorities in England, Rutland ranks 148 in terms of Indices of Multiple Deprivation (1 is most deprived). Notwithstanding this comment, the Council recognises that there is potential for low income households to be affected and mitigation strategies have been put in place.
Actions taken to mitigate impact
The risk is mitigated through various support offered: Local Council Tax Support, a Discretionary Fund and Advice. The Council operates a local council tax support scheme which offers up to 75% discount for those on low incomes – those that are eligible for the full discount will see an increase of just 14p per week. On top of the 75% discount, the Council continues to offer further support to those who can demonstrate financial hardship. It has funds of £25k set aside and is prepared to increase this amount should the need arise. The Council also provides some budgeting and financial advice and has a contract with Citizens Advice Rutland to provide more specialist support if needed. The Council will be seeking views on the Council tax increase proposal as part of its budget and is also undertaking a review of poverty in Rutland which could lead to some further policy changes.

4 CAPITAL PROGRAMME

4.1 Overall Programme – what does the overall programme look like?

4.1.1 The Capital Programme is developed around specific projects. The programme comprises three strands:

- Approved projects: capital projects already approved that will span across more than one financial year (any projects already approved which are not yet completed will continue into 17/18) and projects being delivered using ring fenced funding (e.g. disabled facilities grants);
- Approval required: New projects to be approved in the budget or in-year; and
- Funding available but not yet allocated.

4.1.2 The table below is an overview of the position for 17/18. Projects that make up the total £6.828m are listed in Appendix 10.

Portfolio	Spend to Date £000	Budget 2016/17 £000	Budget 2017/18 £000
Approved Projects			
People	388	554	3,708
Places	2,677	7,265	600
Resources	0	45	0
Total Approved	3,066	7,865	4,308
Approval Required			
People			0
Places			2,370
Resources			150
Total Approval Required			2,520
Total	**3,066**	**7,865**	**6,828**

	Budget 2016/17 £000	Budget 2017/18 £000
Financed By		
Grant Funding	5,115	6,051
Prudential Borrowing	1,130	400
Capital Receipts	779	377
Section 106	398	0
Oakham North Agreement	257	0
RCCO	186	0
Total Financing	**7,865**	**6,828**

4.1.3 One change has been made since the draft budget following a Government announcement regarding Roads Funding. The Council has received notification that it will receive:

- £153k for Pothole repairs;
- £1.696m for general maintenance as determined through the existing needs formula;
- £143k for incentive funding for local authorities to ensure they are following an asset management approach and adopting efficiency and best practice principles for local highway maintenance (the final allocation will be assessed upon completion of a questionnaire); and
- £378k from the National Productivity Investment Fund for reducing congestion at key locations, upgrade or improve the maintenance of local highway assets to improve access to employment and housing, to develop economic and job creation opportunities.

4.1.4 Funding for the National Productivity Investment Funds will be confirmed once details are submited on how the funds will be spent. The project will be additional to Rutland's already planned maintenance service or other programmes. Details of the funding should be submitted by 31st March 2017. The total Highways funding available is therefore £378k more than that assumed in draft budget.

4.2 **Approved projects – what approved projects continue into 2017/18 or have been approved already?**

4.2.1 Some of the capital projects will span across more than one financial year. Any projects already approved which are not yet completed will continue into 2017/18. The estimated spend in 2017/18 will depend primarily on the outturn (the amount spent) for 2016/17. The following capital projects are expected to request a carry forward budget to 2017/18.

4.2.2 Adult Social Care System Replacement – The replacement of the social care case management system for adults was largely completed early in 2016/17. The system is currently being supported by hardware on loan to allow for testing. It is expected that the purchase of the new hardware will be completed next financial year.

4.2.3 Digital Rutland – This project delivers superfast fibre broadband throughout the county to support economic growth and provide more affordable high quality broadband for all. The programme started in 2013/14 and has already achieved circa 95% coverage throughout Rutland. The project board is currently reviewing options to extend coverage further, one of which could be through a new procurement and subject to formal approvals. If this option is taken up the timescales for the required open market review, public consultation and procurement process is such that any Phase 3 deployment could not commence until summer 2017 at the earliest. The target for Phase 3 coverage throughout Rutland is circa 97%.

4.2.4 Schools Maintenance – Report numbers 82/2015 and 81/2015 have been approved by Cabinet covering a number of schemes on schools within the County. Project details were given in para 2.3.5 of the Q2 Financial Management Report (191/2016).

4.2.5 Oakham Castle Restoration – The restoration of Oakham Castle was completed in October 2016. This was predominantly funded by Heritage Lottery with the remainder funded by revenue contributions and Section 106. The programme will continue over the next couple of years to manage and support the development of the Castle.

4.2.6 OEP Phase 2 – £500k was approved in Report 100/2016 to develop the central area of the OEP site to maximise future business opportunities. The work has gone out to tender and is expected to be completed in 2017/18.

4.2.7 Oakham Library and the relocation of Visions Community and Children's Centre – The combined capital programme is for essential works to Oakham Library and the relocation of the Children's Centre. Work is expected to be completed by summer 2017.

4.2.8 Use of Barleythorpe as a business centre – The former Rutland County College will be vacant from August 2017. Cabinet has agreed to invest £200k from capital receipts to undertake works to transform the college into a Business Centre (Report 4/2017).

4.3 Approved projects – what projects will be delivered with ring fenced funding?

4.3.1 The Council receives Devolved Formula Capital funds which is pass-ported to maintained schools to help them support the capital needs of their assets. Schools will decide what projects to fund.

4.3.2 The Council receives Disabled Facilities grant which is part of the Better Care Fund. The full allocation is used to help residents remain in their home and be independent.

4.3.3 On 20th December 2016 Cabinet approved total projects for school places of £3.463m (Report 219/2016). All of the projects are included in the 17/18 budget but as the timing of some is not yet confirmed, some are likely to be delivered in 18/19 and possibly beyond.

4.4 New projects – what future projects will need to be approved?

4.4.1 The capital programme includes funding set aside pending further reports to Cabinet/Council to get formal approval for the use of these funds.

4.4.2 Future developments to the Council's IT infrastructure – the Council has traditionally funded IT projects from Revenue but recognising the replacement costs associated with IT systems, provision has been set aside in the capital programme. It is requested that delegated authority be given to the Director of Resources in consultation with the appropriate Portfolio Holder(s) to allocate £150k and approve individual projects.

4.4.3 Highways – A cabinet paper will be presented in March highlighting the proposed capital programme for 2017/18, including a short term plan for future years. Included within the report will be a statement as to how the Council will use the funding allocated as this is required to be published.

4.5 Unallocated Funding – what funding do we have available?

Portfolio	**Unallocated Funding**	**Estimated Closing Balance 31/03/17**	**Grant Awarded 2017/18**	**Possible Funding for 2017/18 Budget**	**Estimated Closing Balance 31/03/18**
		£000	**£000**	**£000**	**£000**
People	Devolved Formula	0	32	(32)	0
People	Better Care	0	186	(186)	0
People	Basic Needs	2,079	1,134	(3,213)	0
Places	Highways	96	2,370	(2,370)	96
Places	Highways - ITB	831	458	0	1,289
Places	Schools	809	196	(70)	935
Other	Misc Grant	442	0	(180)	262
Other	Section 106	2,457	254	0	2,711
Other	CIL	131	549	0	680
Other	Oakham North	1,735	551	0	2,286
Other	Capital Receipts	882	204	(377)	710
Estimated Unallocated		**9,462**	**5,934**	**(6,428)**	**8,968**
NB: Indicative funding allocations for Highways and Integrated Transport have been confirmed and updated.					

4.5.1 Highway Grants – Unallocated funding (£1.385m). This grant is being held to fund future highways projects which is not ring-fenced however future allocations would be affected if the funding was not spent improving transport infrastructure within the County. The majority of the unallocated highways funding (£1.289m) relates to the integrated transport block which is given to local authorities for small transport improvement schemes.

4.5.2 LA Capital Maintenance – Unallocated funding (£935k) is ring-fenced and should be allocated to schools and children's centres based on the provision of sufficient numbers of school places and surplus place removal, also the repair, improvement and replacement of existing school buildings.

4.5.3 Misc Grant Funding – Unallocated funding (£262k) representing various balances from historic funding that the council no longer receives. This funding is not ring fenced.

4.5.4 Section 106 – Unallocated funding (£2.711m) representing the expected holding balance. Projects will be developed to deal with infrastructure demands from new/existing developments. Expenditure must be spent on the specific details within the individual agreements.

4.5.5 CIL - Unallocated funding (£680k) represents the expected Community Infrastructure Levy from developers; this will be replacing section 106, with the exception of the Affordable Housing element. This funding must be spent on items contained within the CIL123 infrastructure list.

4.5.6 Oakham North Agreement – Unallocated funding (£2.286m) representing the expected holding balance. £551k is due to be received for the next 2 years. The Council has flexibility on how this funding is used.

4.5.7 Capital Receipts – Unallocated funding (£710k) represents the balance of capital receipts held, e.g. Barleythorpe, Centrebuses sale and the annual payment received from Spire Homes.

4.6 Emerging projects – what projects might come forward?

4.6.1 Within the Council's long term financial plans, a number of capital projects may come forward. These are:

- Investment Opportunities – The Council is identifying a number of possible investment opportunities as a means of using capital resources to generate ongoing revenue income;

- Integrated Transport Block – This funding provides support for transport capital improvement schemes. A number of schemes have already been identified, a Cabinet paper will be submitted once the capital schemes have been finalised.

5 TREASURY MANAGEMENT

5.1 **Prudential indicators – what prudential indicators will we adhere to?**

5.1.1 Local authority capital expenditure is based on a system of self-regulation, based upon a code of practice (the “prudential code”).

5.1.2 Council complies with the code of practice, which requires us to agree a set of indicators to demonstrate that any borrowing is affordable, sustainable and prudent. To comply with the code, the Council must approve the indicators at the same time as it agrees the budget. The indicators including the limit on total borrowing (currently set at £28m) are approved through the Treasury Management Strategy, taken separately to this report.

5.2 MRP – how will we calculate the Minimum Revenue Provision?

5.2.1 By law, the Council is required to charge to its budget each year an amount for the repayment of debt. This is known as “minimum revenue provision” (MRP).

5.2.2 CLG Guidance issued requires full Council to approve an MRP Statement in advance of each year. Council will be asked to approve the MRP Statement as part of the Treasury Management Strategy.

6 SCHOOL FUNDING

6.1 Overview – How are schools funded?

6.1.1 Schools are funded from ring fenced grants, the most notable of which is the Dedicated Schools Grant (DSG). This funding cannot be used for any other Council function, and essentially schools operate within their own fund with any under or over expenditure being taken forward into future years. The DSG for 2017/18 is divided into three blocks of funding:

- Schools block - approximately £22.0m for Rutland County Council which essentially funds schools' budgets. This includes approximately £18.8m for academies which is determined by the local Schools Forum and Council but paid to the Education Funding Agency (EFA).

- High Needs block - approximately £3.8m which primarily supports Special Educational Needs expenditure including maintained special schools.

- Early Years block - The new formula for Early Years will be implemented from 2017/18 and will result in a reduction in funding received by the Council to fund provision for 3 & 4 year olds. However, funding for the provision of 2 year old placements is set to increase.

6.1.2 Locally, the Schools Forum can make recommendations to the Council to transfer funding between the blocks, however, due to the changes being proposed in the future and the fact that the funding blocks were rebased to take into account the actual spending plans for 2016/17, it is not recommended to do so for 2017/18. Schools Forum can also recommend to the Council the funding formula that should be used to distribute monies to individual schools and Early Years Settings.

6.1.3 Schools are protected by a nationally set Minimum Funding Guarantee (MFG). This is set at -1.5% per pupil for 2017/18. This means that a school's budget cannot fall by more than 1.5% per pupil from the previous year, regardless of any formula changes that are made.

6.1.4 Schools have reserves they can call on, and the Council will work closely with any maintained school that is experiencing financial difficulty to draw up a recovery plan.

6.2 Allocations – What funding is received and how is it allocated?

DSG

6.2.1 The Schools Block allocation has been received from the Department of Education (DfE). The per pupil unit of funding has been calculated based on funds allocated to schools in 2016/17 plus the retained duties element of the Education Services Grant (ESG). This will be multiplied by the number of pupils as recorded on the October 2016 census to give an overall allocation. This will then be allocated to schools via the updated funding formula.

6.2.2 The High Needs block funding has been set such that no local authority will see a reduction (in cash terms) from its 2016/17 funding for high needs as set out in the spending baseline review carried out in March 2016. Rutland will receive £3.8m which will then be allocated to schools and specialist settings based on pupil needs using a Place-Plus approach.

6.2.3 For Early Years, the new national funding formula for the allocation of funding for 3&4 year olds has been implemented for 2017/18. As well as changing the way that local authorities are funded, the DfE has imposed a limit on the amount of funding that can be retained centrally to support the Early Years Providers. For Rutland, this means that there has been a reduction in the centrally retained funding of £20k which has been funded from the General Fund. For the Early Years providers the hourly rate paid for the provision of free entitlement for 3&4 year olds has reduced from £4.60 per hour to £4.40 per hour.

6.2.4 The funding available for 2 year olds was already based on a national funding formula and therefore this funding formula has continued for 2017/18. The Government has given a commitment to increase the hourly rate paid to providers and as a result, Rutland will be able to offer providers £5.20 per hour in 2017/18 instead of the £4.85 per hour for 2016/17.

Pupil Premium Grant (PPG)

6.2.5 The DfE have yet to announce the level of Pupil Premiums for 2017/18 but they are likely to remain the same as for 2016/17, as follows:

- Primary disadvantaged pupil premium is £1,320 per pupil;
- Secondary disadvantaged pupil premium is £935 per pupil;
- Children looked after pupil premium is £1,900 per pupil;
- Children no longer looked after due to adoption, special guardianship order etc is £1,900 per pupil; and
- Service children pupil premium is £300 per pupil.

Universal Infant Free School Meals (UIFSM)

6.2.6 From September 2014 every infant (key stage1) pupil is entitled to a free school meal. This is funded by an additional specific grant amounting to £2.30 per pupil. The funding for 2017/18 is yet to be announced.

New School Improvement Grant

6.2.7 The Government is continuing to review the statutory responsibilities of local authorities as part of its next step of ending local authorities' role in running schools. To this end, the General Rate of the Education Services grant is being withdrawn from September 2017. However, local authorities will receive a new separate grant covering services such as monitoring and commissioning of school improvement support. This grant will allow authorities to play a transitional role as the school-led system continues to mature. The grant was assumed in the draft budget to be c£29k but is expected to be a minimum of £50k.

6.3 Future of Education funding – what is changing and what are the issues?

6.3.1 The Department for Education is proposing to change the way local authorities are funded in future and have been consulting stakeholders on the best way forward for delivering a fair and transparent funding system where the amount of funding children attract for their schools is based on need and is consistent across the country.

6.3.2 More information about the potential consequences can be found in Appendix 8 but issues include:

- The Council may not receive sufficient funding to deliver its responsibilities;
- There will no longer be the ability to flex funding as there is now;
- The overall amount of schools funding is likely to reduce (see para 6.3.3) but individual allocations to some schools may increase;
- Funding for high needs placements is likely to reduce over time and a system wide solution will need to be found if there is insufficient funding; and
- Early years providers will receive less per hour than they do today potentially putting at risk existing provision.

6.3.3 For the Schools and the High Needs Blocks, the second stage of consultation on proposed changes commenced on 14th December 2016 and closes on the 22nd March 2017. The consultation documentation includes illustrative allocations for comparison purposes (based on the 2016/17 funding proformas) and the table below shows the impact for Rutland and some neighbouring authorities:

	Baseline				**New Funding - Fully Implemented**				**change**
	Schools £m	**High Needs £m**	**Central Schools £m**	**Total £m**	**Schools £m**	**High Needs £m**	**Central Schools £m**	**Total £m**	**%**
ENGLAND	31,771.88	5,602.20	233.01	**37,607.09**	31,955.90	5,667.95	233.01	**37,856.86**	1.40%
Rutland	22.55	3.64	0.18	**26.37**	22.32	3.64	0.16	**26.12**	-1.00%
Leicester	218.16	46.69	1.65	**266.50**	226.86	46.69	1.58	**275.12**	3.20%
Leicestershire	359.62	60.90	2.24	**422.76**	368.80	60.90	2.67	**432.37**	2.30%
Peterborough	142.12	26.57	1.11	**169.80**	145.91	26.57	1.06	**173.54**	2.20%

6.3.4 Whilst the above table gives illustrative allocations, it is clear that compared to our neighbours, Rutland is likely to see a reduction in funding. However, a much clearer understanding of the detail behind the figures is required to provide a full assessment of the impact on Rutland and its schools. For example, the baseline figure submitted for Schools (£22.37m) and High Needs (£3.8m) have been adjusted by the DfE to reflect changes in treatment of pupils attending SEN units attached to schools.

6.3.5 The second stage National Funding Formula consultation proposes:

- The introduction of the formula from 18/19. At first, this will be a ‘soft’ formula, meaning that it will be used to calculate local authorities’ allocations, who will then in turn apply their local formula.
- A ‘hard’ version of the formula for the Schools Block would then be introduced from 19/20, when a national formula would be used to distribute funding directly to schools.

- There will be transitional arrangements that will limit gains and losses at school level, and in 2018/19 the local authority will still use its own local funding formula to apportion funding between schools. The consultation makes clear that no school will lose more than 3% (a maximum 1.5% in 18/19 and the same in 19/20) as a funding floor will be introduced. However, this is only guaranteed until the next spending review after 2019/20. Schools gaining funding will be able to gain up to 5.5% over the two years (up to 3% in 18/19 and up to 2.5% in 19/20);

- The 12 factors proposed in the original consultation would be used, but an extra one – mobility – would be added, in light of consultation responses.

- A new fourth block – the Central Schools Services Block – will be allocated to LAs on a formulaic basis, to support some centrally provided local authority functions.

6.3.6 The High Needs consultation proposes:

- The use of a 'historic spend' factor. This would mean that around half of the total high needs allocation "would be allocated according to existing spending patterns".

- The remainder of high need funding would be calculated according to a national formula.

- There would be a funding floor, so that the high need formula would not result in any local authority losing funding. The Government says this "replaces, and offers significantly more protection than, our previous proposals for a minimum funding guarantee."

6.3.7 The DfE are proposing that the high needs funding formula is reviewed after 4 years, and therefore authorities receiving the funding floor, which includes Rutland, would not see any increase in funding over that 4 year period. As current forecasts would suggest that high needs costs are exceeding the budget, this is likely to create a pressure. The People Directorate are already working with schools to review SEN provision and how to reduce costs whilst still providing the support pupils need to ensure they maximise their potential.

7 CONSULTATION

7.1 **Consultation – how will we consult and when**?

7.1.1 The Council has a statutory duty to consult on its budget proposals with representatives of non-domestic ratepayers and local persons.

7.1.2 It is proposed that consultation for 17/18 includes:

- consideration by each of the Scrutiny Panels at special meetings in January 2017;
- a meeting with representatives of the local business community on 9th February 2017;
- a presentation of the budget to the Parish Council Forum on 30th January 2017; and
- consultation online, static displays at libraries and publicity through the local print and broadcast media.

7.1.3 The outcome of the consultation will be reported to Cabinet on 14th February 2017 or Council on 20th February depending on the timing of events to enable the Council to consider the views expressed when making its recommendation to Council on the budget.

7.2 **Consultation – what key questions did we ask?**

7.2.1 The Council asked one open question (below) to give the opportunity for respondents to add their own views on any issues of particular interest to them.

Have you any comments or suggestions about the Council's draft budget proposals?

7.2.2 In order to gain an understanding of how much residents understand the Council's financial position, the Council also asked the following questions:

a) Where do you think the Council ranks in terms of spending?

b) Where do you think the Council ranks in terms funding from the government?

c) How well do you feel you understand the Council's financial position?

7.3 **Consultation – what feedback was received?**

7.3.1 Public consultation

7.3.2 9 comments from public consultation were received online and through other means. A full copy of all comments with a general response from the Portfolio Holder for Finance is included in Appendix 12.

7.3.3 In relation to the understanding questions, 12 people responded:

- The majority thought the Council was “average” spending;
- Most residents understood that the Councils government funding is low;
- Most residents also believed that they have a good understanding of the financial position.

7.3.4 It is clear from the responses that the Council will need to do more to engage with residents and increase awareness and understanding of the Council’s spending and how it compares relative to others.

7.3.5 Scrutiny meetings

7.3.6 The budget proposals were discussed at Scrutiny Panels in mid-January. The minutes of Scrutiny meetings are available via the Council website.

7.3.7 The then Acting Leader presented the budget and highlighted some of the key points underpinning the budget in particular the loss of central government funding. Scrutiny Panels understand the financial position facing the Council and are aware of the challenges facing the Council. Members questions focused primarily on different aspects rather than the overall financial position. Areas of focus included:

- New Homes Bonus – Members wanted to understand in more detail how the changes made by Government caused a financial loss. The then Acting Leader explained how the Council had made representations to Government asking for compensation.
- Fees and charges – several questions were raised around fees and charges with the general view that the Council needed to try and be more ‘commercial’, within the boundaries of what is legally permissible. The then Acting Leader explained that Cabinet agreed with this approach and from 18/19 had requested that fees and charges were reviewed much earlier and in more depth. Proposals for parking charges in particular divided opinion with some members against the proposed changes to charges in Uppingham.
- Low cost of services – Members are aware that the Council is low cost in overall terms and wanted this message in particular to be communicated. Given the financial position, Members asked about relative service costs and Officers agreed to look into what additional work could be done in this area building on what has been done previously.
- Conservation officer – the Council obtains support (1 day a week) from an officer employed by South Kesteven District Council. Whilst officers felt that this level of support was appropriate, some members expressed concern regarding capacity and whether more support was needed.
- Impact of savings – Members wanted to understand whether savings would have a front line impact. The Directors views were that this was considered and this was not the case for existing proposals with some examples provided.
- Bus services – an enquiry was made about the withdrawal of the A47 Uppingham/Leicester Bus Service. The Acting Leader explained that the

Council would step in the short term to fund this route but that this would be reviewed later in the year based on usage.

- Delayed Transfers of Care (DTOC) – Members wanted to understand the Council's performance in this area. It was explained that performance was strong and that this has a positive financial impact on the Council. The Council had reduced DTOC (arising from social care delays) by 80% and that the CCG had recognised the significant improvement.

- Education – various questions were asked about Education funding and the Council's education services provision. The Director explained that education funding is under national review and that changes to the national funding formula could have an adverse impact locally and the Council were lobbying in this regard. At the same time, alongside the national debate, the new Head of Learning and Skills would be reviewing the Council's provision.

- Homecare rates – Members had seen the UK Home Care Association report indicating that Councils should be paying £16.70 per hour for Homecare and noted the current rate is 24p under this amount. It was explained that the Council is re-commissioning this service so the rate will be reviewed again but also that the Council has one of the highest rates in the region and the average rate can be skewed by amounts paid in London for example.

7.3.8 Feedback from the Business Summit will be presented at Full Council.

8 STATUTORY AND CONSTITUTIONAL REQUIREMENTS

8.1 Constitutional and statutory requirements – will we meet them?

8.1.1 In setting a budget and level of council tax, the Council has to meet a number of statutory requirements and also ensure compliance with its constitution. The table below sets out how the Council intends to meet those requirements.

Requirement	Status
Statutory requirements under Local Government Finance Act	
To levy and collect council tax	To be reported to Council 20/02/2017
To calculate budget requirements and levels of council tax	To be reported to Council 20/02/2017
To consult representatives of persons subject to non-domestic rates about proposals for expenditure	Discussed in Section 7 of this paper.
To approve the budget and set Council Tax by 11th March in each year	To be approved at Council 20/02/2017
Statutory requirements under Local Government Act 2003:	
Under section 25 of the Local Government Act 2003 the Section 151 Officer is required to report to the Council on the robustness of the estimates made for the purpose of setting the Council Tax and the adequacy of the proposed financial reserves.	Within this report, 3.7
Statutory requirements under Local Government Act 1999:	
To consider, as a matter of course, the possibilities for provision of information to, consultation with and involvement of representatives of local persons across all authority functions.	Discussed in Section 7 of this paper
Requirements under constitution:	
Cabinet to recommend the budget to the Council	Draft to Cabinet will be presented 14/02/2017

Requirement	Status
Council to approve the budget and set Council Tax	To be approved at Council 20/02/2017
The Chief Finance Officer shall report to Cabinet for consideration not later than 31st December in each year on draft budgets for the following financial year to be subject to consultation	The draft budget has been pushed back to January 2017 with the agreement of Cabinet as the local government settlement was not received until 17th December, leaving no time for that to be processed and the draft budget produced and presented pre the end of December.
After the completion of the consultation period the Chief Finance Officer shall report for consideration by Cabinet not later than 28th February in each year on draft budgets for approval by the Council.	To be approved at Council 20/02/2017

A large print version of this document is available on request

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Appendix 2

Ref		2016/17 Original £	2016/17 Q1 Budget £	2016/17 Q3 Forecast £	2017/18 Proposed £	2018/19 Proposed £	2019/20 Proposed £	2020/21 Proposed £	2021/22 Proposed £
1	People	15,907,100	16,424,400	16,459,800	16,379,200	16,551,700	16,713,700	17,018,200	17,431,500
1	Places	12,318,200	12,524,800	12,517,700	12,239,800	12,355,300	12,638,900	12,917,800	13,222,800
1	Resources	5,246,700	5,742,700	5,634,700	5,398,600	5,524,200	5,631,700	5,731,600	5,834,600
2	Pay Inflation Contingency	330,700	0	0	45,000	716,300	1,146,500	1,588,600	1,870,700
3	Contract Inflation	150,000	150,000	0	0	0	0	0	0
	Fire Authority Contribution	75,000							
4	Adult Social Care Contingency	200,000	200,000	0	250,000	200,000	200,000	200,000	200,000
5	Corporate Headcount Saving				(121,000)	(121,000)	(121,000)	(121,000)	(121,000)
6	People First Savings	(234,800)	(234,800)	0	0	0	0	0	0
	Net Cost of Services	**33,992,900**	**34,807,100**	**34,612,200**	**34,191,600**	**35,226,500**	**36,209,800**	**37,335,200**	**38,438,600**
7	Capital met from Direct Revenue	180,000	186,000	186,000	0	0	0	0	0
8	Appropriations	(1,897,000)	(1,897,000)	(1,897,000)	(1,897,000)	(1,897,000)	(1,897,000)	(1,897,000)	(1,897,000)
9	Capital Financing	1,930,601	1,930,601	1,930,601	1,904,945	1,881,825	1,858,890	1,836,103	1,836,103
10	Interest Receivable	(220,000)	(220,000)	(235,000)	(180,000)	(210,000)	(170,000)	(155,000)	(155,000)
	Net spending	**33,986,501**	**34,806,701**	**34,577,801**	**34,019,545**	**35,001,325**	**36,001,690**	**37,119,303**	**38,222,703**
	<u>Resources</u>								
11	Other Income	(239,500)	(272,500)	(325,178)	(160,700)	(63,600)	(61,600)	0	0
12	New Homes Bonus	(1,230,055)	(1,230,055)	(1,230,024)	(1,214,332)	(1,266,270)	(1,265,755)	(1,026,590)	(930,773)
13	Better Care Fund	(2,046,000)	(2,061,200)	(2,061,200)	(2,061,200)	(2,061,200)	(2,061,200)	(2,061,200)	(2,061,200)
14	Social Care In Prisons	(70,138)	(70,138)	(54,128)	(54,128)	(54,128)	(54,128)	(54,128)	(54,128)
15	Rural Delivey Grant	(843,258)	(843,258)	(843,258)	(680,891)	(523,763)	(680,891)	(680,891)	(680,891)
16	Transition Grant	(339,932)	(339,932)	(339,932)	(336,573)	0	0	0	0
17	Adult Social Care Support Grant	0	0	0	(136,300)	0	0	0	0
18	Revenue Support Grant	(2,353,919)	(2,353,919)	(2,353,919)	(888,716)	0	958,318	958,318	958,318
19	Retained Business Rates Funding	(4,770,200)	(4,770,200)	(4,770,200)	(4,785,764)	(4,917,954)	(5,115,963)	(5,306,364)	(5,499,412)
20	Council Tax/Social care precept	(21,924,400)	(21,924,300)	(21,924,400)	(23,241,300)	(24,513,100)	(25,745,200)	(27,005,200)	(28,324,800)
21	Collection fund surplus	(248,000)	(248,000)	(248,000)	(170,000)	0	0	0	0
	Total available Resources	**(34,065,402)**	**(34,113,502)**	**(34,150,239)**	**(33,729,904)**	**(33,400,015)**	**(34,026,419)**	**(35,176,054)**	**(36,592,886)**
22	**Use of Earmarked Reserves**	(553,200)	**(1,468,200)**	**(863,400)**	**(270,200)**	**(279,200)**	**(163,800)**	**(64,600)**	**(64,600)**
23	**Use of General Fund Balances**	**(632,101)**	**(775,001)**	**(435,838)**	**19,441**	**1,322,110**	**1,811,471**	**1,878,649**	**1,565,217**
	Balance brought forward	(10,089,084)	(10,143,751)	(10,143,751)	(10,579,589)	(10,560,148)	(9,238,038)	(7,426,567)	(5,547,918)
	Balance carried forward	**(10,721,185)**	**(10,918,752)**	**(10,579,589)**	**(10,560,148)**	**(9,238,038)**	**(7,426,567)**	**(5,547,918)**	**(3,982,701)**

The MTFP assumptions

The MTFP shows spending plans and funding position for the next 4 years.

Ref	Expenditure /Funding	Assumptions/Commentary
1	Directorate Costs	Directorate costs for 2018/19 onwards assume 2017/18 as a starting point and build in inflation and any changes to National Insurance contributions. Inflation is built into the MTFP to cover potential cost increases. The level of inflation ranges from 8% for fuel (gas, electric etc.) to 2% for general inflation (supplies and services). The Council's contribution rate to the Local Government Pension Scheme (LGPS) is included at the following rates: 17/18 - 21.7%, 18/19 – 22.7%, 19/20 – 23.7%, 20/21 – 24.7%
2	Pay Inflation Contingency	Council assumes pay inflation will be 2% pa.
3	Contract inflation	This was an amount set aside to cover above inflation rises should they materialise on key contract, pay, supplies etc. This has been distributed to Directorate costs in 17/18.
4	Adult Social Care pressures	This is set aside to cover demographic and demand pressures on Adult and Social Care. Rather than increase individual budgets the Council will hold a contingency and allocate it when it knows where the demand pressure is e.g. home care, residential care etc
5	Corporate Headcount saving	Notional savings targets to be achieved through vacancy control, service reviews etc
6	People First savings	Savings originating from the PeopleFirst project. All savings are now built into Directorate budgets.
7	Capital met from Direct Revenue	This represents the amount of revenue expenditure that is funding capital projects.
8	Appropriations	Directorate budgets include the costs of depreciation to show the full cost of services. This depreciation is removed for the purposes of setting council tax.
9	Capital financing	The capital financing charges are made up of 2 amounts; • Interest Payable – this is fixed over the life of the MTFP at c£1m per annum. This is all payable to the Public Works Loan Board (PWLB) • Minimum Revenue Provision (MRP) - An annual provision

Ref	Expenditure /Funding	Assumptions/Commentary
		that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets.
10	Interest receivable	This represents the amount the Council expects to earn from investing cash balances held.
11	Other income	Misc grants including a grant to fund school improvement.
12	New Homes Bonus	The MTFP uses projections from Planning on new homes and damping of 10%. The NHB scheme is under review. The MTFP assumes NHB payments will be received for 4 years starting from 2017/18.
13	Better Care Fund	The Better Care Fund (BCF) allocations are built in at 2017/18 levels. Settlement indicated Rutland would receive no top up allocation.
14	Social Care in prisons	The only Care Act funding not part of RSG is the funding for social care in prisons which is funded by a Department of Health grant.
15	Rural Delivery Grant	The MTFP builds in grant for additional cost of rural service delivery as per the Government 4-year offer.
16	Transition Grant	Additional funding in the form of transitional grant has been given in both 2016/17 and 2017/18 for the councils adversely affected by the change in distribution of central funding.
17	Adult Social care grant	Grant for adult social care funded from reductions in New Homes Bonus.
18	RSG	RSG included as per the 4-year settlement ‘offer’ figures. The MTFP assumes that RSG reduces to £0 by 2019/20 and a tariff is paid.
19	Business rates	The amount to be retained under "Business Rates Retention" (BRR) scheme has been updated in line with the current year forecast, a view about growth for 17/18 and the baseline and tariff figures given by Government. The Council has seen little growth this year and it is not envisaged that this will have a material change on NNDR yield given likelihood of appeals and increased level of reliefs. The Council’s NNDR1 return will not be completed until late January (when the form is issued) so all NNDR figures are provisional. A 5% increase in growth would yield approx. £300k for the

Ref	Expenditure /Funding	Assumptions/Commentary
		Council. Conversely, the Council could lose up to £350k before the Government provides safety net funding. The potential loss of income through appeals remains a risk and could have a significant impact on business rates revenue.
20	Council tax (inc social care precept)	Tax rises built in at 3.99%. The tax base continues to increase with housing growth. An increase in local council tax support claims could dampen this growth but in 17/18 the number of claimants has reduced. The MTFP contains an additional social care precept on council tax built in at 2% to deal with the rising costs of social costs care.
21	Collection Fund Surplus	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 (in this situation the Council) and the preceptors (Police and Fire Authorities). Billing authorities are required to estimate the expected Collection Fund balance for the year to 31 March in order that the sum can be taken into account by billing authorities and preceptors in calculating the amounts of Council Tax for the coming year. The difference between the estimate at 15 January, and actual position at 31 March will be taken into account in the following financial year.
22	Earmarked Reserves	The Council earmarked reserves set aside for specific purposes. Where these are planned to be used the spending has been included within the relevant Directorate costs and the total funding used is shown as a Transfer from earmarked reserves in the MTFP.
23	General Fund	If the Council is spending more than the resources available, the balance is funded from General Fund balances. These balances have a recommended minimum level of £2m.

Appendix 3.1: Peoples Directorate Budget 2017/18

This Appendix gives the detailed movement in cost centre budgets from the Approved 2016/17 Budget at Q1 to the proposed budget for 2017/18.

The reversal of one off entries column represents the removal of budgets such as one off transfers from earmarked reserves and budget carry forwards approved for 2016/17 but not required within the 2017/18 budget.

The Transfer column shows where function s have moved from one directorate to another since Q1 such as the Floating Support service and also includes the realignment of budgets between functions within the Directorate

The Adjustments column shows other minor movements in budgets such as an adjustment to a recharge to the Dedicated Schools Grant (DSG)

The Savings and Pressures columns agree to the relevant columns within the Savings and Pressures summary (see appendix 6 & 7)

Cost Centre	Cost Centre Description	2016/17 Q1 Budget £	Reversal of One off entries £	Transfers £	Adjustments £	PeopleFirst Savings £	Savings £	Pressures £	Inflation £	2017/18 Budget £	Increase / (Decrease) £
	Directorate Management Costs										
5324	Directorate	784,700	(36,400)	(78,000)	-2,000	0	0	0	21,700	690,000	(94,700)
5424	Operational Team Managers	743,000	(82,900)	69,800	400	0	0	0	16,900	747,200	4,200
45[illegible]	Adult Social Care - New Burdens	0	0	0	0	0	0	136,300	0	136,300	136,300
5403	Business Intelligence	94,700	0	28,100	2,700	0	0	0	1,200	126,700	32,000
	Directorate Management Costs	**1,622,400**	**(119,300)**	**19,900**	**1,100**	**0**	**0**	**136,300**	**39,800**	**1,700,200**	**77,800**
	Public Health										
4570	Public Health Department	(1,232,000)	0	64,300	0	0	0	0	0	(1,167,700)	64,300
4571	Sexual Health	207,100	0	11,100	0	0	0	0	0	218,200	11,100
4572	Health Check Programme	52,000	0	(14,000)	0	0	0	0	0	38,000	(14,000)
4574	Obesity Programme	4,500	0	1,100	0	0	0	0	0	5,600	1,100
4575	Physical Activity	62,800	0	45,300	0	0	0	29,700	0	137,800	75,000
4576	Substance Misuse	210,000	0	(92,700)	0	0	0	0	0	117,300	(92,700)
4577	Smoking & Tobacco	81,000	0	(31,000)	0	0	0	0	0	50,000	(31,000)
4578	Childrens Public Health 5-20	166,100	0	(6,100)	0	0	0	0	0	160,000	(6,100)
4579	Other Public Health Services	268,500	(200,000)	22,000	0	0	0	27,700	0	118,200	(150,300)
4580	Public Health Commissioning 0-5	390,000	0	0	0	0	0	0	0	390,000	0
	Public Health	**210,000**	**(200,000)**	**0**	**0**	**0**	**0**	**57,400**	**0**	**67,400**	**(142,600)**
	BCF Programme Support										
4504	BCF Programme Support	85,200	(15,000)	1,800	0	0	0	0	800	72,800	(12,400)
	BCF Programme Support	**85,200**	**(15,000)**	**1,800**	**0**	**0**	**0**	**0**	**800**	**72,800**	**(12,400)**
	BCF: Coordination and Communication										
4514	BCF: Coordination and Communication	30,000	(30,000)	0	0	0	0	0	0	0	0
	BCF: Coordination and Communication	**30,000**	**(30,000)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	BCF Community Prevention										
4502	BCF: Community Prevention	187,000	0	(1,800)	0	0	0	0	0	185,200	(1,800)
	BCF Community Prevention	**187,000**	**0**	**(1,800)**	**0**	**0**	**0**	**0**	**0**	**185,200**	**(1,800)**
	BCF Supporting Independence										

Cost Centre	Cost Centre Description	2016/17 Q1 Budget £	Reversal of One off entries £	Transfers £	Adjustments £	PeopleFirst Savings £	Savings £	Pressures £	Inflation £	2017/18 Budget £	Increase / (Decrease) £
4489	BCF: Life Planning	125,000	0	0	0	0	0	0	0	125,000	0
4494	BCF: Integrated Urgent Response	240,000	0	0	0	0	0	0	0	240,000	0
4510	BCF: Integrated Community Care	518,000	0	0	0	0	0	0	0	518,000	0
4505	BCF: Hospital Transfer & Reablement	696,000	0	0	0	0	0	0	0	696,000	0
4515	BCF: Innovation Fund	55,000	(55,000)	0	0	0	0	0	0	0	(55,000)
	BCF Supporting Independence	**1,634,000**	**(55,000)**	**0**	**0**	**0**	**0**	**0**	**0**	**1,579,000**	**(55,000)**
	BCF Adult Social Care										
4511	BCF: Care Act Enablers	85,000	0	0	0	0	0	0	0	85,000	0
4498	BCF: Dementia Services	100,000	0	0	0	0	0	0	0	100,000	0
5609	BCF: Integrated Case Management	140,000	(100,000)	0	0	0	0	0	0	40,000	(100,000)
	BCF Adult Social Care	**325,000**	**(100,000)**	**0**	**0**	**0**	**0**	**0**	**0**	**225,000**	**(100,000)**
	Non BCF Contract & Procurement										
4119	Healthwatch and NHS Advocacy	71,000	0	0	0	0	0	0	1,400	72,400	1,400
4503	Better Care Together Programme	14,000	0	0	0	0	0	0	0	14,000	0
4513	Liquid Logic Implementation	20,000	(20,000)	0	0	0	0	0	0	0	(20,000)
4703	Contracts and Procurement	274,000	(60,000)	0	0	(150,000)	0	0	1,600	65,600	(208,400)
4670	Community Prevention and Wellness Services	263,600	(20,000)	171,300	0	(150,000)	0	0	5,300	270,200	6,600
	Non BCF Contract & Procurement	**642,600**	**(100,000)**	**171,300**	**0**	**(300,000)**	**0**	**0**	**8,300**	**422,200**	**(220,400)**
	ASC - Community Inclusion										
4442	ASC Commuinity Inclusion - Community Support Service	387,800	0	24,300	0	0	0	0	10,000	422,100	34,300
4460	ASC Community Inclusion - Day Opportunities Services	262,200	0	28,900	0	0	0	19,900	14,600	325,600	63,400
4480	Advocacy Contract	8,600	0	2,000	0	0	0	0	200	10,800	2,200
	ASC - Community Inclusion	**658,600**	**0**	**55,200**	**0**	**0**	**0**	**19,900**	**24,800**	**758,500**	**99,900**
	ASC Prevention and Safeguarding										
4108	Direct Payments - Carer Support	100,500	85,000	(24,900)	0	(85,000)	0	0	4,400	80,000	(20,500)
4130	Homecare - Carers Support	18,800	0	(18,800)	0	0	0	0	0	0	(18,800)
4135	Carers Support Income	(20,500)	0	0	0	0	0	0	0	(20,500)	0
4136	Respite - Mental Health	10,700	0	(4,700)	0	0	0	0	0	6,000	(4,700)
4137	Respite - Older People	25,200	0	7,800	0	0	0	0	0	33,000	7,800
4138	Respite - Physical Disabilities	0	0	4,000	0	0	0	0	0	4,000	4,000
4139	Respite - Learning Disabilities	0	0	21,300	0	0	0	0	0	21,300	21,300
4140	Other - Mental Health	8,500	0	(3,500)	0	0	0	0	0	5,000	(3,500)
4371	Prison Assessments	31,400	0	0	0	(20,000)	0	0	800	12,200	(19,200)
	ASC Prevention and Safeguarding	**174,600**	**85,000**	**(18,800)**	**0**	**(105,000)**	**0**	**0**	**5,200**	**141,000**	**(33,600)**
	ASC Prevention and Safeguarding - Staffing										
5857	ASC Prevention and Safeguarding - Staffing	476,400	0	(44,800)	0	0	0	16,600	13,200	461,400	(15,000)
	ASC Prevention and Safeguarding - Staffing	**476,400**	**0**	**(44,800)**	**0**	**0**	**0**	**16,600**	**13,200**	**461,400**	**(15,000)**
	ASC Support and Review - Daycare										
4282	Daycare - Older People	103,900	0	(23,000)	0	0	0	0	2,400	83,300	(20,600)
4283	Daycare - Physical Disabilities	18,300	0	(15,800)	0	0	0	0	500	3,000	(15,300)
4284	Daycare - Learning Disabilities	81,100	0	0	0	0	0	0	2,400	83,500	2,400
	ASC Support and Review - Daycare	**203,300**	**0**	**(38,800)**	**0**	**0**	**0**	**0**	**5,300**	**169,800**	**(33,500)**
	ASC Support and Review - Direct Payments										

Cost Centre	Cost Centre Description	2016/17 Q1 Budget £	Reversal of One off entries £	Transfers £	Adjustments £	PeopleFirst Savings £	Savings £	Pressures £	Inflation £	2017/18 Budget £	Increase / (Decrease) £
4295	Direct Payments - Mental Health	22,600	0	(4,100)	0	0	0	0	500	19,000	(3,600)
4296	Direct Payments - Older People	144,000	0	100,100	0	0	0	0	2,900	247,000	103,000
4297	Direct Payments - Physical Disabilities	376,700	0	(109,200)	0	0	0	0	7,500	275,000	(101,700)
4298	Direct Payments - Learning Disabilities	240,100	0	(4,900)	0	0	0	0	4,800	240,000	(100)
4299	Direct Payments Income	(251,800)	0	136,800	0	0	0	0	0	(115,000)	136,800
	ASC Support and Review - Direct Payments	**531,600**	**0**	**118,700**	**0**	**0**	**0**	**0**	**15,700**	**666,000**	**134,400**
	ASC Support and Review - Homecare										
4286	Homecare - Mental Health	33,900	0	(14,600)	0	0	0	0	900	20,200	(13,700)
4287	Homecare - Older People	785,600	0	78,700	0	0	0	0	24,500	888,800	103,200
4288	Homecare - Physical Disabilities	494,900	0	(89,800)	0	0	0	0	14,100	419,200	(75,700)
4289	Homecare - Learning Disabilities	192,400	0	79,800	0	0	0	0	6,600	278,800	86,400
4290	Homecare Income	(239,700)	0	19,700	0	0	0	0	0	(220,000)	19,700
4553	Fairer Charging Income	(260,100)	0	30,100	0	(35,000)	0	0	0	(265,000)	(4,900)
	ASC Support and Review - Homecare	**1,007,000**	**0**	**103,900**	**0**	**(35,000)**	**0**	**0**	**46,100**	**1,122,000**	**115,000**
	ASC Support and Review - Other										
4258	Adult Social Care Contracts	52,100	0	(46,600)	0	(7,000)	0	0	1,500	0	(52,100)
	Dilnot Contingency	0	0	0	0	(100,000)	0	100,000	0	0	0
4262	Disabilities Contracts	100,100	0	(35,100)	0	(50,000)	0	0	2,000	17,000	(83,100)
4495	DOLS & AMHP / MH	158,400	0	79,800	0	0	0	0	3,000	241,200	82,800
4107	Support and Review - Capital Charges	3,800	0	0	0	0	0	0	0	3,800	0
5431	Transitions	5,000	0	0	0	0	0	0	0	5,000	0
4506	HSC Protocol	17,000	(17,000)	17,500	0	0	0	0	0	17,500	500
	ASC Support and Review - Other	**336,400**	**(17,000)**	**15,600**	**0**	**(157,000)**	**0**	**100,000**	**6,500**	**284,500**	**(51,900)**
	ASC Support and Review - Residential and Nursing										
4259	Residential - Older People	2,532,700	0	(88,700)	0	0	0	0	101,200	2,545,200	12,500
4260	Residential - Learning Disabilities	1,524,200	0	(24,900)	0	0	0	0	61,200	1,560,500	36,300
4280	Residential Income	(1,318,600)	0	(116,400)	0	0	0	0	0	(1,435,000)	(116,400)
4370	Residential - Physical Disabilities	34,000	0	47,000	0	0	0	0	1,800	82,800	48,800
4490	Residential - Mental Health	181,300	0	(69,700)	0	0	0	0	6,600	118,200	(63,100)
	ASC Support and Review - Residential and Nursing	**2,953,600**	**0**	**(252,700)**	**0**	**0**	**0**	**0**	**170,800**	**2,871,700**	**(81,900)**
	ASC Support and Review - Staffing										
5856	Support and Review - Staffing	612,400	0	(84,600)	0	0	0	0	15,900	543,700	(68,700)
	ASC Support and Review - Staffing	**612,400**	**0**	**(84,600)**	**0**	**0**	**0**	**0**	**15,900**	**543,700**	**(68,700)**
	Hospital and Reablement										
4421	H&R - OT's, Aids & Eequipment	144,700	0	(3,400)	0	0	0	0	2,700	144,000	(700)
4551	Hospital & Reablement - Staffing	277,200	0	79,100	0	(25,000)	0	0	21,600	352,900	75,700
4554	Supporting Independence - Winter Pressure	82,000	(82,000)	0	0	0	0	0	0	0	(82,000)
	Hospital and Reablement	**503,900**	**(82,000)**	**75,700**	**0**	**(25,000)**	**0**	**0**	**24,300**	**496,900**	**(7,000)**
	Safeguarding										
4560	Safeguarding Boards	75,900	0	(12,500)	0	0	0	0	1,600	65,000	(10,900)
4205	External Assessments	25,600	0	(26,100)	0	0	0	0	500	0	(25,600)
4270	Safeguarding QA	76,700	(21,100)	69,800	0	0	0	0	300	125,700	49,000
	Safeguarding	**178,200**	**(21,100)**	**31,200**	**0**	**0**	**0**	**0**	**2,400**	**190,700**	**12,500**

Cost Centre	Cost Centre Description	2016/17 Q1 Budget £	Reversal of One off entries £	Transfers £	Adjustments £	PeopleFirst Savings £	Savings £	Pressures £	Inflation £	2017/18 Budget £	Increase / (Decrease) £
	Childrens Duty Social Care										
5719	Duty Desk for Childrens Referrals	224,000	0	18,400	0	0	0	0	5,200	247,600	23,600
5851	Duty S17	7,300	0		0	0	0	0	100	7,400	100
	Childrens Duty Social Care	**231,300**	**0**	**18,400**	**0**	**0**	**0**	**0**	**5,300**	**255,000**	**23,700**
	Long Term Childrens Social Care										
4220	Family Support Services	15,000	0	10,000	0	0	0	0	200	25,200	10,200
4201	Care Leavers (S24)	81,500	0	0	0	0	0	0	1,200	82,700	1,200
4210	Looked After Children	29,400	0	0	0	0	0	0	1,000	30,400	1,000
4215	Children´s Social Care Staffing	518,600	0	(77,600)	0	0	0	0	12,700	453,700	(64,900)
5283	UASC Under 16	0	0	0	0	0	0	0	0	0	0
4252	UASC Over 16	0	0	0	0	0	0	0	0	0	0
	Long Term Childrens Social Care	**644,500**	**0**	**(67,600)**	**0**	**0**	**0**	**0**	**15,100**	**592,000**	**(52,500)**
	Early Intervention - Targeted Intervention										
4207	Disabled Childrens Services	188,800	0	0	0	0	0	221,700	3,800	414,300	225,500
4208	Aiming High	216,600	0	0	0	(20,000)	0	0	4,900	201,500	(15,100)
5240	Changing Lives	0	0	0	0	0	0	0	0	0	0
5371	Children´s Centres - Revenue	306,400	0	0	0	0	0	0	7,600	314,000	7,600
5296	Intensive Family Support	190,900	0	(100)	0	0	0	0	4,300	195,100	4,200
	Early Intervention - Targeted Intervention	**902,700**	**0**	**(100)**	**0**	**(20,000)**	**0**	**221,700**	**20,600**	**1,124,900**	**222,200**
	Early Intervention - Universal and Partnership										
5291	Play for All	4,300	0	0	0	0	0	0	0	4,300	0
4713	Youth Housing	58,800	0	(62,900)	0	0	0	0	4,100	0	(58,800)
5268	Early Intervention Youth Services	337,900	0	92,000	0	(40,000)	0	0	9,200	399,100	61,200
5272	Short Term Projects	15,000	0	(15,200)	0	0	0	0	200	0	(15,000)
5280	Rutland Youth Council	6,100	0	0	0	0	0	0	0	6,100	0
5281	Youth Options	13,700	0	(13,900)	0	0	0	0	200	0	(13,700)
	Early Intervention - Universal and Partnership	**435,800**	**0**	**0**	**0**	**(40,000)**	**0**	**0**	**13,700**	**409,500**	**(26,300)**
	Fostering and Adoption										
4211	Placements	850,100	(52,000)	0	0	0	0	221,700	16,400	1,036,200	186,100
4213	Adoption	83,800	0	0	0	0	0	35,000	1,700	120,500	36,700
4225	Family Support Staffing	190,600	0	(15,900)	0	0	0	0	6,400	181,100	(9,500)
4202	CAMHS	10,600	0	0	0	0	0	0	0	10,600	0
	Fostering and Adoption	**1,135,100**	**(52,000)**	**(15,900)**	**0**	**0**	**0**	**256,700**	**24,500**	**1,348,400**	**213,300**
	Schools and Early Years										
5000	Primary Schools	189,300	0	0	0	0	0	0	0	189,300	0
4265	SEN Staffing	261,700	(85,000)	0	0	0	0	3,000	10,600	190,300	(71,400)
5352	Early Senco (0-3yrs support)	12,900	0	0	0	0	0	0	300	13,200	300
5242	Personal Educational Allowance for LAC	15,700	0	0	0	0	0	0	300	16,000	300
5295	Secondary School Officer	34,400	0	0	0	0	0	0	500	34,900	500
5297	Rural Fund	45,200	0	0	0	0	0	0	0	45,200	0
5325	Governor Training	3,300	0	0	0	0	0	0	100	3,400	100
5336	Primary Officer	51,600	0	0	300	0	0	20,000	1,600	73,500	21,900
5360	School Improvement Consultancy	79,600	0	0	0	0	(25,000)	21,000	600	76,200	(3,400)

Cost Centre	Cost Centre Description	2016/17 Q1 Budget £	Reversal of One off entries £	Transfers £	Adjustments £	PeopleFirst Savings £	Savings £	Pressures £	Inflation £	2017/18 Budget £	Increase / (Decrease) £
5395	Early Years Training	48,500	0	0	0	0	0	0	900	49,400	900
	Schools and Early Years	**742,200**	**(85,000)**	**0**	**300**	**0**	**(25,000)**	**44,000**	**14,900**	**691,400**	**(50,800)**
	Rutland Adult Learning and Skills Service (RALSS)										
5129	Community Learning	60,300	0	(10,500)	0	0	0	0	0	49,800	(10,500)
5202	Post Oct 2014 Rutland Adult Skills Budget	(49,800)	0	0	0	0	0	0	0	(49,800)	0
	Rutland Adult Learning and Skills Service (RALSS)	**10,500**	**0**	**(10,500)**	**0**	**0**	**0**	**0**	**0**	**0**	**(10,500)**
		16,474,300	**(791,400)**	**76,100**	**1,400**	**(682,000)**	**(25,000)**	**852,600**	**473,200**	**16,379,200**	**(65,100)**

Cost Centre	Cost Centre Description	2016/17 Q1 Budget £	Reversal of One off entries £	Transfers £	Adjustments £	PeopleFirst Savings £	Savings £	Pressures £	Inflation £	2017/18 Budget £	Increase / (Decrease) £
	DEDICATED SCHOOLS GRANT (DSG)										
	Schools Block (Incl Central Schools Block)										
5003	DSG	3,358,100	0	0	(78,300)	0	0	0	0	3,279,800	(78,300)
5007	Nationally Agreed School Licences	29,000	0	0	400	0	0	0	0	29,400	400
	Statutory and Retained Duties	0	0	75,000	0	0	0	0	0	75,000	75,000
5379	Admissions Service	65000	0	0	0	0	0	(3,400)	0	61,600	(3,400)
	Schools Block (Incl Central Schools Block)	**3,452,100**	**0**	**75,000**	**(77,900)**	**0**	**0**	**(3,400)**	**0**	**3,445,800**	**(6,300)**
	High Needs Block										
5128	DSG Recharges	197,200	0	0	0	0	0	0	0	197,200	0
5300	Special Educational Needs	3,104,300	0	0	33,100	0	0	0	0	3,137,400	33,100
5314	Education Otherwise	90,000	0	0	20,000	0	0	0	0	110,000	20,000
5348	Special Needs Teaching	65,600	0	0	19,400	0	0	0	0	85,000	19,400
5399	Early Years Inclusion 3-5yrs	48,900	0	0	(3,900)	0	0	0	0	45,000	(3,900)
	High Needs Block	**3,506,000**	**0**	**0**	**68,600**	**0**	**0**	**0**	**0**	**3,574,600**	**68,600**
	Early Years Block										
5301	Education for Under 5's	74,400	0	0	(400)			(16,600)		57,400	(17,000)
5308	3 & 4 Year Old Funding	1,351,500	0	0	223,500					1,575,000	223,500
5290	2 Year Old Funding	102,000	0	0	2,000					104,000	2,000
5368	Early Years Foundation Stage	30,100	0	0	400					30,500	400
		1,558,000	**0**	**0**	**225,500**	**0**	**0**	**(16,600)**	**0**	**1,766,900**	**208,900**
	Funded By:										
5332	DCSF Grant Received	(8,516,100)	0	(75,000)	(216,200)			20,000		(8,787,300)	(271,200)
	Funded By:	**(8,516,100)**	**0**	**(75,000)**	**(216,200)**	**0**	**0**	**20,000**	**0**	**(8,787,300)**	**(271,200)**
	Total DSG	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Appendix 3.2: Peoples Directorate Budget 2017/18

Cost Centre	Cost Centre Description	Employees: Employees Pay £	Employees: Other Expenses £	Premises £	Transport £	Supplies & Services £	Third Party Payments £	Transfer Payments £	Recharges £	Capital Financing £	Total Expenditure £	Other Income £	Income form Gov't Grants £	2017/18 Budget £
	Directorate Management Costs													
5324	Directorate	769,500	21,300	0	4,100	9,700	5,700	0	(118,500)	0	691,800	(1,800)	0	690,000
5424	Operational Team Managers	744,300	300	0	2,600	0	0	0	0	0	747,200	0	0	747,200
4501	Adult Social Care - New Burdens	0	0	0	0	136,300	0	0	0	0	136,300	0	0	136,300
5403	Business Intelligence	126,700	0	0	0	0	0	0	0	0	126,700	0	0	126,700
	Directorate Management Costs	**1,640,500**	**21,600**	**0**	**6,700**	**146,000**	**5,700**	**0**	**(118,500)**	**0**	**1,702,000**	**(1,800)**	**0**	**1,700,200**
	Public Health													
4570	Public Health Department	0	0	0	0	1,500	134,500	0	22,300	0	158,300	0	(1,326,000)	(1,167,700)
4571	Sexual Health	0	0	0	0	0	218,200	0	0	0	218,200	0	0	218,200
4572	Health Check Programme	0	0	0	0	0	38,000	0	0	0	38,000	0	0	38,000
4574	Obesity Programme	0	0	0	0	0	5,600	0	0	0	5,600	0	0	5,600
4575	Physical Activity	0	0	0	0	0	0	0	137,800	0	137,800	0	0	137,800
4576	Substance Misuse	0	0	0	0	0	117,300	0	0	0	117,300	0	0	117,300
4577	Smoking & Tobacco	0	0	0	0	0	0	0	50,000	0	50,000	0	0	50,000
4578	Childrens Public Health 5-20	0	0	0	0	0	140,000	0	20,000	0	160,000	0	0	160,000
4579	Other Public Health Services	0	0	0	0	0	20,000	0	98,200	0	118,200	0	0	118,200
4580	Public Health Commissioning 0-5	0	0	0	0	0	377,000	0	13,000	0	390,000	0	0	390,000
	Public Health	**0**	**0**	**0**	**0**	**1,500**	**1,050,600**	**0**	**341,300**	**0**	**1,393,400**	**0**	**(1,326,000)**	**67,400**
	BCF Programme Support													
4504	BCF Programme Support	72,200	600	0	0	0	0	0	0	0	72,800	0	0	72,800
	BCF Programme Support	**72,200**	**600**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**72,800**	**0**	**0**	**72,800**
	BCF: Coordination and Communication													
4514	BCF: Coordination and Communicat	0	0	0	0	0	0	0	0	0	0			0
	BCF: Coordination and Communic	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	BCF Community Agents													
4502	BCF: Community Prevention	0	0	0	0	0	38,200	0	147,000	0	185,200	0	0	185,200
	BCF Community Agents	**0**	**0**	**0**	**0**	**0**	**38,200**	**0**	**147,000**	**0**	**185,200**	**0**	**0**	**185,200**
	BCF Supporting Independence													
4489	BCF: Life Planning	51,500	0	0	0	27,000	46,500	0	0	0	125,000	0	0	125,000
4494	BCF: Integrated Urgent Response	147,100	0	0	0	0	100,000	0	(7,100)	0	240,000	0	0	240,000
4510	BCF: Integrated Community Care	53,200	0	0	0	59,800	405,000	0	0	0	518,000	0	0	518,000
4505	BCF: Hospital Transfer & Reableme	0	0	0	0	0	160,000	0	536,000	0	696,000	0	0	696,000
4515	BCF: Innovation Fund	0	0	0	0	0	0	0	0	0	0	0	0	0
	BCF Supporting Independence	**251,800**	**0**	**0**	**0**	**86,800**	**711,500**	**0**	**528,900**	**0**	**1,579,000**	**0**	**0**	**1,579,000**
	BCF Adult Social Care													
4511	BCF: Care Act Enablers	0	0	0	0	0	0	0	85,000	0	85,000	0	0	85,000
4498	BCF: Dementia Services	27,200	0	0	0	22,800	0	0	50,000	0	100,000	0	0	100,000
5609	BCF: Integrated Case Management	27,400	0	0	0	12,600	0	0	0	0	40,000	0	0	40,000
	BCF Adult Social Care	**54,600**	**0**	**0**	**0**	**35,400**	**0**	**0**	**135,000**	**0**	**225,000**	**0**	**0**	**225,000**
	Non BCF Contract & Procurement													
4119	Healthwatch and NHS Advocacy	0	0	0	0	0	72,400	0	0	0	72,400	0	0	72,400
4503	Better Care Together Programme	0	0	0	0	14,000	0	0	0	0	14,000	0	0	14,000
4513	Liquid Logic Implementation	0	0	0	0	0	0	0	0	0	0	0	0	0
4703	Contracts and Procurement	214,300	0	0	900	400	(150,000)	0	0	0	65,600	0	0	65,600
4670	Community Prevention and Wellness	0	0	0	0	0	517,200	0	(247,000)	0	270,200	0	0	270,200
	Non BCF Contract & Procurement	**214,300**	**0**	**0**	**900**	**14,400**	**439,600**	**0**	**(247,000)**	**0**	**422,200**	**0**	**0**	**422,200**

Cost Centre	Cost Centre Description	Employees Employees Pay £	 Other Expenses £	Premises £	Transport £	Supplies & Services £	Third Party Payments £	Transfer Payments £	Recharges £	Capital Financing £	Total Expenditure £	Other Income £	Income form Gov't Grants £	2017/18 Budget £
	ASC - Community Inclusion													
4442	ASC Commuinity Inclusion - Commu	421,500	1,700	0	2,300	1,000	0	0	0	0	426,500	(4,400)	0	422,100
4460	ASC Community Inclusion - Day Op	440,900	300	21,400	900	44,800	1,800	0	0	0	510,100	(184,500)	0	325,600
4480	Advocacy Contract	0	0	0	0	0	10,800	0	0	0	10,800	0	0	10,800
	ASC - Community Inclusion	**862,400**	**2,000**	**21,400**	**3,200**	**45,800**	**12,600**	**0**	**0**	**0**	**947,400**	**(188,900)**	**0**	**758,500**
	ASC Prevention and Safeguarding													
4108	Direct Payments - Carer Support	0	0	0	0	0	0	165,000	(85,000)	0	80,000	0	0	80,000
4130	Homecare - Carers Support	0	0	0	0	0	0	0	0	0	0	0	0	0
4135	Carers Support Income	0	0	0	0	0	0	0	0	0	0	(20,500)	0	(20,500)
4136	Respite - Mental Health	0	0	0	0	0	6,000	0	0	0	6,000	0	0	6,000
4137	Respite - Older People	0	0	0	0	0	33,000	0	0	0	33,000	0	0	33,000
4138	Respite - Physical Disabilities	0	0	0	0	0	4,000	0	0	0	4,000	0	0	4,000
4139	Respite - Learning Disabilities	0	0	0	0	0	21,300	0	0	0	21,300	0	0	21,300
4140	Other - Mental Health	0	0	0	0	5,000	0	0	0	0	5,000	0	0	5,000
4371	Prison Assessments	0	0	0	0	0	12,200	0	0	0	12,200	0	0	12,200
	ASC Prevention and Safeguarding	**0**	**0**	**0**	**0**	**5,000**	**76,500**	**165,000**	**(85,000)**	**0**	**161,500**	**(20,500)**	**0**	**141,000**
	ASC Prevention and Safeguarding - Staffing													
5857	ASC Prevention and Safeguarding -	452,600	0	0	0	0	8,800	0	0	0	461,400			461,400
	ASC Prevention and Safeguarding	**452,600**	**0**	**0**	**0**	**0**	**8,800**	**0**	**0**	**0**	**461,400**	**0**	**0**	**461,400**
	ASC Support and Review - Daycare													
4282	Daycare - Older People	0	0	0	0	0	83,300	0	0	0	83,300	0	0	83,300
4283	Daycare - Physical Disabilities	0	0	0	0	0	3,000	0	0	0	3,000	0	0	3,000
4284	Daycare - Learning Disabilities	0	0	0	0	0	83,500	0	0	0	83,500	0	0	83,500
	ASC Support and Review - Daycar	**0**	**0**	**0**	**0**	**0**	**169,800**	**0**	**0**	**0**	**169,800**	**0**	**0**	**169,800**
	ASC Support and Review - Direct Payments													
4295	Direct Payments - Mental Health	0	0	0	0	0	0	19,000	0	0	19,000	0	0	19,000
4296	Direct Payments - Older People	0	0	0	0	0	0	247,000	0	0	247,000	0	0	247,000
4297	Direct Payments - Physical Disabiliti	0	0	0	0	0	0	275,000	0	0	275,000	0	0	275,000
4298	Direct Payments - Learning Disabiliti	0	0	0	0	0	0	240,000	0	0	240,000	0	0	240,000
4299	Direct Payments Income	0	0	0		0	0	0	0	0	0	(115,000)	0	(115,000)
	ASC Support and Review - Direct	**0**	**0**	**0**	**0**	**0**	**0**	**781,000**	**0**	**0**	**781,000**	**(115,000)**	**0**	**666,000**
	ASC Support and Review - Homecare													
4286	Homecare - Mental Health	0	0	0	0	0	20,200	0	0	0	20,200	0	0	20,200
4287	Homecare - Older People	0	0	0	0	0	888,800	0	0	0	888,800	0	0	888,800
4288	Homecare - Physical Disabilities	0	0	0	0	0	419,200	0	0	0	419,200	0	0	419,200
4289	Homecare - Learning Disabilities	0	0	0	0	0	278,800	0	0	0	278,800	0	0	278,800
4290	Homecare Income	0	0	0	0	0	0	0	0	0	0	(220,000)	0	(220,000)
4553	Fairer Charging Income	0	0	0	0	0	0	0	0	0	0	(265,000)	0	(265,000)
	ASC Support and Review - Homec	**0**	**0**	**0**	**0**	**0**	**1,607,000**	**0**	**0**	**0**	**1,607,000**	**(485,000)**	**0**	**1,122,000**
	ASC Support and Review - Other													
4258	Adult Social Care Contracts	0	0	0	0	0	0	0	0	0	0	0	0	0
	Dilnot Contingency	0	0	0	0	0	0	0	0	0	0	0	0	0
4262	Disabilities Contracts	0	0	0	0	0	17,000	0	0	0	17,000	0	0	17,000
4495	Deprivation of Liberty Safeguards	0	0	0	0	0	241,200	0	0	0	241,200	0	0	241,200
4107	Support and Review - Capital Charg	0	0	0	0	0	0	0	0	3,800	3,800	0	0	3,800
5431	Transitions	0	0	0	0	5,000	0	0	0	0	5,000	0	0	5,000
4506	HSC Protocol	0	0	0	0	17,500	0	0	0	0	17,500	0	0	17,500
	ASC Support and Review - Other	**0**	**0**	**0**	**0**	**22,500**	**258,200**	**0**	**0**	**3,800**	**284,500**	**0**	**0**	**284,500**
	ASC Support and Review - Residential and Nursing													

Cost Centre	Cost Centre Description	Employees Employees Pay £	 Other Expenses £	Premises £	Transport £	Supplies & Services £	Third Party Payments £	Transfer Payments £	Recharges £	Capital Financing £	Total Expenditure £	Other Income £	Income form Gov't Grants £	2017/18 Budget £
4259	Residential - Older People	0	0	0	0	0	2,545,200	0	0	0	2,545,200	0	0	2,545,200
4260	Residential - Learning Disabilities	0	0	0	0	0	1,560,500	0	0	0	1,560,500	0	0	1,560,500
4280	Residential Income	0	0	0	0	0	0	0	0	0	0	(1,435,000)	0	(1,435,000)
4370	Residential - Physical Disabilities	0	0	0	0	0	82,800	0	0	0	82,800	0	0	82,800
4490	Residential - Mental Health	0	0	0	0	0	118,200	0	0	0	118,200	0	0	118,200
	ASC Support and Review - Reside	**0**	**0**	**0**	**0**	**0**	**4,306,700**	**0**	**0**	**0**	**4,306,700**	**(1,435,000)**	**0**	**2,871,700**
	ASC Support and Review - Staffing													
5856	Support and Review - Staffing	541,700	0	0	2,000	0	0	0	0	0	543,700	0	0	543,700
	ASC Support and Review - Staffin	**541,700**	**0**	**0**	**2,000**	**0**	**0**	**0**	**0**	**0**	**543,700**	**0**	**0**	**543,700**
	Hospital and Reablement													
4421	H&R - OT's, Aids & Eequipment	0	0	2,000	0	36,000	145,000	4,000	(43,000)	0	144,000	0	0	144,000
4551	Hospital & Reablement - Staffing	815,500	1,000	0	28,100	37,200	0	0	(528,900)	0	352,900	0	0	352,900
4554	Supporting Independence - Winter P	0	0	0	0	0	0	0	0	0	0	0	0	0
	Hospital and Reablement	**815,500**	**1,000**	**2,000**	**28,100**	**73,200**	**145,000**	**4,000**	**(571,900)**	**0**	**496,900**	**0**	**0**	**496,900**
	Safeguarding													
4560	Safeguarding Boards	0	0	0	0	0	65,000	0	0	0	65,000	0	0	65,000
4205	External Assessments	0	0	0	0	0	0	0	0	0	0	0	0	0
4270	Safeguarding QA	125,200	0	0	0	500	0	0	0	0	125,700	0	0	125,700
	Safeguarding	**125,200**	**0**	**0**	**0**	**500**	**65,000**	**0**	**0**	**0**	**190,700**	**0**	**0**	**190,700**
	Childrens Duty Social Care													
5719	Duty Desk for Childrens Referrals	217,400	0	0	700	0	29,500	0	0	0	247,600	0	0	247,600
5851	Duty S17	0	0	0	0	0	7,400	0	0	0	7,400	0	0	7,400
	Childrens Duty Social Care	**217,400**	**0**	**0**	**700**	**0**	**36,900**	**0**	**0**	**0**	**255,000**	**0**	**0**	**255,000**
	Long Term Childrens Social Care													
4220	Family Support Services	0	0	0	0	1,400	22,300	1,500	0	0	25,200	0	0	25,200
4201	Care Leavers (S24)	0	0	0	0	22,000	33,500	27,200	0	0	82,700	0	0	82,700
4210	Looked After Children	0	0	0	0	16,900	10,800	2,700	0	0	30,400	0	0	30,400
4215	Children´s Social Care Staffing	443,700	500	0	6,700	2,800	0	0	0	0	453,700	0	0	453,700
5283	UASC Under 16	0	0	0	0	0	54,000	0	0	0	54,000	0	(54,000)	0
4252	UASC Over 16	0	0	0	0	47,000	39,000	9,000	0	0	95,000	0	(95,000)	0
	Long Term Childrens Social Care	**443,700**	**500**	**0**	**6,700**	**90,100**	**159,600**	**40,400**	**0**	**0**	**741,000**	**0**	**(149,000)**	**592,000**
	Early Intervention - Targeted Intervention													
4207	Disabled Childrens Services	0	0	0	2,300	3,000	349,000	60,000	0	0	414,300	0	0	414,300
4208	Aiming High	100,100	300	3,600	1,600	89,900	0	0	0	9,500	205,000	(3,500)	0	201,500
5240	Changing Lives	92,200	0	0	5,500	27,700	0	0	800	0	126,200	0	(126,200)	0
5371	Children´s Centres - Revenue	178,800	0	28,900	5,100	98,700	0	0	2,500	0	314,000	0	0	314,000
5296	Intensive Family Support	180,100	500	500	2,100	11,900	0	0	0	0	195,100	0	0	195,100
	Early Intervention - Targeted Inter	**551,200**	**800**	**33,000**	**16,600**	**231,200**	**349,000**	**60,000**	**3,300**	**9,500**	**1,254,600**	**(3,500)**	**(126,200)**	**1,124,900**
	Early Intervention - Universal and Partnership													
5291	Play for All	0	0	0	0	0	0	0	0	4,300	4,300	0	0	4,300
4713	Youth Housing	0	0	0	0	0	0	0	0	0	0	0	0	0
5268	Early Intervention Youth Services	350,400	500	28,300	3,000	33,500	3,400	0	(20,000)	0	399,100	0	0	399,100
5272	Short Term Projects	0	0	0	0	0	0	0	0	0	0	0	0	0
5280	Rutland Youth Council	0	0	0	1,100	2,100	2,400	500	0	0	6,100	0	0	6,100
5281	Youth Options	0	0	0	0	0	0	0	0	0	0	0	0	0
	Early Intervention - Universal and	**350,400**	**500**	**28,300**	**4,100**	**35,600**	**5,800**	**500**	**(20,000)**	**4,300**	**409,500**	**0**	**0**	**409,500**
	Fostering and Adoption													
4211	Placements	0	0	0	0	29,300	1,004,000	2,900	0	0	1,036,200	0	0	1,036,200
4213	Adoption	0	0	0	0	2,000	118,500	0	0	0	120,500	0	0	120,500

Cost Centre	Cost Centre Description	Employees		Premises	Transport	Supplies & Services	Third Party Payments	Transfer Payments	Recharges	Capital Financing	Total Expenditure	Other Income	Income form Gov't Grants	2017/18 Budget
		Employees Pay £	Other Expenses £	£	£	£	£	£	£	£	£	£	£	£
4225	Family Support Staffing	171,100	600	400	800	8,200	0	0	0	0	181,100	0	0	181,100
4202	CAMHS	0	0	0	0	0	10,600	0	0	0	10,600	0	0	10,600
	Fostering and Adoption	**171,100**	**600**	**400**	**800**	**39,500**	**1,133,100**	**2,900**	**0**	**0**	**1,348,400**	**0**	**0**	**1,348,400**
	Schools and Early Years													
5000	Primary Schools	0	0	0	0	0	0	0	0	189,300	189,300	0	0	189,300
4265	SEN Operations	289,300	100	0	400	30,800	66,900	0	(197,200)	0	190,300	0	0	190,300
5352	Early Senco (0-3yrs support)	0	0	0	0	0	13,200	0	0	0	13,200	0	0	13,200
5242	Personal Educational Allowance for I	0	0	0	0	5,100	10,900	0	0	0	16,000	0	0	16,000
5295	Secondary School Officer	34,900	0	0	0	0	0	0	0	0	34,900	0	0	34,900
5297	Rural Fund	0	0	0	0	0	0	0	0	45,200	45,200	0	0	45,200
5325	Governor Training	0	0	0	0	3,400	0	0	0	0	3,400	0	0	3,400
5336	Primary Officer	89,300	0	0	0	0	0	0	(15,800)	0	73,500	0	0	73,500
5360	School Improvement Consultancy	0	0	0	0	74,700	1,500	0	0	0	76,200	0	0	76,200
5395	Early Years Training	0	0	1,000	0	48,400	0	0	0	0	49,400	0	0	49,400
	Schools and Early Years	**413,500**	**100**	**1,000**	**400**	**162,400**	**92,500**	**0**	**(213,000)**	**234,500**	**691,400**	**0**	**0**	**691,400**
	Rutland Adult Learning and Skills Service (RALSS)													
5129	Community Learning	256,600	0	20,000	0	28,600	12,000	0	29,500	0	346,700	(33,000)	(263,900)	49,800
5202	Post Oct 2014 Rutland Adult Skills B	0	0	0	0	7,500	321,400	0	0	0	328,900	(8,000)	(370,700)	(49,800)
	Rutland Adult Learning and Skills	**256,600**	**0**	**20,000**	**0**	**36,100**	**333,400**	**0**	**29,500**	**0**	**675,600**	**(41,000)**	**(634,600)**	**0**
		7,434,700	**27,700**	**106,100**	**70,200**	**1,026,000**	**11,005,500**	**1,053,800**	**(70,400)**	**252,100**	**20,905,700**	**(2,290,700)**	**(2,235,800)**	**16,379,200**

Cost Centre	Cost Centre Description	Employees Employees Pay £	 Other Expenses £	Premises £	Transport £	Supplies & Services £	Third Party Payments £	Transfer Payments £	Recharges £	Capital Financing £	Total Expenditure £	Other Income £	Income form Gov't Grants £	2017/18 Budget £
	DEDICATED SCHOOLS GRANT (DSG)													
	Schools Block (Incl Central Schools Block)													
5003	DSG	0	0	0	0	0	0	3,279,800	0	0	3,279,800	0	0	3,279,800
5007	Nationally Agreed School Licences	0	0	0	0	29,400	0	0	0	0	29,400	0	0	29,400
	Statutory and Retained Duties	0	0	0	0	0	0	0	75,000	0	75,000	0	0	75,000
5379	Admissions Service	44,500	0	0	0	1,300	0	0	15,800	0	61,600	0	0	61,600
	Schools Block (Incl Central Schoo	**44,500**	**0**	**0**	**0**	**30,700**	**0**	**3,279,800**	**90,800**	**0**	**3,445,800**	**0**	**0**	**3,445,800**
	High Needs Block													
5128	DSG Recharges	0	0	0	0	0	0	0	197,200	0	197,200	0	0	197,200
5300	Special Educational Needs	0	0	0	0	0	3,137,400	0	0	0	3,137,400	0	0	3,137,400
5314	Education Otherwise	110,000	0	0	0	0	0	0	0	0	110,000	0	0	110,000
5348	Special Needs Teaching	0	0	0	0	0	85,000	0	0	0	85,000	0	0	85,000
5399	Early Years Inclusion 3-5yrs	0	0	0	0	0	45,000	0	0	0	45,000	0	0	45,000
	High Needs Block	**110,000**	**0**	**0**	**0**	**0**	**3,267,400**	**0**	**197,200**	**0**	**3,574,600**	**0**	**0**	**3,574,600**
	Early Years Block													
5301	Education for Under 5's	44,100	0	0	500	12,800	0	0	0	0	57,400	0	0	57,400
5308	3 & 4 Year Old Funding	0	0	0	0	0	1,575,000	0	0	0	1,575,000	0	0	1,575,000
5290	2 Year Old Funding	0	0	0	0	0	104,000	0	0	0	104,000	0	0	104,000
5368	Early Years Foundation Stage	29,800	0	0	500	200	0	0	0	0	30,500	0	0	30,500
		73,900	**0**	**0**	**1,000**	**13,000**	**1,679,000**	**0**	**0**	**0**	**1,766,900**	**0**	**0**	**1,766,900**
	Funded By:													
5332	DCSF Grant Received	0	0	0	0	0	0	0	0	0	0	0	(8,787,300)	(8,787,300)
	Funded By:	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(8,787,300)**	**(8,787,300)**
	Total DSG	**228,400**	**0**	**0**	**1,000**	**43,700**	**4,946,400**	**3,279,800**	**288,000**	**0**	**8,787,300**	**0**	**(8,787,300)**	**0**

Appendix 4.1: Places Directorate Budget 2017/18

This Appendix gives the detailed movement in cost centre budgets from the Approved 2016/17 Budget at Q1 to the proposed budget for 2017/18

The reversal of one off entries column represents the removal of budgets such as one off transfers from earmarked reserves and budget carry forwards approved for 2016/17 but not required within the 2017/18 budget.

The Transfer column shows where function s have moved from one directorate to another since Q1 such as the Floating Support service and also includes the realignment of budgets between functions within the Directorate

The Adjustments column shows other minor movements in budgets such as an adjustment to a recharge to the Dedicated Schools Grant (DSG)

The Savings and Pressures columns agree to the relevant columns within the Savings and Pressures summary (see appendix 6 & 7)

Cost Centre	Cost Centre Description	2016/17 Q1 Budget £	Reversal of One off entries £	Transfers £	Adjustments	PeopleFirst Savings £	Savings	Pressures £	Inflation £	2017/18 Budget £	Increase/ (Decrease) £
	Directorate Management Costs										
3605	Operational Director - Places Asset Management	95,400	0	0	0	0	0	0	4,000	99,400	4,000
3606	Operational Director - Places Operations	94,800	0	0	0	0	0	0	4,000	98,800	4,000
	Total Directorate Management Costs	**190,200**	**0**	**0**	**0**	**0**	**0**	**0**	**8,000**	**198,200**	**8,000**
	Development Control										
1400	Building & Development Control Support	158,800	(20,000)	700	0	0	0	0	(4,300)	135,200	(23,600)
1401	Development Control	75,900	0	(46,400)	0	0	0	0	9,100	38,600	(37,300)
3350	Land Charges	(19,500)	0	29,300	0	0	0	0	1,100	10,900	30,400
	Total Development Control	**215,200**	**(20,000)**	**(16,400)**	**0**	**0**	**0**	**0**	**5,900**	**184,700**	**(30,500)**
	Total Drainage & Structures										
1502	Drainage and Jetting	111,700	0	44,000	0	0	(1,700)	0	1,700	155,700	44,000
1503	Bridges and Culverts	20,800	0	0	0	0	(700)	0	400	20,500	(300)
1528	Sustainable Drainage	0	0	0	0	0	0	0	0	0	0
1530	Structural Services - Bridges	14,600	0	0	0	0	0	0	300	14,900	300
	Total Drainage & Structures	**147,100**	**0**	**44,000**	**0**	**0**	**(2,400)**	**0**	**2,400**	**191,100**	**44,000**
	Emergency Planning										
2985	Emergency Planning	29,100	0	0	0	0	0	0	600	29,700	600
	Total Emergency Planning	**29,100**	**0**	**0**	**0**	**0**	**0**	**0**	**600**	**29,700**	**600**
	Environmental Maintenance										
1524	Environmental Maintenance	184,600	0	0	0	0	0	0	4,200	188,800	4,200
2002	Waste And Amenities	246,000	0	0	0	0	(2,000)	0	17,000	261,000	15,000
2530	Street Cleaning	574,700	0	0	0	0	0	0	11,500	586,200	11,500
2615	Closed Churchyards	30,300	0	0	0	0	0	0	600	30,900	600
2690	Amenity Grass (Urban Grass & Public Open Spaces)	81,500	0	0	0	0	(300)	0	1,600	82,800	1,300
	Total Environmental Maintenance	**1,117,100**	**0**	**0**	**0**	**0**	**(2,300)**	**0**	**34,900**	**1,149,700**	**32,600**
	Forestry Maintenance										
1526	Forestry Maintenance	117,600	0	0	0	0	(3,000)	0	2,400	117,000	(600)
1531	Forestry Advice	11,100	0	0	0	0	(11,300)	0	200	0	(11,100)
	Total Forestry Maintenance	**128,700**	**0**	**0**	**0**	**0**	**(14,300)**	**0**	**2,600**	**117,000**	**(11,700)**
	Highways Capital Charges										
1812	Highways Capital Charges	1,332,300	0	0	0		0	0	0	1,332,300	0

Cost Centre	Cost Centre Description	2016/17 Q1 Budget £	Reversal of One off entries £	Transfers £	Adjustments	PeopleFirst Savings £	Savings	Pressures £	Inflation £	2017/18 Budget £	Increase/ (Decrease) £
	Total Highways Capital Charges	**1,332,300**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,332,300**	**0**
	Highways Management										
1515	Highways Management	253,800	0	0	0	0	(48,400)	0	10,700	216,100	(37,700)
1527	Highways S38 Income	(25,800)	0	0	0	0	0	0	0	(25,800)	0
	Total Highways Management	**228,000**	**0**	**0**	**0**	**0**	**(48,400)**	**0**	**10,700**	**190,300**	**(37,700)**
	Home to School Transport										
1520	Home to School Transport	600,200	0	0	0	(40,000)	0	0	12,100	572,300	(27,900)
1521	Post 16 Transport	112,200	0	0	0	0	0	0	2,200	114,400	2,200
4680	Transport Fleet	246,200	0	0	0	0	0	41,000	11,200	298,400	52,200
5377	SEN Transport	388,600	(25,000)	0	0	0	0	0	7,300	370,900	(17,700)
	Total Home to School Transport	**1,347,200**	**(25,000)**	**0**	**0**	**(40,000)**	**0**	**41,000**	**32,800**	**1,356,000**	**8,800**
	Lighting & Safety Barriers and Traffic Signals										
1506	Street Lighting	231,300	0	0	0	0	(149,800)	0	12,500	94,000	(137,300)
1507	Barriers	15,600	0	0	0	0	(300)	0	300	15,600	0
1536	Traffic Signal Maintenance	24,300	0	0	0	0	0	0	500	24,800	500
	Total Lighting & Safety Barriers and Traffice Signals	**271,200**	**0**	**0**	**0**	**0**	**(150,100)**	**0**	**13,300**	**134,400**	**(136,800)**
	Parking										
1600	Parking	(230,100)	0	5,000	0	0	(131,000)	0	6,100	(350,000)	(119,900)
	Total Parking	**(230,100)**	**0**	**5,000**	**0**	**0**	**(131,000)**	**0**	**6,100**	**(350,000)**	**(119,900)**
	Pool Cars and Car Hire										
1537	Pool Cars and Car Hire	94,400	0	0	0	0	0	0	2,800	97,200	2,800
	Total Pool Cars & Car Hire	**94,400**	**0**	**0**	**0**	**0**	**0**	**0**	**2,800**	**97,200**	**2,800**
	Public Protection										
1408	Warm Homes for Rutland	23,000	(23,000)	0	0	0	0	0	0	0	(23,000)
2003	Env & Trading Standards	426,700	0	0	0	0	(10,000)	0	8,500	425,200	(1,500)
2542	Environmental Protection Act	(2,400)	0	0	0	0	(600)	0	0	(3,000)	(600)
2590	Dog Warden & Pest Control Ser	29,100	0	0	0	0	(2,700)	0	1,000	27,400	(1,700)
2810	Licenses	(55,200)	0	0	0	0	(5,000)	0	(1,100)	(61,300)	(6,100)
	Total Public Protection	**421,200**	**(23,000)**	**0**	**0**	**0**	**(18,300)**	**0**	**8,400**	**388,300**	**(32,900)**
	Public Rights of Way										
1505	Public Rights of Way	108,000	0	0	0	0	(20,000)	0	2,400	90,400	(17,600)
	Total Public Rights of Way	**108,000**	**0**	**0**	**0**	**0**	**(20,000)**	**0**	**2,400**	**90,400**	**(17,600)**
	Public Transport										
1518	Public Transport	418,300	0	0	0	(10,000)	0	26,000	8,400	442,700	24,400
1519	Concessionary Travel	320,100	0	0	0	0	0	0	6,400	326,500	6,400
4103	Purchasing Transport Budget	61,600	0	21,100	0	0	0	24,300	1,200	108,200	46,600
5965	Community Vehicle	19,200	0	0	0	0	0	0	400	19,600	400
	Total Public Transport	**819,200**	**0**	**21,100**	**0**	**(10,000)**	**0**	**50,300**	**16,400**	**897,000**	**77,800**
	Road Maintenance										
1501	Safety	100,000	0	0	0	0	(2,600)	0	2,600	100,000	0
1508	Carriageway Patching	354,200	0	(44,000)	0	0	(7,100)	0	7,100	310,200	(44,000)
1509	Footway Patching	40,200	0	0	0	0	(800)	0	800	40,200	0
1510	Minor Repairs	142,600	0	0	0	0	(2,900)	0	2,900	142,600	0
1511	Fixed Contract Costs	278,200	0	0	0	0	0	0	5,600	283,800	5,600
1532	Scanner Survey	12,300	0	0	0	0	0	0	200	12,500	200
	Total Road Maintenance	**927,500**	**0**	**(44,000)**	**0**	**0**	**(13,400)**	**0**	**19,200**	**889,300**	**(38,200)**

Cost Centre	Cost Centre Description	2016/17 Q1 Budget £	Reversal of One off entries £	Transfers £	Adjustments	PeopleFirst Savings £	Savings	Pressures £	Inflation £	2017/18 Budget £	Increase/ (Decrease) £
	Transport Management										
1516	Transport Strategy	219,500	0	0	0	0	0	0	4,300	223,800	4,300
1517	Transport Management	161,800	0	(21,100)	0	0	0	0	5,900	146,600	(15,200)
1535	Local Transport Plan	2,000	0	0	0	0	0	0	0	2,000	0
1538	Total Transport Fund	68,000	(68,000)	0	0	0	0	0	0	0	(68,000)
1540	Traffic Analysis & Data Collection	2,000	0	0	0	0	0	0	0	2,000	0
1541	Safety Partnership Arrangement	11,000	0	0	0	0	0	0	200	11,200	200
	Total Transport Management	**464,300**	**(68,000)**	**(21,100)**	**0**	**0**	**0**	**0**	**10,400**	**385,600**	**(78,700)**
	Waste Management										
2490	Refuse Collection	1,008,100	0	0	0	0	(20,500)	0	20,500	1,008,100	0
2500	Waste Management	1,116,800	0	0	2,300	0	(6,200)	223,000	25,600	1,361,500	244,700
	Total Waste Management	**2,124,900**	**0**	**0**	**2,300**	**0**	**(26,700)**	**223,000**	**46,100**	**2,369,600**	**244,700**
	Winter Maintenance										
1504	Winter Maintenance	267,500	0	0	0	0	(5,400)	0	5,400	267,500	0
	Total Winter Maintenance	**267,500**	**0**	**0**	**0**	**0**	**(5,400)**	**0**	**5,400**	**267,500**	**0**
	Total Crime Prevention										
4112	Crime And Disorder	70,900	0	(3,900)	0	0	0	0	1,500	68,500	(2,400)
4115	CCTV	8,400	0	3,900	1,700	0	0	0	200	14,200	5,800
4231	Youth Offending Service	72,800	0	0	0	0	0	0	1,500	74,300	1,500
	Total Crime Prevention	**152,100**	**0**	**0**	**1,700**	**0**	**0**	**0**	**3,200**	**157,000**	**4,900**
	Planning Policy										
1403	Planning Policy	235,900	0	16,400	0	0	0	0	4,700	257,000	21,100
1409	Neighbourhood Planning	24,000	(24,000)	0	0	0	0	0	0	0	(24,000)
	Total Planning Policy	**259,900**	**(24,000)**	**16,400**	**0**	**0**	**0**	**0**	**4,700**	**257,000**	**(2,900)**
	Housing										
4708	Housing Options Team	123,600	0	0	0	0	0	0	4,300	127,900	4,300
4709	Floating Support - Housing	108,100	0	(110,300)	0	0	0	0	2,200	0	(108,100)
4710	Homelessness	300	0	0	0	0	0	0	500	800	500
	Total Housing	**232,000**	**0**	**(110,300)**	**0**	**0**	**0**	**0**	**7,000**	**128,700**	**(103,300)**
	Tourism										
5846	Tourism (Anglian Water)	14,100	0	0	0	0	0	0	500	14,600	500
	Total Tourism	**14,100**	**0**	**0**	**0**	**0**	**0**	**0**	**500**	**14,600**	**500**
	Health & Safety										
2100	Health & Safety	37,400	0	0	0	0	0	0	700	38,100	700
	Total Health & Safety	**37,400**	**0**	**0**	**0**	**0**	**0**	**0**	**700**	**38,100**	**700**
	Property Services										
2600	Public Conveniences	17,000	0	0	0	0	0	0	300	17,300	300
2900	Admin Buildings	458,000	0	(5,600)	0	0	(80,000)	0	15,400	387,800	(70,200)
3500	Central Maintenance	168,800	0	0	0	0	0	0	3,400	172,200	3,400
3504	Barleythorpe Campus	0	0	0	0	0	0	40,000	0	40,000	40,000
3850	Property Services	295,600	0	0	0	0	(20,000)	0	22,000	297,600	2,000
3855	Central Furniture and Equipment	5,700	0	0	0	0	0	0	100	5,800	100
5823	Oakham Bus Station	18,000	0	0	0	0	0	0	400	18,400	400
	Total Property Services	**963,100**	**0**	**(5,600)**	**0**	**0**	**(100,000)**	**40,000**	**41,600**	**939,100**	**(24,000)**
	Building Control										
1402	Building Control	(47,100)	0	0	0	0	0	0	(1,000)	(48,100)	(1,000)

Cost Centre	Cost Centre Description	2016/17 Q1 Budget £	Reversal of One off entries £	Transfers £	Adjustments	PeopleFirst Savings £	Savings	Pressures £	Inflation £	2017/18 Budget £	Increase/ (Decrease) £
	Total Building Control	**(47,100)**	**0**	**0**	**0**	**0**	**0**	**0**	**(1,000)**	**(48,100)**	**(1,000)**
	Commercial & Industrial Properties										
5817	Oakham Enterprise Park	(170,400)	0	0	0	0	(39,000)	0	9,100	(200,300)	(29,900)
5820	Pit Lane	(38,500)	0	0	0	0	0	0	200	(38,300)	200
5821	Ashwell Road Business Units	1,900	0	600	0	0	0	0	700	3,200	1,300
5822	No 7 Church Passage	(5,000)	0	0	0	0	0	0	0	(5,000)	0
5824	Residential Garages	0	0	0	0	0	(20,000)	0	0	(20,000)	(20,000)
	Commercial & Industrial Properties	**(212,000)**	**0**	**600**	**0**	**0**	**(59,000)**	**0**	**10,000**	**(260,400)**	**(48,400)**
	Total Economic Development										
3702	Digital Rutland	48,000	(48,000)	0	0	0	0	47,000	(200)	46,800	(1,200)
5810	Economic Development	147,000	0	0	0	0	0	0	5,600	152,600	5,600
	Total Economic Development	**195,000**	**(48,000)**	**0**	**0**	**0**	**0**	**47,000**	**5,400**	**199,400**	**4,400**
	Culture & Registration Services										
3420	Registration Service	(18,800)	0	0	0	0	(10,000)	0	2,200	(26,600)	(7,800)
5710	Arts Development	9,800	0	0	0	0	0	0	200	10,000	200
5842	Culture and Leisure	94,500	0	0	0	0	0	0	5,800	100,300	5,800
	Total Culture & Registration Services	**85,500**	**0**	**0**	**0**	**0**	**(10,000)**	**0**	**8,200**	**83,700**	**(1,800)**
	Libraries										
5700	Libraries	404,100	0	12,300	0	0	(24,000)	15,000	14,400	421,800	17,700
5703	Mobile Library	43,200	0	0	0	0	0	0	800	44,000	800
5718	Prison Library Service - Stocken	700	0	0	0	0	(8,000)	0	700	(6,600)	(7,300)
	Total Libraries	**448,000**	**0**	**12,300**	**0**	**0**	**(32,000)**	**15,000**	**15,900**	**459,200**	**11,200**
	Museums Service										
5704	Museums Service	251,900	0	(14,500)	0	0	0	0	7,800	245,200	(6,700)
5705	Oakham Castle	50,400	0	(2,200)	0	0	0	0	0	48,200	(2,200)
5706	Records Office	51,100	0	0	0	0	0	0	1,000	52,100	1,000
5707	Museum Trading Account	(4,300)	0	0	0	0	0	0	0	(4,300)	0
5715	Learning And Outreach	11,400	0	0	0	0	0	0	0	11,400	0
5721	Heritage Grants	0	0	0	0	0	0	0	0	0	0
	Total Museum Services	**360,500**	**0**	**(16,700)**	**0**	**0**	**0**	**0**	**8,800**	**352,600**	**(7,900)**
	Sports & Leisure Services										
5711	Recreation and Leisure	32,700	0	13,000	0	0	(38,000)	0	(1,200)	6,500	(26,200)
5722	Active Rutland Hub	600	0	(8,600)	0	0	0	0	2,100	(5,900)	(6,500)
5875	School Sports/Games	0	0	0	0	0	0	0	0	0	0
	Total Sports & Leisure Services	**33,300**	**0**	**4,400**	**0**	**0**	**(38,000)**	**0**	**900**	**600**	**(32,700)**
	Total Places	**12,524,800**	**(208,000)**	**(110,300)**	**4,000**	**(50,000)**	**(671,300)**	**416,300**	**334,300**	**12,239,800**	**(285,000)**

Appendix 4.2: Places Directorate Budget 2017/18

Cost Centre	Cost Centre Description	Employees: Employees Pay £	Employees: Other Expenses £	Premises £	Transport £	Supplies & Services £	Third Party Payments £	Transfer Payments £	Recharges £	Capital Financing £	Total Expenditure £	Other Income £	Income form Gov't Grants £	2017/18 Budget £
	Directorate Management Costs													
3605	Director - Places (Development and Ec	98,500	0	0	700	200	0	0	0	0	99,400	0	0	99,400
3606	Director - Places (Environment, Plannir	98,500	0	0	200	100	0	0	0	0	98,800	0	0	98,800
	Directorate Management Costs	**197,000**	**0**	**0**	**900**	**300**	**0**	**0**	**0**	**0**	**198,200**	**0**	**0**	**198,200**
	Development Control													
1400	Building & Development Control Suppo	134,300	0	0	0	1,300	0	0	0	0	135,600	(400)	0	135,200
1401	Development Control	312,100	1,500	0	400	34,600	37,400	0	0	0	386,000	(347,400)	0	38,600
3350	Land Charges	76,600	0	0	0	1,600	0	0	0	0	78,200	(67,300)	0	10,900
	Development Control	**523,000**	**1,500**	**0**	**400**	**37,500**	**37,400**	**0**	**0**	**0**	**599,800**	**(415,100)**	**0**	**184,700**
	Drainage & Structures													
1502	Drainage and Jetting	0	0	0	0	0	155,700	0	0	0	155,700	0	0	155,700
1503	Bridges and Culverts	0	0	0	0	0	20,500	0	0	0	20,500	0	0	20,500
1528	Sustainable Drainage	0	0	0	0	0	0	0	0	0	0	0	0	0
1530	Structural Services - Bridges	0	0	0	0	14,900	0	0	0	0	14,900	0	0	14,900
	Drainage & Structures	**0**	**0**	**0**	**0**	**14,900**	**176,200**	**0**	**0**	**0**	**191,100**	**0**	**0**	**191,100**
	Emergency Planning													
2985	Emergency Planning	0	0	0	0	0	29,700	0	0	0	29,700	0	0	29,700
	Emergency Planning	**0**	**0**	**0**	**0**	**0**	**29,700**	**0**	**0**	**0**	**29,700**	**0**	**0**	**29,700**
	Environmental Maintenance													
1524	Environmental Maintenance	0	0	188,800	0	0	0	0	0	0	188,800	0	0	188,800
2002	Waste And Amenities	258,900	0	0	1,800	300	0	0	0	0	261,000	0	0	261,000
2530	Street Cleaning	0	0	0	0	3,000	583,200	0	0	0	586,200	0	0	586,200
2615	Closed Churchyards	0	0	30,900	0	0	0	0	0	0	30,900	0	0	30,900
2690	Amenity Grass (Urban Grass & Public Open Spaces)	0	0	78,000	0	4,800	0	0	0	0	82,800	0	0	82,800
	Environmental Maintenance	**258,900**	**0**	**297,700**	**1,800**	**8,100**	**583,200**	**0**	**0**	**0**	**1,149,700**	**0**	**0**	**1,149,700**
	Forestry Maintenance													
1526	Forestry Maintenance	0	0	0	0	0	117,000	0	0	0	117,000	0	0	117,000
1531	Forestry Advice	0	0	0	0	0	0	0	0	0	0	0	0	0
	Forestry Maintenance	**0**	**0**	**0**	**0**	**0**	**117,000**	**0**	**0**	**0**	**117,000**	**0**	**0**	**117,000**
	Highways Capital Charges													
1812	Highways Capital Charges	0	0	0	0	0	0	0	0	1,332,300	1,332,300	0	0	1,332,300
	Highways Capital Charges	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,332,300**	**1,332,300**	**0**	**0**	**1,332,300**
	Highways Management													
1515	Highways Management	375,600	0	0	3,700	23,700	0	0	(113,800)	0	289,200	(73,100)	0	216,100
1527	Highways S38 Income	0	0	0	0	0	0	0	0	0	0	(25,800)	0	(25,800)
	Highways Management	**375,600**	**0**	**0**	**3,700**	**23,700**	**0**	**0**	**(113,800)**	**0**	**289,200**	**(98,900)**	**0**	**190,300**
	Home to School Transport													
1520	Home to School Transport	0	0	0	639,700	0	0	0	0	0	639,700	(67,400)	0	572,300
1521	Post 16 Transport	0	0	0	158,300	0	0	0	0	0	158,300	(43,900)	0	114,400
4680	Transport Fleet	215,500	0	0	82,800	100	0	0	0	0	298,400	0	0	298,400
5377	SEN Transport	0	0	0	370,900	0	0	0	0	0	370,900	0	0	370,900
	Home to School Transport	**215,500**	**0**	**0**	**1,251,700**	**100**	**0**	**0**	**0**	**0**	**1,467,300**	**(111,300)**	**0**	**1,356,000**
	Lighting & Safety Barriers and Traffic Signals													
1506	Street Lighting	0	0	60,000	0	0	58,000	0	0	0	118,000	(24,000)	0	94,000
1507	Barriers	0	0	0	0	0	15,600	0	0	0	15,600	0	0	15,600
1536	Traffic Signal Maintenance	0	0	0	0	24,800	0	0	0	0	24,800	0	0	24,800
	Lighting & Safety Barriers and Traffi	**0**	**0**	**60,000**	**0**	**24,800**	**73,600**	**0**	**0**	**0**	**158,400**	**(24,000)**	**0**	**134,400**

Cost Centre	Cost Centre Description	Employees		Premises	Transport	Supplies & Services	Third Party Payments	Transfer Payments	Recharges	Capital Financing	Total Expenditure	Other Income	Income form Gov't Grants	2017/18 Budget
		Employees Pay £	Other Expenses £	£	£	£	£	£	£	£	£	£	£	£
	Parking													
1600	Parking	153,900	0	52,800	200	11,800	30,000	0	0	7,100	255,800	(605,800)	0	(350,000)
	Parking	**153,900**	**0**	**52,800**	**200**	**11,800**	**30,000**	**0**	**0**	**7,100**	**255,800**	**(605,800)**	**0**	**(350,000)**
	Pool Cars & Car Hire													
1537	Pool Cars and Car Hire	0	0	0	96,800	400	0	0	0	0	97,200	0	0	97,200
	Pool Cars & Car Hire	**0**	**0**	**0**	**96,800**	**400**	**0**	**0**	**0**	**0**	**97,200**	**0**	**0**	**97,200**
	Public Protection													
1408	Warm Homes for Rutland	0	0	0	0	0	0	0	0	0	0	0	0	0
2003	Env & Trading Standards	0	0	0	0	0	425,200	0	0	0	425,200	0	0	425,200
2542	Environmental Protection Act	0	0	0	0	0	0	0	0	0	0	(3,000)	0	(3,000)
2590	Dog Warden & Pest Control Ser	0	0	0	0	27,400	0	0	0	0	27,400	0	0	27,400
2810	Licenses	0	0	0	0	900	0	0	0	0	900	(62,200)	0	(61,300)
	Public Protection	**0**	**0**	**0**	**0**	**28,300**	**425,200**	**0**	**0**	**0**	**453,500**	**(65,200)**	**0**	**388,300**
	Public Rights of Way													
1505	Public Rights of Way	0	0	0	1,700	7,300	83,400	0	0	0	92,400	(2,000)	0	90,400
	Public Rights of Way	**0**	**0**	**0**	**1,700**	**7,300**	**83,400**	**0**	**0**	**0**	**92,400**	**(2,000)**	**0**	**90,400**
	Public Transport													
1518	Public Transport	0	0	0	0	8,400	434,300	0	0	0	442,700	0	0	442,700
1519	Concessionary Travel	0	0	0	0	1,900	0	324,600	0	0	326,500	0	0	326,500
4103	Purchasing Transport Budget	0	0	0	108,200	0	0	0	0	0	108,200	0	0	108,200
5965	Community Vehicle	0	0	0	0	19,600	0	0	0	0	19,600	0	0	19,600
	Public Transport	**0**	**0**	**0**	**108,200**	**29,900**	**434,300**	**324,600**	**0**	**0**	**897,000**	**0**	**0**	**897,000**
	Road Maintenance													
1501	Safety	0	0	10,500	0	0	89,500	0	0	0	100,000	0	0	100,000
1508	Carriageway Patching	0	0	0	0	0	310,200	0	0	0	310,200	0	0	310,200
1509	Footway Patching	0	0	0	0	0	40,200	0	0	0	40,200	0	0	40,200
1510	Minor Repairs	0	0	0	0	0	142,600	0	0	0	142,600	0	0	142,600
1511	Fixed Contract Costs	0	0	0	0	0	283,800	0	0	0	283,800	0	0	283,800
1532	Scanner Survey	0	0	0	0	12,500	0	0	0	0	12,500	0	0	12,500
	Road Maintenance	**0**	**0**	**10,500**	**0**	**12,500**	**866,300**	**0**	**0**	**0**	**889,300**	**0**	**0**	**889,300**
	Transport Management													
1516	Transport Strategy	256,200	0	0	800	2,100	0	0	(22,100)	0	237,000	0	(13,200)	223,800
1517	Transport Management	144,100	0	0	500	2,000	0	0	0	0	146,600	0	0	146,600
1535	Local Transport Plan	0	0	0	0	2,000	0	0	0	0	2,000	0	0	2,000
1538	Total Transport Fund	0	0	0	0	0	0	0	0	0	0	0	0	0
1540	Traffic Analysis & Data Collection	0	0	0	0	0	2,000	0	0	0	2,000	0	0	2,000
1541	Safety Partnership Arrangement	0	0	0	0	0	11,200	0	0	0	11,200	0	0	11,200
	Transport Management	**400,300**	**0**	**0**	**1,300**	**6,100**	**13,200**	**0**	**(22,100)**	**0**	**398,800**	**0**	**(13,200)**	**385,600**
	Waste Management													
2490	Refuse Collection	0	0	0	0	0	1,071,900	0	0	0	1,071,900	(63,800)	0	1,008,100
2500	Waste Management	0	0	37,200	0	19,200	1,355,600	0	0	0	1,412,000	(50,500)	0	1,361,500
	Waste Management	**0**	**0**	**37,200**	**0**	**19,200**	**2,427,500**	**0**	**0**	**0**	**2,483,900**	**(114,300)**	**0**	**2,369,600**
	Winter Maintenance													
1504	Winter Maintenance	0	0	0	0	0	267,500	0	0	0	267,500	0	0	267,500
	Winter Maintenance	**0**	**0**	**0**	**0**	**0**	**267,500**	**0**	**0**	**0**	**267,500**	**0**	**0**	**267,500**
	Crime Prevention													
4112	Crime And Disorder	0	0	0	0	8,500	60,000	0	0	0	68,500	0	0	68,500
4115	CCTV	0	0	1,200	0	10,800	4,000	0	0	4,600	20,600	(6,400)	0	14,200
4231	Youth Offending Service	0	0	0	0	0	74,300	0	0	0	74,300	0	0	74,300
	Crime Prevention	**0**	**0**	**1,200**	**0**	**19,300**	**138,300**	**0**	**0**	**4,600**	**163,400**	**(6,400)**	**0**	**157,000**

Cost Centre	Cost Centre Description	Employees		Premises	Transport	Supplies & Services	Third Party Payments	Transfer Payments	Recharges	Capital Financing	Total Expenditure		Other Income	Income form Gov't Grants		2017/18 Budget
		Employees Pay £	Other Expenses £	£	£	£	£	£	£	£	£		£	£		£
	Planning Policy															
1403	Planning Policy	268,800	300	0	1,200	14,100	24,000	0	(16,000)	0	292,400		(35,400)	0		257,000
1409	Neighbourhood Planning	0	0	0	0	66,000	0	0	9,000	0	75,000		0	(75,000)		0
	Planning Policy	**268,800**	**300**	**0**	**1,200**	**80,100**	**24,000**	**0**	**(7,000)**	**0**	**367,400**		**(35,400)**	**(75,000)**		**257,000**
	Housing															
4708	Housing Options Team	127,900	0	0	0	0	0	0	0	0	127,900		0	0		127,900
4709	Floating Support - Housing	0	0	0	0	0	0	0	0	0	0		0	0		0
4710	Homelessness	0	0	0	0	21,300	13,100	0	(30,800)	2,400	6,000		(5,200)	0		800
	Housing	**127,900**	**0**	**0**	**0**	**21,300**	**13,100**	**0**	**(30,800)**	**2,400**	**133,900**		**(5,200)**	**0**		**128,700**
	Tourism															
5846	Tourism (Anglian Water)	12,400	0	0	0	13,000	0	0	0	0	25,400		(10,800)	0		14,600
	Tourism	**12,400**	**0**	**0**	**0**	**13,000**	**0**	**0**	**0**	**0**	**25,400**		**(10,800)**	**0**		**14,600**
	Health & Safety															
2100	Health & Safety	36,400	0	0	0	1,700	0	0	0	0	38,100		0	0		38,100
	Health & Safety	**36,400**	**0**	**0**	**0**	**1,700**	**0**	**0**	**0**	**0**	**38,100**		**0**	**0**		**38,100**
	Property Services															
2600	Public Conveniences	0	0	13,400	0	0	0	0	0	3,900	17,300		0	0		17,300
2900	Admin Buildings	110,000	0	211,600	300	14,500	0	0	(8,600)	63,800	391,600		(3,800)	0		387,800
3500	Central Maintenance	0	0	172,200	0	0	0	0	0	0	172,200		0	0		172,200
3504	Barleythorpe Campus	0	0	40,000	0	0	0	0	0	0	40,000		0	0		40,000
3850	Property Services	378,500	0	0	1,200	900	0	0	(62,000)	0	318,600		(21,000)	0		297,600
3855	Central Furniture and Equipment	0	0	0	0	5,800	0	0	0	0	5,800		0	0		5,800
5823	Oakham Bus Station	0	0	18,400	0	0	0	0	0	0	18,400		0	0		18,400
	Property Services	**488,500**	**0**	**455,600**	**1,500**	**21,200**	**0**	**0**	**(70,600)**	**67,700**	**963,900**		**(24,800)**	**0**		**939,100**
	Building Control															
1402	Building Control	0	0	0	0	143,700	0	0	0	0	143,700		(191,800)	0		(48,100)
	Building Control	**0**	**0**	**0**	**0**	**143,700**	**0**	**0**	**0**	**0**	**143,700**		**(191,800)**	**0**		**(48,100)**
	Commercial & Industrial Properties															
5817	Oakham Enterprise Park	77,200	200	164,300	500	99,000	0	0	0	0	341,200		(541,500)	0		(200,300)
5820	Pit Lane	0	0	6,400	0	6,300	2,000	0	0	5,000	19,700		(58,000)	0		(38,300)
5821	Ashwell Road Business Units	0	0	24,200	0	3,200	0	0	0	0	27,400		(24,200)	0		3,200
5822	No 7 Church Passage	0	0	0	0	0	0	0	0	0	0		(5,000)	0		(5,000)
5824	Residential Garages	0	0	5,000	0	0	0	0	0	0	5,000		(25,000)	0		(20,000)
	Commercial & Industrial Properties	**77,200**	**200**	**199,900**	**500**	**108,500**	**2,000**	**0**	**0**	**5,000**	**393,300**		**(653,700)**	**0**		**(260,400)**
	Economic Development															
3702	Digital Rutland	26,400	0	0	0	20,400	0	0	0	0	46,800		0	0		46,800
5810	Economic Development	85,400	0	0	200	10,800	0	0	0	56,200	152,600		0	0		152,600
	Economic Development	**111,800**	**0**	**0**	**200**	**31,200**	**0**	**0**	**0**	**56,200**	**199,400**		**0**	**0**	**0**	**199,400**
	Culture & Registration Services															
3420	Registration Service	102,100	0	0	1,500	500	0	0	0	0	104,100		(130,700)	0		(26,600)
5710	Arts Development	0	0	0	0	7,100	2,900	0	0	0	10,000		0	0		10,000
5842	Culture and Leisure	99,900	0	0	200	200	0	0	0	0	100,300		0	0		100,300
	Culture & Registration Services	**202,000**	**0**	**0**	**1,700**	**7,800**	**2,900**	**0**	**0**	**0**	**214,400**		**(130,700)**	**0**		**83,700**
	Libraries															
5700	Libraries	243,500	300	56,300	4,600	107,200	4,400	0	(12,000)	41,600	445,900		(24,100)	0		421,800
5703	Mobile Library	23,200	0	0	8,800	500	0	0	0	11,500	44,000		0	0		44,000
5718	Prison Library Service - Stocken	56,100	100	0	500	18,400	0	0	7,000	0	82,100		(88,700)	0		(6,600)
	Libraries	**322,800**	**400**	**56,300**	**13,900**	**126,100**	**4,400**	**0**	**(5,000)**	**53,100**	**572,000**		**(112,800)**	**0**		**459,200**
	Museum Services															
5704	Museums Service	151,100	0	53,300	1,300	11,200	0	0	(36,300)	68,800	249,400		(4,200)	0		245,200

Cost Centre	Cost Centre Description	Employees Employees Pay £	 Other Expenses £	Premises £	Transport £	Supplies & Services £	Third Party Payments £	Transfer Payments £	Recharges £	Capital Financing £	Total Expenditure £	Other Income £	Income form Gov't Grants £	2017/18 Budget £
5705	Oakham Castle	0	0	26,000	0	2,100	0	0	36,300	14,200	78,600	(30,400)	0	48,200
5706	Records Office	0	0	0	0	0	52,100	0	0	0	52,100	0	0	52,100
5707	Museum Trading Account	0	0	0	0	6,100	0	0	0	0	6,100	(10,400)	0	(4,300)
5715	Learning And Outreach	11,400	0	0	0	0	0	0	0	0	11,400	0	0	11,400
5721	Heritage Grants	0	0	0	0	0	0	0	0	0	0	0	0	0
	Museum Services	**162,500**	**0**	**79,300**	**1,300**	**19,400**	**52,100**	**0**	**0**	**83,000**	**397,600**	**(45,000)**	**0**	**352,600**
	Sports & Leisure Services													
5711	Recreation and Leisure	84,000	100	0	2,000	6,200	9,800	0	(91,500)	17,900	28,500	(22,000)	0	6,500
5722	Active Rutland Hub	0	0	47,900	0	2,300	0	0	(12,600)	0	37,600	(43,500)	0	(5,900)
5875	School Sports/Games	43,200	0	0	500	100	0	0	0	0	43,800	(43,800)	0	0
	Sports & Leisure Services	**127,200**	**100**	**47,900**	**2,500**	**8,600**	**9,800**	**0**	**(104,100)**	**17,900**	**109,900**	**(109,300)**	**0**	**600**
		4,061,700	**2,500**	**1,298,400**	**1,489,500**	**826,800**	**5,811,100**	**324,600**	**(353,400)**	**1,629,300**	**15,090,500**	**(2,762,500)**	**(88,200)**	**12,239,800**

Appendix 5.1: Resources Directorate Budget 2017/18

This Appendix gives the detailed movement in cost centre budgets from the Approved 2016/17 Budget at Q1 to the proposed budget for 2017/18.

The reversal of one off entries column represents the removal of budgets such as one off transfers from earmarked reserves and budget carry forwards approved for 2016/17 but not required within the 2017/18 budget.

The Transfer column shows where function s have moved from one directorate to another since Q1 such as the Floating Support service and also includes the realignment of budgets between functions within the Directorate

The Adjustments column shows other minor movements in budgets such as an adjustment to a recharge to the Dedicated Schools Grant (DSG)

The Savings and Pressures columns agree to the relevant columns within the Savings and Pressures summary (see appendix 6 & 7)

Cost Centre	Cost Centre Description	2016/17 Q1 Budget £	Reversal of One off entries £	Transfers £	Adjustments	PeopleFirst Savings £	Savings	Pressures £	Inflation £	2017/18 Budget £	Increase/ (Decrease) £
	Chief Executives Office										
3700	Chief Executive	255,100	0	(40,800)	0	0	0	0	7,700	222,000	(33,100)
5845	Communication	77,300	(13,000)	0	0	0	0	0	2,300	66,600	(10,700)
	Total Chief Executives Office	**332,400**	**(13,000)**	**(40,800)**	**0**	**0**	**0**	**0**	**10,000**	**288,600**	**(43,800)**
	Directorate Management Costs										
3104	Assistant Director of Finance	95,200	0	0	0	0	0	0	5,800	101,000	5,800
31[illegible]	Corporate Projects	51,600	(51,600)	0	0	0	0	0	0	0	(51,600)
3603	Director of Resources	109,500	0	0	0	0	0	0	6,300	115,800	6,300
	Total Directorate Management Costs	**256,300**	**(51,600)**	**0**	**0**	**0**	**0**	**0**	**12,100**	**216,800**	**(39,500)**
	Total Corporate Costs										
3106	Coroner	37,700	0	0	0	0	0	0	800	38,500	800
3701	Welland Procurement	32,700	0	0	0	0	0	0	700	33,400	700
3714	Corporate Subscriptions	32,600	0	0	0	0	0	0	700	33,300	700
3719	Standards of Conduct	5,800	0	0	0	0	0	0	100	5,900	100
3721	External Levies	45,800	0	0	0	0	(14,000)	54,000	900	86,700	40,900
3722	Stationary	10,000	0	0	0	0	(2000)	0	200	8,200	(1,800)
	Total Corporate Costs	**164,600**	**0**	**0**	**0**	**0**	**(16,000)**	**54,000**	**3,400**	**206,000**	**41,400**
	Pensions										
3455	Pension Costs	160,000	0	0	0	0	0	0	0	160,000	0
5322	Pensions	60,000	0	0	0	0	0	0	0	60,000	0
	Total Pensions	**220,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**220,000**	**0**
	Audit Services										
3713	Welland Internal Audit Consortium	1,700	0	(4,000)	0	0	0	0	2,300	0	(1,700)
3720	External Audit & Inspection	75,000	0	0	0	0	0	0	1,500	76,500	1,500
3730	Internal Audit RCC Share	85,000	0	4,000	0	0	0	0	0	89,000	4,000
	Total Audit Services	**161,700**	**0**	**0**	**0**	**0**	**0**	**0**	**3,800**	**165,500**	**3,800**
	Insurance										
3458	Corporate Insurance	210,300	0	0	0	0	0	0	4,900	215,200	4,900

Cost Centre	Cost Centre Description	2016/17 Q1 Budget £	Reversal of One off entries £	Transfers £	Adjustments	PeopleFirst Savings £	Savings	Pressures £	Inflation £	2017/18 Budget £	Increase/ (Decrease) £
	Total Insurance	**210,300**	**0**	**0**	**0**	**0**	**0**	**0**	**4,900**	**215,200**	**4,900**
	Accountancy & Finance										
3103	Finance	593,300	(21,000)	0	0	0	(30,000)	0	15,400	557,700	(35,600)
3813	Corporate Financial Expenses	58,300	0	0	0	0	0	0	1,200	59,500	1,200
	Total Accountancy & Finance	**651,600**	**(21,000)**	**0**	**0**	**0**	**(30,000)**	**0**	**16,600**	**617,200**	**(34,400)**
	Information Technology										
3102	Head of IT and Customer Services	73,800	0	0	0	0	0	0	2,600	76,400	2,600
3740	Information Technology Dept	410,300	(135,000)	(44,300)	0	0	0	0	7,000	238,000	(172,300)
3820	IT Operational Support	671,300	0	115,500	0	0	0	0	13,400	800,200	128,900
3821	Mobile Phones	27,300	0	0	0	0	0	0	600	27,900	600
3822	Telecommunications	70,500	0	0	0	0	0	0	1,100	71,600	1,100
3823	Agresso Application Support	133,200	(62,000)	(71,200)	0	0	0	0	0	0	(133,200)
	Total Information Technology	**1,386,400**	**(197,000)**	**0**	**0**	**0**	**0**	**0**	**24,700**	**1,214,100**	**(172,300)**
	Corporate Support Services										
3108	Corporate Support Services	343,800	0	0	0	0	(30,000)	0	10,000	323,800	(20,000)
3716	Reprographics & Post	144,600	0	0	0	0	0	0	2,800	147,400	2,800
4422	Blue Badge Scheme	25,100	0	0	0	0	0	0	400	25,500	400
5350	Performance & Application Support	74,600	0	0	0	0	0	0	2,100	76,700	2,100
	Total Corporate Support Services	**588,100**	**0**	**0**	**0**	**0**	**(30,000)**	**0**	**15,300**	**573,400**	**(14,700)**
	Members Services										
3107	Members Training	5,000	0	0	0	0	0	0	0	5,000	0
3710	Members Services	195,800	0	0	0	0	0	0	0	195,800	0
3715	Civic Expenses	5,900	0	0	0	0	0	0	100	6,000	100
	Total Members Services	**206,700**	**0**	**0**	**0**	**0**	**0**	**0**	**100**	**206,800**	**100**
	Customer Services Team										
3450	Customer Services Team	203,300	(15,000)	0	0	0	0	0	2,300	190,600	(12,700)
4508	Information Administration	44,200	0	0	0	0	0	0	800	45,000	800
	Total Customer Services Team	**247,500**	**(15,000)**	**0**	**0**	**0**	**0**	**0**	**3,100**	**235,600**	**(11,900)**
	Elections										
3040	Elections - Administration	36,900	(20,000)	0	0	0	0	0	200	17,100	(19,800)
	Total Elections	**36,900**	**(20,000)**	**0**	**0**	**0**	**0**	**0**	**200**	**17,100**	**(19,800)**
	Legal & Governance										
3105	Head of Corporate Governance	79,200	(5,000)	0	0	0	0	0	2,900	77,100	(2,100)
3840	Legal Services	277,600	0	0	0	0	0	0	5,600	283,200	5,600
	Total Legal & Governance	**356,800**	**(5,000)**	**0**	**0**	**0**	**0**	**0**	**8,500**	**360,300**	**3,500**
	Human Resources										
3711	Human Resources	308,800	0	0	0	0	0	0	9,100	317,900	9,100
3718	Training, Confs & Seminars	129,700	0	0	0	0	0	0	2,600	132,300	2,600
	Total Human Resources	**438,500**	**0**	**0**	**0**	**0**	**0**	**0**	**11,700**	**450,200**	**11,700**
	Revenues and Benefits										
3000	Revenues	145,900	0	0	1,100	0	(13,000)	0	5,300	139,300	(6,600)
3001	AllPay	12,300	0	0	0	0	0	0	200	12,500	200
3010	Counter Fraud Section	7,900	0	0	0	0	0	0	200	8,100	200

Cost Centre	Cost Centre Description	2016/17 Q1 Budget £	Reversal of One off entries £	Transfers £	Adjustments	PeopleFirst Savings £	Savings	Pressures £	Inflation £	2017/18 Budget £	Increase/ (Decrease) £
3015	Benefit Processing	112,800	(20,000)	0	(6,000)	0	0	0	4,500	91,300	(21,500)
3021	Housing Benefit Payments	46,300	0	0	0	0	0	0	0	46,300	0
3250	Community Care Finance	109,800	(23,000)	0	0	0	0	0	2,500	89,300	(20,500)
	Total Revenues and Benefits	**435,000**	**(43,000)**	**0**	**(4,900)**	**0**	**(13,000)**	**0**	**12,700**	**386,800**	**(48,200)**
	Financial Support										
3002	Financial Crisis Support	25,000	(25,000)	0	0	0	0	0	0	0	(25,000)
3025	Discretionary Hardship Fund	50,000	0	0	0	0	(25,000)	0	0	25,000	(25,000)
	Total Financial Support	**75,000**	**(25,000)**	**0**	**0**	**0**	**(25,000)**	**0**	**0**	**25,000**	**(50,000)**
	Total Resources	**5,767,800**	**(390,600)**	**(40,800)**	**(4,900)**	**0**	**(114,000)**	**54,000**	**127,100**	**5,398,600**	**(369,200)**

Appendix 5.2: Resources Directorate Budget 2017-18

Cost Centre	Cost Centre Description	Employees: Employees Pay £	Employees: Other Expenses £	Premises £	Transport £	Supplies & Services £	Third Party Payments £	Transfer Payments £	Recharges £	Capital Financing £	Total Expenditure £	Other Income £	Income form Gov't Grants £	2017-18 Budget £
	Chief Executives Office													
3700	Chief Executive	201,100	9,900	0	1,500	7,500	2,000	0	0	0	222,000	0	0	222,000
5845	Communication	49,000	0	0	0	17,600	0	0	0	0	66,600	0	0	66,600
	Chief Executives Office	**250,100**	**9,900**	**0**	**1,500**	**25,100**	**2,000**	**0**	**0**	**0**	**288,600**	**0**	**0**	**288,600**
	Directorate Management Costs													
3104	Assistant Director of Finance	100,300	0	0	400	300	0	0	0	0	101,000	0	0	101,000
3109	Corporate Projects	0	0	0	0	0	0	0	0	0	0	0	0	0
3603	Director of Resources	113,900	0	0	300	1,600	0	0	0	0	115,800	0	0	115,800
	Directorate Management Costs	**214,200**	**0**	**0**	**700**	**1,900**	**0**	**0**	**0**	**0**	**216,800**	**0**	**0**	**216,800**
	Corporate Costs													
3106	Coroner	0	0	0	0	0	38,500	0	0	0	38,500	0	0	38,500
3701	Welland Procurement	0	0	0	0	0	33,400	0	0	0	33,400	0	0	33,400
3714	Corporate Subscriptions	0	0	0	0	33,300	0	0	0	0	33,300	0	0	33,300
3719	Standards of Conduct	0	0	0	0	5,900	0	0	0	0	5,900	0	0	5,900
3721	External Levies	0	0	0	0	0	86,700	0	0	0	86,700	0	0	86,700
3722	Stationery	0	0	0	0	8,200	0	0	0	0	8,200	0	0	8,200
	Corporate Costs	**0**	**0**	**0**	**0**	**47,400**	**158,600**	**0**	**0**	**0**	**206,000**	**0**	**0**	**206,000**
	Pensions													
3455	Pension Costs	0	160,000	0	0	0	0	0	0	0	160,000	0	0	160,000
5322	Pensions	0	60,000	0	0	0	0	0	0	0	60,000	0	0	60,000
	Pensions	**0**	**220,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**220,000**	**0**	**0**	**220,000**
	Audit Services													
3713	Welland Internal Audit Consortium	0	0	0	0	0	0	0	0	0	0	0	0	0
3720	External Audit & Inspection	0	0	0	0	76,500	0	0	0	0	76,500	0	0	76,500
3730	Internal Audit RCC Share	0	0	0	0	89,000	0	0	0	0	89,000	0	0	89,000
	Audit Services	**0**	**0**	**0**	**0**	**165,500**	**0**	**0**	**0**	**0**	**165,500**	**0**	**0**	**165,500**
	Insurance													
3458	Corporate Insurance	0	26,400	112,300	21,300	92,100	0	0	(16,600)	0	235,500	(20,300)	0	215,200
	Insurance	**0**	**26,400**	**112,300**	**21,300**	**92,100**	**0**	**0**	**(16,600)**	**0**	**235,500**	**(20,300)**	**0**	**215,200**
	Accountancy & Finance													
3103	Finance	562,300	700	0	2,100	1,600	0	0	(9,000)	0	557,700	0	0	557,700
3813	Corporate Financial Expenses	0	0	0	0	64,600	0	0	0	0	64,600	(5,100)	0	59,500
	Accountancy & Finance	**562,300**	**700**	**0**	**2,100**	**66,200**	**0**	**0**	**(9,000)**	**0**	**622,300**	**(5,100)**	**0**	**617,200**
	Information Technology													
3102	Head of IT and Customer Services	74,800	1,000	0	500	100	0	0	0	0	76,400	0	0	76,400
3740	Information Technology Dept	237,000	0	0	500	500	0	0	0	0	238,000	0	0	238,000
3820	IT Operational Support	0	0	0	0	800,200	0	0	0	0	800,200	0	0	800,200
3821	Mobile Phones	0	0	0	0	29,600	0	0	(1,700)	0	27,900	0	0	27,900
3822	Telecommunications	0	0	0	0	56,000	0	0	0	15,600	71,600	0	0	71,600
3823	Agresso Application Support	0	0	0	0	0	0	0	0	0	0	0	0	0
	Information Technology	**311,800**	**1,000**	**0**	**1,000**	**886,400**	**0**	**0**	**(1,700)**	**15,600**	**1,214,100**	**0**	**0**	**1,214,100**
	Corporate Support Services													
3108	Corporate Support Services	324,800	0	0	300	1,700	0	0	0	0	326,800	0	(3,000)	323,800
3716	Reprographics & Post	0	0	0	0	147,400	0	0	0	0	147,400	0	0	147,400
4422	Blue Badge Scheme	31,100	0	0	0	0	0	0	0	0	31,100	(5,600)	0	25,500
5350	Performance & Application Support	76,200	0	0	200	300	0	0	0	0	76,700	0	0	76,700
	Corporate Support Services	**432,100**	**0**	**0**	**500**	**149,400**	**0**	**0**	**0**	**0**	**582,000**	**(5,600)**	**(3,000)**	**573,400**

Cost Centre	Cost Centre Description	Employees Employees Pay £	Employees Other Expenses £	Premises £	Transport £	Supplies & Services £	Third Party Payments £	Transfer Payments £	Recharges £	Capital Financing £	Total Expenditure £	Other Income £	Income form Gov't Grants £	2017-18 Budget £
	Members Services													
3107	Members Training	0	5,000	0	0	0	0	0	0	0	5,000	0	0	5,000
3710	Members Services	5,000	0	0	500	190,300	0	0	0	0	195,800	0	0	195,800
3715	Civic Expenses	0	0	0	0	6,000	0	0	0	0	6,000	0	0	6,000
	Members Services	**5,000**	**5,000**	**0**	**500**	**196,300**	**0**	**0**	**0**	**0**	**206,800**	**0**	**0**	**206,800**
	Customer Services Team													
3450	Customer Services Team	188,900	200	0	0	500	1,000	0	0	0	190,600	0	0	190,600
4508	Information Administration	32,800	0	0	0	12,200	0	0	0	0	45,000	0	0	45,000
	Customer Services Team	**221,700**	**200**	**0**	**0**	**12,700**	**1,000**	**0**	**0**	**0**	**235,600**	**0**	**0**	**235,600**
	Elections													
3040	Elections - Administration	10,100	0	0	0	7,000	0	0	0	0	17,100	0	0	17,100
	Elections	**10,100**	**0**	**0**	**0**	**7,000**	**0**	**0**	**0**	**0**	**17,100**	**0**	**0**	**17,100**
	Legal & Governance													
3105	Head of Corporate Governance	76,900	0	0	200	0	0	0	0	0	77,100	0	0	77,100
3840	Legal Services	0	0	0	0	51,400	249,700	0	0	0	301,100	(17,900)	0	283,200
	Legal & Governance	**76,900**	**0**	**0**	**200**	**51,400**	**249,700**	**0**	**0**	**0**	**378,200**	**(17,900)**	**0**	**360,300**
	Human Resources													
3711	Human Resources	270,700	15,700	0	0	39,800	0	0	(3,700)	0	322,500	(4,600)	0	317,900
3718	Training, Confs & Seminars	0	10,200	0	0	122,100	0	0	0	0	132,300	0	0	132,300
	Human Resources	**270,700**	**25,900**	**0**	**0**	**161,900**	**0**	**0**	**(3,700)**	**0**	**454,800**	**(4,600)**	**0**	**450,200**
	Revenues and Benefits													
3000	Revenues	198,500	0	0	600	30,800	0	0	7,000	0	236,900	(97,600)	0	139,300
3001	AllPay	0	0	0	0	12,500	0	0	0	0	12,500	0	0	12,500
3010	Counter Fraud Section	0	0	0	0	10,200	0	0	0	0	10,200	(2,100)	0	8,100
3015	Benefit Processing	191,100	0	0	500	200	0	0	0	0	191,800	0	(100,500)	91,300
3021	Housing Benefit Payments	0	0	0	0	0	0	5,238,200	0	0	5,238,200	0	(5,191,900)	46,300
3250	Community Care Finance	92,000	0	0	100	1,300	0	0	0	0	93,400	(4,100)	0	89,300
	Revenues and Benefits	**481,600**	**0**	**0**	**1,200**	**55,000**	**0**	**5,238,200**	**7,000**	**0**	**5,783,000**	**(103,800)**	**(5,292,400)**	**386,800**
	Financial Support													
3002	Financial Crisis Support	0	0	0	0	0	0	0	0	0	0	0	0	0
3025	Discretionary Hardship Fund	0	0	0	0	0	0	25,000	0	0	25,000	0	0	25,000
	Financial Support	**0**	**0**	**0**	**0**	**0**	**0**	**25,000**	**0**	**0**	**25,000**	**0**	**0**	**25,000**
		2,836,500	**289,100**	**112,300**	**29,000**	**1,918,300**	**411,300**	**5,263,200**	**(24,000)**	**15,600**	**10,851,300**	**(157,300)**	**(5,295,400)**	**5,398,600**

Appendix 6: 2017/18 Savings Analysis

This Appendix gives a description of the new savings on Functional Budgets, and should be used to support the Directorate summaries (Appendices 3-5).

Savings themselves can be categorised as follows:

1. Those already included in the MTFP – these represent savings arising from decisions already made by Council or Cabinet;
2. New savings – New saving proposals submitted by Officers for review;

All savings have been subject to an Equality Impact Screening Assessment. This has indicated a full assessment is not required.

As well as the savings identified within this Appendix, the Council has also achieved £84k of savings on inflation included within the MTFP and £732k of savings as a result of the PeopleFirst Review. The PeopleFirst savings are shown in the Directorate summaries.

Cost Centre	Cost Centre Description	Savings Already in MTFP £	New Savings £	Total Savings £	Description of Saving
	People Directorate **Schools and Early Years**				
5360	School Improvement	0	(25,000)	(25,000)	Additional investment in school improvement services was made previously as one off funding but was then extended for a second year (total investment was actually £100k of which £50k was invested by schools through their funding). Improvements have been made as reflected in the latest educational attainment results and budget has been restored to its previous level.
	Schools and Early Years	**0**	**(25,000)**	**(25,000)**	
	Total People Directorate	**0**	**(25,000)**	**(25,000)**	
	Places Directorate **Highways**				
1502	Drainage and Jetting	0	(1,700)	(1,700)	
1503	Bridges and Culverts	0	(700)	(700)	A capital programme to upgrade all suitable lighting stock to LED is
1531	Forestry Advice	0	(2,300)	(2,300)	already underway and on target to be completed in 2016/17. The
1501	Safety	0	(2,600)	(2,600)	upgrades are forecast to cost around £800k and result in revenue
1508	Carriageway Patching	0	(7,100)	(7,100)	savings of around £120k per year contributing £0.5m to MTFP gap over
1509	Footway Patching	0	(800)	(800)	5 years. In 2017/18 £150k of the £212k saving relates to lighting
1510	Minor Repairs	0	(2,900)	(2,900)	Highways Asset Management Plan (HAMP) and Highway Inspection
1515	Highways Management	0	(38,400)	(38,400)	Policy is currently under review, along with lifecycle planning for highway

Cost Centre	Cost Centre Description	Savings Already in MTFP £	New Savings £	Total Savings £	Description of Saving
1506	Street Lighting	0	(149,800)	(149,800)	assets, which will give Members the opportunity to review service levels and expenditure
1507	Barriers	0	(300)	(300)	
1504	Winter Maintenance	0	(5,400)	(5,400)	
	Total Highways	**0**	**(212,000)**	**(212,000)**	
	Environmental Maintenance				
2002	Environmental Services	0	(2,000)	(2,000)	Small reductions across various budgets identified as not required
2690	Amenity Grass	0	(300)	(300)	
	Total Environmental Maintenance	**0**	**(2,300)**	**(2,300)**	
	Forestry Maintenance				
1526	Forestry Maintenance	0	(3,000)	(3,000)	The skill set of the new Forestry Officer has redcued the need for external consultancy as well as the potential for selling of services. Over the last 3 years an average of £9k pa has been spent on forestry advice. It is proposed that the Forestry Officer can also provide a tree risk assessment service including advice on statutory works to organisations such as schools, parish councils and housing associations.
1531	Forestry Advice	0	(9,000)	(9,000)	
	Total Forestry Maintenance	**0**	**(12,000)**	**(12,000)**	
	Highways Management				
1515	Highways Management	0	(10,000)	(10,000)	Introduction of the road works permit scheme charging utility companies for road works to improve management of all works on our roads and reduce unnecessary disruption to road users.
	Total Highways Management	**0**	**(10,000)**	**(10,000)**	
	Parking				
1600	Parking	0	(131,000)	(131,000)	(i) £120k increase for parking charges. Charges were last increased in 2012. (ii) £11k Headcount saving - Part time vacancy to be removed from establishment, maintaining the current level of 118 hours of enforcement
	Total Parking	**0**	**(131,000)**	**(131,000)**	
	Public Rights of Way				
1505	Public Rights of Way	0	(20,000)	(20,000)	The cost of mowing/vegetation clearance on the public rights of way network over the past 5 years has reduced substantially from £46k in 13/14 and is estimated to cost £15k in 17/18, partly facilitated by using in house staff to carry out work.
	Total Public Rights of Way	**0**	**(20,000)**	**(20,000)**	
	Public Protection				
2003	Env & Trading Standards	0	(10,000)	(10,000)	

Cost Centre	Cost Centre Description	Savings Already in MTFP £	New Savings £	Total Savings £	Description of Saving
2542	Environmental Protection	0	(600)	(600)	Small reductions across various budgets identified as not required
2590	Dog Warden & Pest Control	0	(2,700)	(2,700)	
2810	Licences	0	(5,000)	(5,000)	Environmental Services business licences issued have been over achieving budget for a numebr of years and this is expected to continue. Licences net budget is £55k but licences have been exceeding £60k
	Total Public Protection	**0**	**(18,300)**	**(18,300)**	
	Waste Management				
2490	Refuse Collection	0	(20,500)	(20,500)	(i) £20k introduction of charge for additional green/garden waste bins (currently free of charge) based on the assumptions of a fee of £40 for a collection service per year and a take up rate of 500 households. (ii) £500 small reduction in budget identifed as not required
2500	Waste Management	0	(6,200)	(6,200)	Small reductions across various budgets identified as not required
	Total Waste Management	**0**	**(26,700)**	**(26,700)**	
	Property Services				
2900	Admin Buildings	0	(80,000)	(80,000)	(i) £55k Removal of repairs and maintenance budget in Property Services as property repairs covered by Central Maintenance repairs and maintenance budgets. Charging external organisations for Property Services expertise and improving in house capitalisation of project management costs. (ii) £45k Headcount saving - with a budgeted FTE for cleaning staff of 8.79 but only 1.34 in post with much of the cleaning being covered by contract cleaners. The proposal is to outsource the remaining cleaning staff, as well as the premises officers, call desk and 'out of hours'
3850	Property Services	0	(20,000)	(20,000)	response team.
	Total Property Services	**0**	**(100,000)**	**(100,000)**	
	Commercial & Industrial Properties				
5817	Oakham Enterprise Park	(39,000)	0	(39,000)	
5824	Residential Garages	0	(20,000)	(20,000)	Income from garages transferred from Spire Homes. Last year, the budget was set at £0 reflecting the fact that work was required to undertake works at the garages and the income raised was set aside to cover these costs. This has been completed and c£20k surplus on the budget is expected in 17/18.
	Commercial & Industrial Properties	**(39,000)**	**(20,000)**	**(59,000)**	
	Culture & Registration Services				

Cost Centre	Cost Centre Description	Savings Already in MTFP £	New Savings £	Total Savings £	Description of Saving
3420	Registration Service	0	(10,000)	(10,000)	Increased income as a result of gradual increase in ceremony activity over last couple of financial years net surplus c£10k. At Q2 2016/17 Weddings 288 (270 2015/16), deaths 121 (114 2015/16), births 157
	Total Culture & Registration Services	**0**	**(10,000)**	**(10,000)**	
	Libraries				
5700	Libraries	0	(24,000)	(24,000)	(i) £19k Headcount - reconfiguration of staffing structure, amendments to duties and changes in hours reducing reliance on need for overtime. Future savings will also be facilitated by the installation of new self-access technology enabling unstaffed provision. This has been successfully achieved in other authorities. (ii) £5k - 7% reduction of book fund as resources are directed to providing e-books and online resources available 24/7, reflecting changes in demand
5718	Prison Library Service	0	(8,000)	(8,000)	Increased grant income by £8k (from £81k to £88k) from Prison Library Service due to increase in inmate numbers but no impact on library costs
	Total Libraries	**0**	**(32,000)**	**(32,000)**	
	Sports & Leisure Services				
5711	Recreation and Leisure	0	(38,000)	(38,000)	(i) £34k Headcount saving - Sports Development Manager post is currently vacant, and can therefore be removed from the establishment. The role oversees Active Recreation which will now be covered by the Head of Culture and Registration. As the Head of Culture and Registration also oversees Libraries, Museums as well as all things culture this will result in a reduction in service capacity to undertake sport and physical activity projects such as public health intervention schemes, major funding bids and developing partnerships. (ii) £4k Reduction in Active Recreation promotional budget in line with activity due to a reduction in service capacity.
	Total Sports & Leisure Services	**0**	**(38,000)**	**(38,000)**	
	Total Places	**(39,000)**	**(632,300)**	**(671,300)**	
	Resources Directorate **Corporate Costs**				

Cost Centre	Cost Centre Description	Savings Already in MTFP £	New Savings £	Total Savings £	Description of Saving
3722	Stationery	0	(2,000)	(2,000)	Small reductions across various budgets inc technical reduction on the cost of apprenticeship levy
3721	External Levies	0	(14,000)	(14,000)	
	Total Corporate Costs	**0**	**(16,000)**	**(16,000)**	
	Accountancy & Finance				
3103	Finance	0	(30,000)	(30,000)	Headcount saving - Review of team structure with implementation of new Agresso easing the burden on transaction processing. Vacancies within the team held rather than loss of staff.
	Total Accountancy & Finance	**0**	**(30,000)**	**(30,000)**	
	Corporate Support Services				
3108	Corporate Support Services	0	(30,000)	(30,000)	Headcount saving - There are a number of vacancies in the team at the moment, being covered by temporary arrangements and the Head of Corporate Governance post is vacant. A review of the structure is being undertaken, linked to but separate to the Admin Review. Saving expected to be c£30k
	Total Corporate Support Services	**0**	**(30,000)**	**(30,000)**	
	Revenues and Benefits				
3000	Revenues	0	(13,000)	(13,000)	Headcount saving - Service review completed. New posts created in respect of debt recovery (an area that needs to be strengthened in this climate) and deputyships (Council has a growing caseload). Savings are being made in relation to some admin posts as changes being made to business processes.
	Total Revenues and Benefits	**0**	**(13,000)**	**(13,000)**	
	Financial Support				
3025	Discretionary Hardship Fund	0	(25,000)	(25,000)	Demand has traditionally been c£25k against a budget of £50k. The budget is simply being reduced to £25k but can be topped up through a specific earmarked welfare reserve. There is no change in policy so residents in need will continue to be supported.
	Total Financial Support	**0**	**(25,000)**	**(25,000)**	
	Total Resources	**0**	**(114,000)**	**(114,000)**	
	Total Directorate Savings	**(39,000)**	**(771,300)**	**(810,300)**	
	Corporate Savings				

Cost Centre	Cost Centre Description	Savings Already in MTFP £	New Savings £	Total Savings £	Description of Saving
	Headcount Reduction Target	(75,000)	(46,000)	(121,000)	The headcount includes a further target of £121k (of which £75k was already in 16/17) to be saved in 17/18. The Council is doing an admin review which will contribute significantly to this saving.
	Total Corporate Savings	**(75,000)**	**(46,000)**	**(121,000)**	
	Total Savings	**(114,000)**	**(817,300)**	**(931,300)**	

Appendix 7: 2017/18 Pressure Analysis

This Appendix gives a description of the net pressures on Functional Budgets, and should be used to support the Directorate summaries (Appendices 3-5).

Pressures themselves have been categorised as follows.
1. Those already included within MTFP - these represent additional pressures arising from Decisions already made by Council or Cabinet;
2. Reversal of Pressures - Reversing pressures already within the MTFP (as no longer required);
3. Pressures funded from earmarked reserves - these represent spending where specific reserves exist to support the expenditure; and
3. New pressures - Represent new pressures identified through the budget setting process.

Cost Centre	Cost Centre Description	Pressures Already within MTFP £	Reversal of Pressure / Saving in MTFP £	New Pressures £	Pressures Funded by ER or Grants £	Total Pressures 2017/18 £	Description of Pressure
	People Directorate						
	Directorate Management Costs						
4501	Adult Social Care - New Burdens				136,300	136,300	The Council will use the new Adult Social Care (ASC) Grant to fund proactive work looking into a review of the direct payments offer, the future models for social care delivery and supporting keeping people in their own homes.
	Directorate Management Costs	**0**	**0**	**0**	**136,300**	**136,300**	
	Public Health						
	Public Health				57,400	57,400	Public Health Grant funding has been reduced by £65k. In order to give the Director of Public Health the time required to reduce existing costs via renegotiated contracts, the Earmarked reserve will be used to fund shortfall. Therefore there will be no impact on the General Fund.
	Public Health	**0**	**0**	**0**	**57,400**	**57,400**	
	Community Inclusion						
4460	Day Opportunities	0	19,900	0	0	19,900	Reversal of external funding received for 15/16 and 16/17 only
	Community Inclusion	**0**	**19,900**	**0**	**0**	**19,900**	
	ASC Prevention & Safeguarding - Staffing						
5857	ASC Prevention & Safeguarding - Staffi	0	16,600	0		16,600	Reversal of external funding received for 15/16 and 16/17 only
	Dilnot Contingency	100,000				100,000	Cost implications of the Dilnot Commission proposals for the future funding of adult social care.
	ASC Prevention & Safeguarding - St	**100,000**	**16,600**	**0**	**0**	**116,600**	
	Early Intervention - Targeted Intervention						

Cost Centre	Cost Centre Description	Pressures Already within MTFP £	Reversal of Pressure / Saving in MTFP £	New Pressures £	Pressures Funded by ER or Grants £	Total Pressures 2017/18 £	Description of Pressure
4207	Disabled Children			221,700		221,700	The Children With Disabilities (CWD) service has additional pressures with the need to meet the costs of further specialist placement provision for children with disabilities. Two new children assessed as needing social care support and requiring specialist high cost placements
	Early Intervention - Targeted Interve	**0**	**0**	**221,700**	**0**	**221,700**	
	Fostering and Adoption						
4211	Placements	20,000		201,700		221,700	On average, there have been 35 Children Looked After (CLA) over the last 18 months. However, this has ranged from between 30 and 40 at any one time leading to an increase in demand for short term placements. Also, there have been additional costs associated with specialist long term placements.
4213	Adoption			35,000		35,000	A number of CLA currently in foster care are in the process of being adopted which should see overall costs between the two services reduce.
	Fostering and Adoption	**20,000**	**0**	**236,700**	**0**	**256,700**	
	Schools and Early Years						
4265	SEN Operations		(25,000)		28,000	3,000	(i) Reversal of funding for fixed term contract for SEND reform officer post that was funded from the SEND grant reserve (ii) The Council has received a SEND grant of £28k which will be used to implement the High Needs Action Plan (refer to report 22/2017)
5360	School Improvement				21,000	21,000	Schools Forum on 12th January discussed the issues surrounding the pressure on high needs funding and agreed the need to work together to reduce costs. The Council will use the additional school improvement grant to support the work required.

Cost Centre	Cost Centre Description	Pressures Already within MTFP £	Reversal of Pressure / Saving in MTFP £	New Pressures £	Pressures Funded by ER or Grants £	Total Pressures 2017/18 £	Description of Pressure
5336	Primary Officer			20,000		20,000	The Early Years funding within the Dedicated Schools Grant (DSG) is changing from 1st April 2017 and the amount that the Council will be able to retain centrally to fund staffing will reduce. In order to maintain the support currently provided to Early Years Providers and Primary Schools, costs previously funded through the DSG will need to be met from the General Fund.
	Schools and Early Years	**0**	**(25,000)**	**20,000**	**49,000**	**44,000**	
	Total People Directorate	**120,000**	**11,500**	**478,400**	**242,700**	**852,600**	

Cost Centre	Cost Centre Description	Pressures Already within MTFP £	Reversal of Pressure / Saving in MTFP £	New Pressures £	Pressures Funded by ER or Grants £	Total Pressures 2017/18 £	Description of Pressure
	Places Directorate						
	Property Services						
3504	Barleythorpe Campus			40,000		40,000	In July next year (2017) Rutland County College is surrendering their lease and returning the asset to us. This bid assumes that a decision on the future has not been made and that we will be picking up 100% of holding costs from day 1. The initial high cost is to cover the installation of security features such as boarding, CCTV and also the decommissioning of the building. This is a cost for 1 year only as the Council is seeking to secure a new tenant as soon as possible. If possible the Council will try to have a tenant in place to mitigate
	Total Property Services	**0**	**0**	**40,000**	**0**	**40,000**	
	Transport						
4680	Transport Fleet			41,000		41,000	Last financial year Drivers and Passenger Transport Assistants were recruited to deliver 9 SEN routes in house. The pressure is an increase in numbers of drivers and assistants taken on to provide transport services for an additional route. Although no savings on budget, using external operators would have created a pressure of £90k.
1518	Public Transport				26,000	26,000	Cabinet is proposing to support the A47 Uppingham/Leicester Bus Service in 2017/18 pending further review later using the Travel4Rutland earmarked reserve
4103	Purchasing Transport			24,300		24,300	Transport pressure for Adult Social Services as additional clients in wheelchairs requiring regular transport to day centres. The transport will be required until clients are either unable to attend or move from the area.
	Total Transport	**0**	**0**	**65,300**	**26,000**	**91,300**	

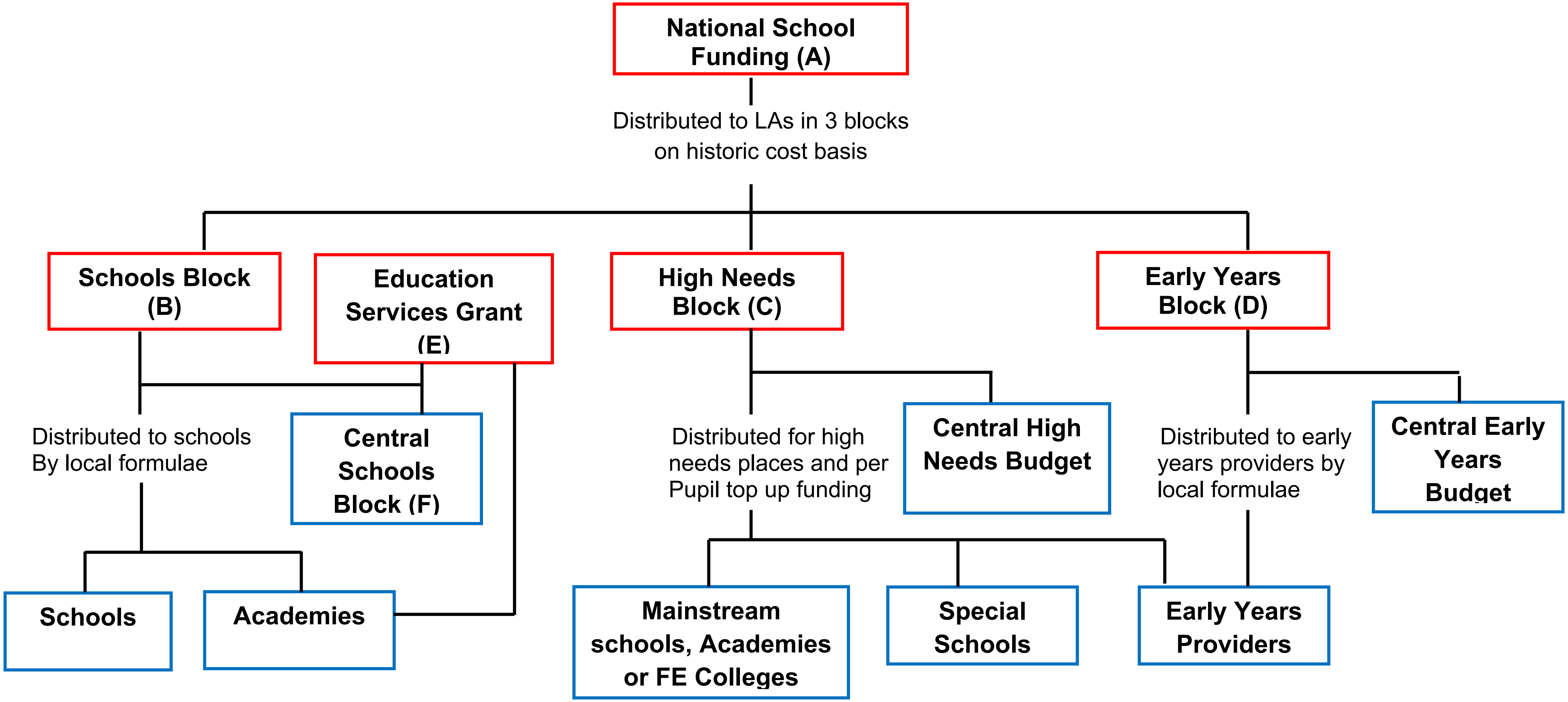
Cost Centre	Cost Centre Description	Pressures Already within MTFP £	Reversal of Pressure / Saving in MTFP £	New Pressures £	Pressures Funded by ER or Grants £	Total Pressures 2017/18 £	Description of Pressure
	Waste Management						
2500	Waste Management	0	0	223,000		223,000	Cost pressures due to increased waste tonnages and adverse pricing changes. Based on tonnages to date, the expected increase in Green waste tonnages for the year is 600 tonnes (total for year 5600). The anticipated increase in Residual Waste for the year is 400 tonnes (total for year 8700). Currently, the Council recycles 32 different materials which generates income. However, Dry Mixed Recycling (grey bins) which used to generate income of £20/t (annual tonnage @4000) is now costing between £10/t and £15/t. The Waste Strategy is in the process of being revised to drive waste minimisation activities.
	Total Waste Management	**0**	**0**	**223,000**	**0**	**223,000**	
	Economic Development						
3702	Digital Rutland				47,000	47,000	This is the predicted funding required for the continuation of the project into 2017/18. The amount includes costs for the part time project manager and additional professional fees. Funding was originally approved by Cabinet in report 43/2011 and the expenditure will be funded from the earmarked reserve.
	Economic Development	**0**	**0**	**0**	**47,000**	**47,000**	
	Libraries						
5700	Libraries				15,000	15,000	The installation of new self-access technology enabling unstaffed provision is an invest to save scheme which will facilitate future savings. This has been successfully achieved in other authorities. This will be funded from the Invest to Save earmarked reserve and will not be a cost to the General Fund
	Libraries	**0**	**0**	**0**	**15,000**	**15,000**	
	Total Places Directorate	**0**	**0**	**328,300**	**88,000**	**416,300**	

Cost Centre	Cost Centre Description	Pressures Already within MTFP £	Reversal of Pressure / Saving in MTFP £	New Pressures £	Pressures Funded by ER or Grants £	Total Pressures 2017/18 £	Description of Pressure
	Resources Directorate						
	Corporate Costs						
3721	External Levies	54,000		0	0	54,000	The Apprenticeship Levy will be introduced in April 2017, and is a 0.5% payroll tax to fund apprenticeship training, paid by any organisation with a payroll bill of more than £3million per annum.
	Total Corporate Costs	**54,000**	**0**	**0**	**0**	**54,000**	
	Total Resources Directorate	**54,000**	**0**	**0**	**0**	**54,000**	
	Total Pressures	**174,000**	**11,500**	**806,700**	**330,700**	**1,322,900**	

Appendix 8

Education Services Funding

This diagram shows how school funding currently works and areas under review. The diagram includes references to where more information can be found.



References - Education Services Funding Explained

(A) National School Funding

The Department for Education is proposing to change the way local authorities are funded in future and have been consulting stakeholders on the best way forward for delivering a fair and transparent funding system where the amount of funding children attract for their schools is based on need and is consistent across the country.

(B) Schools Block

The key features of the schools block funding and the proposed changes are shown below:

Old Schools Block	New Schools Block
Funding received by local authorities using historic Schools Block Unit of Funding (SBUF) multiplied by number of pupils	Allocated based on national funding formula direct to schools by 2019/20
Funding held centrally to fund admissions service and nationally agreed licence fees	Transferred to New Central School Block (F)
Rutland allocates 99.6% of funding to schools using a local funding formula	100% of funding given directly to schools via a national funding formula
Rutland transfers funds to other blocks to meet pressures (early years and high needs)	Blocks will be ring-fenced and transfers between them not permitted

Key Points/Issues:

- As Rutland is currently funded at below the national average, it is likely that Rutland will receive more funding under a national funding formula. However, individual school allocations will fluctuate depending on funding allocated to each factor within the formula.
- There will be no local flexibility to allow for the transfer of funds between blocks.
- The new central school block may be insufficient to meet costs.

(C) High Needs Block

The key features of the high needs block and the proposed changes are:

Old High Needs Block	New High Needs Block
Funding allocated as a lump sum based on historic spend	National Formula to allocate funds including factors such as Disability, Health etc
Some funding held centrally to fund support services e.g. excluded pupils education, staffing costs	No information currently available as to whether this will continue

Old High Needs Block	New High Needs Block
Funding allocated to settings based on pupil needs using Place-Plus approach	No change proposed
Rutland transfers funding from other block to support schools with high needs pupils. Council has a high % of pupils deemed as high needs compared to other LAs.	Blocks will be ring-fenced

Key Points/Issues:

- There is insufficient data to work out with any certainty what the likely impact will be for Rutland.
- Some of the proposed factors being discussed, such as disability living allowance and deprivation, would be low datasets for Rutland and therefore these elements of the formula are likely to produce low allocations.
- As the blocks are ring-fenced, there is no flexibility if costs exceed funding and no indication as to how this would be dealt with in the future
- Stronger leadership, systems and accountability will be required going forward with schools and Schools Forum to ensure pupils correctly assessed as high need.
- The DfE are proposing to provide an overall protection that will limit any year on year reductions for each local authority (a minimum funding guarantee). This will give authorities who face reductions in funding time to plan ahead.

(D) Early Years Block

The key features of the Early Years funding and the proposed changes are:

Old Early Years Block	New Early Years Block
Allocated to local authorities using the Early Years basic Unit of Funding	Allocated to local authorities via new national funding formula including use of area cost adjustment
Local authorities allocate to settings based on local formula – Rutland pays £4.60 per hour	Local authorities allocate to settings based on a simplified local formula – Rutland will only be able to pay £4.40 in 17/18 (£4.25 in 18/19)
Some funding held centrally to pay for support and advice services – Rutland retains £105k (7.2%)	Limit on centrally held funding – Rutland estimate is £96k for 17/18 (£65k thereafter)

Rutland transfers funding from schools block to support early years	Blocks will be ringfenced

Key Points/Issues:

- The Area Cost Adjustment (ACA) has a significant impact on the amount of funding a local authority receives. The ACA for Rutland is 1.04, whereas for Peterborough it is 1.21 meaning that Peterborough will receive a significantly higher hourly rate than Rutland.

- The restriction on the amount of funding that can be held centrally is likely to lead to the Council being unable to retain sufficient funding to cover the cost of the services being provided to early years settings.

- The Council will have less funding to pass on to providers which will put pressure on the Council's responsibility to ensure that all 3&4 year olds receive 15 hours of free provision.

(E) Education Services Grant (ESG)

The main changes proposed for the ESG are shown below:

Old ESG	**Proposal**
General Funding Rate (£77 per pupil) for maintained school pupils only	Funding to cease September 2017
Retained Duties Rate (£15 per pupil) for all pupils	To be transferred into the New Central Schools Block (F)

Key Points/Issues of the changes:

- For Rutland the General Funding Rate element for 2016/17 is £71k and unless a recharge to maintained schools can be agreed or services provided reduced, the loss will be a pressure on the revenue budget.

- For the Retained Duties element, local authorities will be able to recharge to the DSG costs associated with the statutory duties being provided to schools covered by this funding.

- The DfE have indicated that in future years, as responsibilities are removed from local authorities (e.g. school improvement), the funding to support these responsibilities will be reduced.

(F) LA Central Schools Budget

The key features of the new Central Schools Block are:

Old Funding	**New Funding**
	Allocated based on a per pupil calculation – yet to be determined

	Block will be ringfenced

.

Key Points/Issues of the changes:

- Some local authorities have historic commitments within this block and so it is likely that in the short term Rutland may receive more funding than it currently spends. However, it is anticipated that this will reduce as the commitments unwind.

- The DfE proposed reducing funding allocated to this block on the basis of reducing the statutory responsibilities on local authorities such as schools improvement. However, it is now unclear as to whether the reduction in responsibilities will go ahead and this could lead to increased pressure on core budgets.

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Earmarked Reserves

Reserve (ceiling)	Balance at 01 April 2016 £000	Balance at 31 March 2017 £000	Proposed Use in 2017/18 £000	Required?	To be used in 2018/19 and beyond?
Invest to Save (£500k)	478	430	(15)	Yes	Yes
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.					
Internal Audit (£20k)	0	10	0	Yes	Yes
With the delegation of internal audit services to LGSS balances held on behalf of the Welland Internal Audit Consortium have been repaid to the member local authorities. Part of Rutland's share is held in the reserve to fund fraud or additional internal audit activity.					
Planning Delivery Grant (current balance)	49	35	0	Yes	Yes – required in 2018/19
Reserve held to support continued development of Local Planning Framework					
Welfare Reserve (£150k)	153	125	0	Yes	Yes
The Welfare Reserve combines the under spend on the Discretionary Fund, Crisis Loans and unused grant given by Government to fund welfare reform administration. Funds can also be used to support any changes to Local Council Tax support in the future.					
Training (£80k)	80	70	0	Yes	Yes
Created from underspends on the training budget and investment in a leadership programme for senior managers and customer service continue to be priorities.					
Highways (£300k)	309	401	(20)	Yes	Yes
The Highways reserve combines external funding received from Government for Sustainable Drainage Schemes (which is partly on hold); S38 Income 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)	Balance at 01 April 2016 £000	Balance at 31 March 2017 £000	Proposed Use in 2017/18 £000	Required?	To be used in 2018/19 and beyond?
NNDR (unlimited)	0	0	0	N/A	N/A
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.					
Tourism (limited to available funding)	49	33	(15)	Yes	Yes
Continued funding of tourism initiatives from Anglian Water funding.					
SEN/SEND Grant (£grant received)	211	126	0	Yes	Yes
The SEN and SEND reform Grants are required to complete the transfer of Statements of SEN to Education, Health & Care Plans (EHCP) as defined by the Children & Families Act 2014.					
Travel4Rutland (current balance)	26	26	(26)	Yes	No
This is the revenue generated by the ShoreLink and WorkLink services during the first 18 months of operations.					
Insurance and Legal (£200k)	250	170	0	Yes	Yes
A new reserve set up to meet any additional costs from claims, appeals or other legal claims.					
Digital Rutland (£current balance)	276	57	(47)	Yes	Yes
As agreed by Cabinet, amount set aside for completion of Digital Rutland works, a substantial amount is to be used in 16/17.					
Social Care (£750k)	623	635	(45)	Yes	Yes
The remit of this reserve is to 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. It will be used in 16/17 to fund					

Reserve (ceiling)	Balance at 01 April 2016 £000	Balance at 31 March 2017 £000	Proposed Use in 2017/18 £000	Required?	To be used in 2018/19 and beyond?
external support to help try and reduce placement costs.					
Other Reserves	573	283	0	No	No
'Other' Reserves includes those set up for Budget Carry Forwards which have now been used or are no longer required. The residual amount will be transferred to General Fund Reserves.					
Earmarked reserves total sub total	**3,077**	**2,401**	**(168)**		
Public Health (unlimited)	415	285	(67)	Yes	Yes
Ring fenced reserve which must be spent on public health objectives					
Better Care Fund (unlimited)	334	256	0	Yes	Yes
Ring fenced reserve which must be spent on BCF schemes					
Total	**3,826**	**2,942**	**(235)**		

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Rutland County Council **Appendix 10**

Draft Budget for 2017/18 - Capital Programme

This appendix shows the detailed Capital Programme for both approved projects and capital funding awaiting allocation, and how the programme will be funded.

Directorate		Project Description	Budget 2017/18 £000
People	Approved	Devolved Formula Capital	32
People	Approved	Disabled Facilities Grants	186
People	Approved	Liquid Logic	27
People	Approved	Oakham C of E Primary School (Single Storey Expansion - 9	651
People	Approved	Catmose College - Phase 1	132
People	Approved	Catmose College - Phase 2	130
People	Approved	Catmose College - Phase 3	1,950
People	Approved	Uppingham C of E Primary School	200
People	Approved	Barleythorpe Primary Free School - Contribution	200
People	Approved	SEN	200
Total People Capital Programme			**3,708**
Places	Approval Required	Highways Capital Projects	2,227
Places	Approval Required	Highways Incentive Funding	143
Places	Approved	Digital Rutland	400
Places	Approved	Barleythorpe Site Redevelopment	200
Total Places Capital Programme			**2,970**
Resources	Approval Required	IT Capital Projects	150
Total Resources Capital Programme			**150**
Total Capital Programme			**6,828**

Approved	Capital programmes already approved or ring fenced funding received yearly
Approval Required	Capital programmes planned but would require further approval

Appendix 11 List of changes to the draft revenue budget

The draft budget has been updated following confirmation of grants to be received from Government and associated revisions to spending plans and changes to inflation assumptions and other estimates. All changes are itemised below.

	Ref	Draft budget 2017/18 £000	Change	Final 2017/18 £000
People	7,8,9,10	16,135	244	16,379
Places	4,5	12,299	(59)	12,240
Resources	6	5,404	(6)	5,398
Sub-Total Directorate budgets		33,838	179	34,017
Headcount Saving		(121)		(121)
Pay Inflation contingency		45		45
Social care contingency	11	200	50	250
Sub-Total Contingencies & Corporate Savings		124	50	174
Net cost of services		**33,962**	**229**	**34,191**
Revenue contribution to capital		0		0
Appropriations		(1,897)		(1,897)
Capital financing costs		1,905		1,905
Interest income		(180)		(180)
Sub-Total Capital		(172)	0	(172)
Total Net Spending		**33,790**	**229**	**34,019**
Funding	1,2,3	**(33,615)**	**(115)**	**(33,730)**
Use of earmarked reserves	5,9	**(108)**	**(162)**	**(270)**
Use of General Fund reserves		**67**	**(48)**	**19**

Ref	Directorate £000	Funding £000	Earmarked reserves £000	Description
				Funding
1		(28)		Additional funding for local authorities to carry out special educational needs and disabilities (SEND) reforms in the 2017/18 financial year has been received
2		(21)		Anticipated increase in School Improvement grant to be received. Estimated grant will be in the region of £50k
3		(66)		The Council has been notified that it will continue to receive an Independent Living Fund grant for 2017/18, 2018/19 and 2019/20. This grant helped people who had both day and night care needs and funded a care support package to

Ref	Directorate £000	Funding £000	Earmarked reserves £000	Description
				help them live independently in the community rather than in residential care.
				Places
4	(85)			The revised parking fees (Report 23/2017) are expected to generate an additional £85k in fees.
5	26		(26)	Cabinet is proposing to support the A47 Uppingham/Leicester Bus Service in 17/18 pending a further review later using the Travel4Rutland earmarked reserve.
				Resources
6	(6)			The Council will receive more in Subsidy grant for Benefits administration from Government than originally envisaged. This gives extra income and reduces net costs.
				People
7	28			The Council has received an SEND grant of £28k which will be used to implement the High Needs Action Plan (refer to report 22/2017).
8	21			Schools Forum on 12th January discussed the issues surrounding the pressure on high needs funding and agreed the need to work together to reduce costs. The Council will use the additional school improvement grant to support this work required.
9	136		(136)	The Council will use the new Adult Social Care (ASC) Grant to fund proactive work looking into a review of the direct payments offer, the future models for social care delivery and supporting keeping people in their own homes.
10	59			The Council has revised inflation rates for costs of care based on its understanding of the local market.
11	50			Increase in ASC contingency following work on 80+ population growth
	229	(115)	(162)	

Two of the above changes will impact on future years as shown below. In addition, New Homes Bonus projections have been revised downwards:

	2018/19 £'000	2019/20 £'000	2020/21 £'000
Use of General Fund Balances @10th January 2017	**1,451**	**1,920**	**1,926**
Increase in Parking income	(85)	(85)	(85)
Independent Living Fund Grant	(63)	(62)	
New Homes Bonus – reduction in anticipated payments	19	38	38
New Use of General Fund Balances	**1,322**	**1,811**	**1,879**

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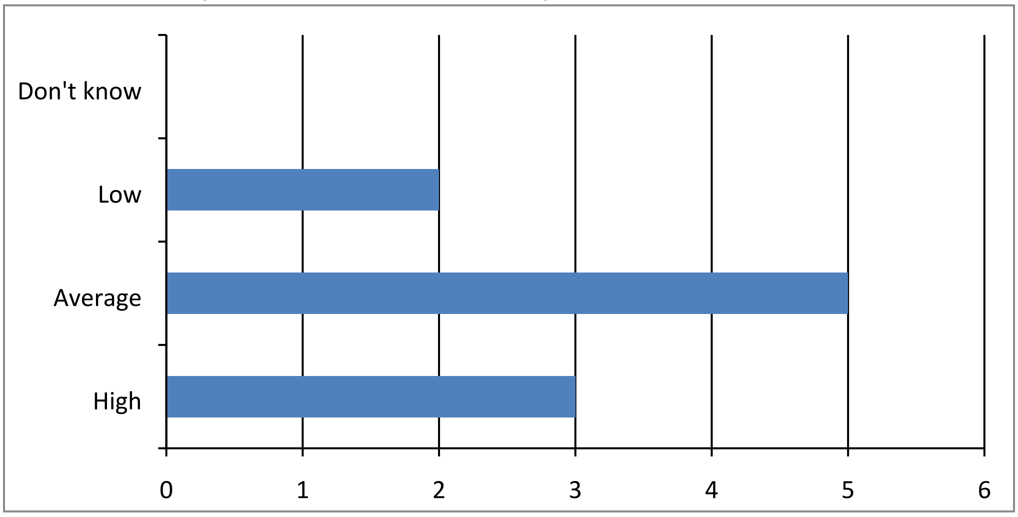
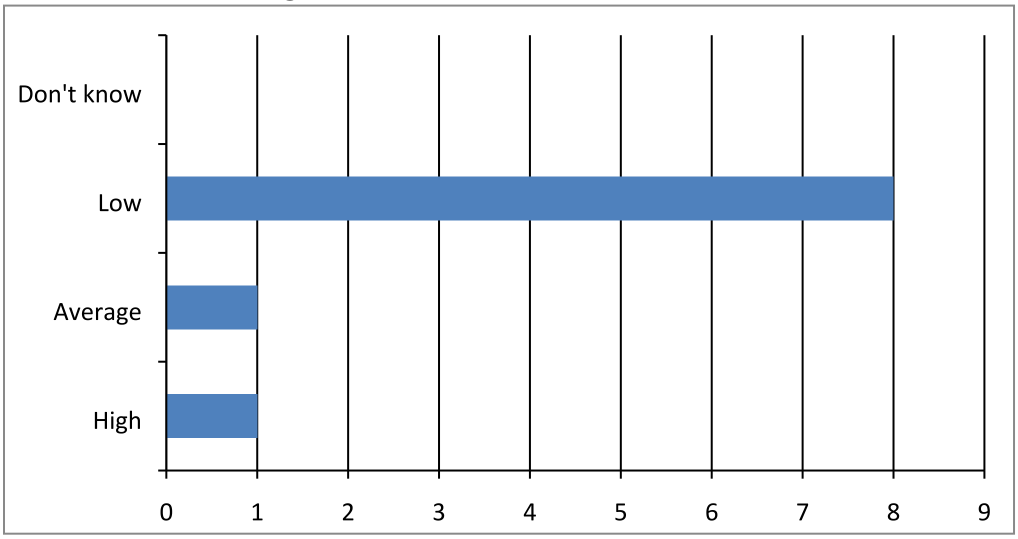
Appendix 12 Consultation Responses

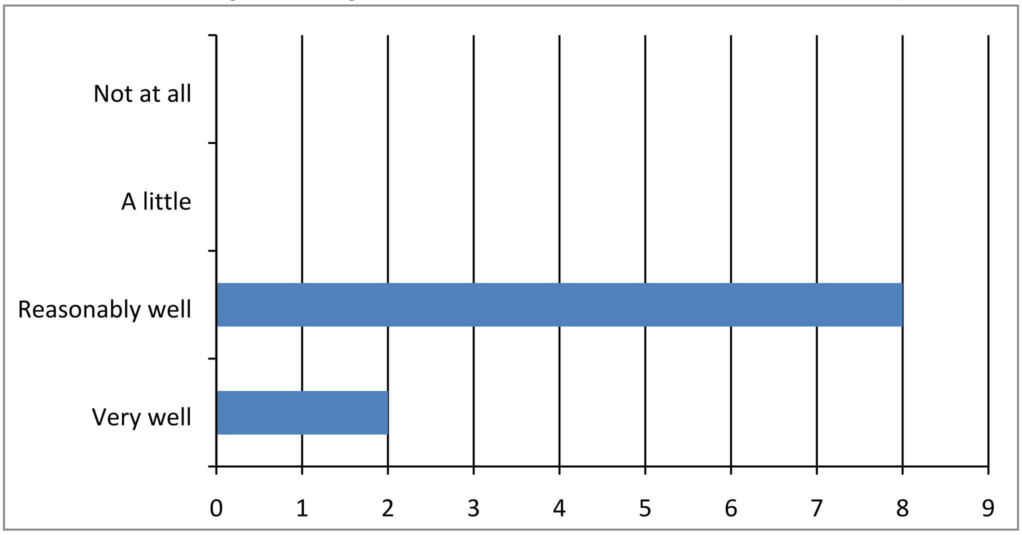
Q1. Where do you think Rutland County Council ranks in terms of spending?



Q2. Where do you think Rutland County Council ranks in terms of how much funding it receives from the government?



Q3.How well do you feel you understand the Council's financial position?



Q4. Do you have any comments or suggestions about the Council's draft budget proposals?

Area	Feedback	Council comments
Empingham	I think we need to raise the money to pay for services. The population of Rutland is skewed and we need to pay for social care. Those of us who can afford to pay should be prepared to help others	Comments noted
Not provided	Please remember that RPI and therefore wage rises are still sub 2% and a near 4% rise in Council Tax will start to impact on ability to pay. Could the council consider spreading individual bills over 12 months rather than 10 to make monthly payments smaller and more manageable? Also I would like to see some innovative thinking regarding fund raising and corporate contribution- Rutland continues to be a most attractive place to live and we need to ensure this attracts a premium from housing developers.	Council tax bills can be paid over 12 months. The Council also operates a council tax discount scheme for those who demonstrate financial hardship and residents are encouraged to apply if they are in financial difficulty. The Council agrees it needs to be more commercial and will be looking for opportunities to generate income.
Not provided	I strongly believe Rutland council wastes more than enough of our money the council office should be on an industrial estate and the building sold. There is no reason they should occupy such a grand building. I also don't understand why bin lorrys and other council vehicles need private number plates payed with our money.	The Council recognises it has to save money and should the opportunity arise and there be a robust business case it is willing to consider an alternative location.
Not provided	The increased growth of housing and lack of investment in social and community infrastructure is likely to have far reaching consequences against the medium term financial strategy. This should have been recognised at the time planning was determined and agreed against the Local a plan with matched investment to cope with the increasing and projected demand on services. The council and developers investment in "hard" infrastructure has been strong, e.g. Roads, bypass etc. It is a shame a level of cooperation and discussion with health and education providers was not conducted earlier on and against a robust evidence base to	The Council levies s106 and CIL and uses this alongside other funding (government grants, capital receipts etc) to fund infrastructure where there is a need. The CIL tariff was set after consultation including key partners and the Infrastructure List does include a wide range of requirements across all areas. In respect of education the Council does receive education grants which it uses alongside CIL and s106 to fund developments. The Council has recently agreed various proposals to address a need re school places. Council tax revenue is not generally used

Area	Feedback	Council comments
	provide an adequate CIL tariff. If undertaken this council tax increase could have been mitigated in part - the cost of living on household basics such as foods is likely to rise significantly with Brexit so affordability and rising poverty at relative and absolute levels is likely to increase also. As such the councils debt position is also likely to increase with corresponding rise in non-payers and universal credi support/ council tax support allowances. What projections are forecasted in Rutland, it is not clear in the supporting documents? It is a shame that council tax has been used historically to gap fund infrastructure, e.g. Oakham Enterprise Park where the market could have delivered the investment- no serious market failure was ever evident in this instance from what I could see. Are sufficient surpluses now being generated to pay back a decent ROI to RCC? It would be great to see RCC as an enterprising and now awarding council demonstrating how money is being investmented and the returns generated - rather than immediately jumping to council tax increases in non-election periods.	on infrastructure projects and there are no plans to do so. The proposed council tax increase is not related to any need to invest in infrastructure but arises primarily because of losses in central government funding. One of the reasons for the investment in OEP was to address market deficiencies and the high demand for units (in particular from business new to the area) supports the original decision. The Council is now generating revenue income which keeps the costs of services lower.
Not provided	I fully support the inclusion of 2% for social care but this must be ringfenced and a minimum figure. Cut back on street lighting and grass cutting and put the savings to social care.I support the draft budget.	The Council is investing in social care and does set aside funds to meet increased costs. The Council has made savings on street lighting and will be looking next year at options regarding grounds maintenance.
Not provided	Why do you have investments and loans outstanding? Would it not be beneficial to repay the loans thus reducing interest costs, at the expense of lower interest income at a time when rates are at a historic low?	Over £8m of our loans were inherited from Leicestershire County Council when Rutland obtained unitary status. Other loans have been secured to deliver major capital works. There are premiums that have to be paid if loans are paid off early and at the moment it is not financially beneficial to do so.

Area	Feedback	Council comments
Whissendine	Far too high - my income has not gone up nearly 4% this year so where does the extra I have to pay come from	The Council understands the pressure on residents and for many years had not increased Council tax. The loss of Government funding alongside increased demand for statutory services mean that Council tax increases cannot be avoided. The Council does operate a council tax discount scheme for those who demonstrate financial hardship and residents are encouraged to apply if they are in financial difficulty.
Barleythorpe	Unfortunately with the government funding being phased out, a 3.99% rise in council tax is unavoidable	Comments noted
Burley	Central Goverment is shifting the responsibility for funding so that it does not suffer the odium of taking the necessary actions which there policys are making necessary, at election time I hope we can make our views known in both council and national elections.	Comments noted

Report No: 41/2017
PUBLIC REPORT

CABINET

14 February 2017

TREASURY MANAGEMENT STRATEGY 2017/18

Report of the Director for Resources

Strategic Aim:	Sound Financial and Workforce Planning	
Key Decision: Yes	Forward Plan Reference: FP/041116/07	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor Tony Mathias, Leader and Portfolio Holder for Finance and Places (Highways, Transport and Market Towns)	
Contact Officer(s):	Debbie Mogg, Director for Resources	Tel: 01572 758358 dmogg@rutland.gov.uk
	Saverio Della Rocca, Assistant Director - Finance	Tel: 01572 758159 sdrocca@rutland.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS
That Cabinet RECOMMENDS TO COUNCIL to approve the Treasury Management Strategy in Appendix 1, including the Investment Strategy, Borrowing strategy, Minimum Revenue Provision statement and Capital Expenditure Prudential indicators.

1 PURPOSE OF THE REPORT

1.1 This report sets out the expected treasury operations for 2017/18 to 2019/20, linked to the Council's Budget, Medium Term Financial Strategy and Capital Strategy. It is inextricably linked to delivering the Council's aims, priorities and values. It contains four key legislative requirements:

- The Treasury Management Strategy Statement which sets out how the Council's treasury service supports capital decisions, day to day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the Authorised Limit required by S3 of the Local Government Act 2003 and is in accordance with the CIPFA (The Chartered Institute of Public Finance & Accountancy) Codes of Practice. Any changes to the strategy during the year will be subject to the approval of members.

- The reporting of the prudential indicators for capital, external debt and the treasury management prudential indicators as required by the CIPFA Treasury Management Code of Practice.
- The investment strategy which sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the Department for Communities and Local Government (DCLG) Guidance on Local Government Investments updated in 2010.
- The Council's Minimum Revenue Provision (MRP) Policy, which sets out how the Council will pay for capital assets through revenue each year as required by Local Authorities (Capital Finance and Accounting) Regulations 2008.

2 BACKGROUND AND MAIN CONSIDERATIONS

2.1 The Council's treasury strategy in Appendix 1 includes the following sections:

- What are our investment objectives? (Paragraph 2.2)
- What types of investments do we make and who with? What rules do we work to? (Paragraph 2.3)
- What type of returns do we achieve on Investments? (Paragraph 2.5)
- Why do we borrow? (Paragraph 3.1)
- What are the Council's borrowing objectives? (Paragraph 3.2)
- What is the Council's borrowing need (the Capital Financing Requirement)? (Paragraph 3.5)
- What is the current level of debt and how might it change? (Paragraph 3.6)
- When is debt due and can/will we repay it early? (Paragraph 3.7)
- What is the cost of borrowing? How is this shown in the Revenue Account? (Paragraph 3.8)
- What are the limits to borrowing activity? (Paragraph 3.9)

2.2 There are no changes proposed from last year's Treasury Management Strategy.

3 CONSULTATION

3.1 No formal consultation required.

4 ALTERNATIVE OPTIONS

4.1 **Option 1.** To approve the 2017/18 Treasury Management Strategy Statement. This is the recommended option.

4.2 **Option 2.** Not to accept the 2017/18 Treasury Management Strategy. This is not recommended as it means that the Council will be in breach of its statutory obligations.

4.3 **Option 3.** To approve the Strategy with revisions to any one of the following elements:

- propose alternative investment criteria, including revisiting the Council's appetite for risk, the kinds of investment vehicles available – this is not recommended as to diversify extensively into other complex other products would require greater financial resource and result in greater risk with no absolute guarantee of greater returns.

- reconsidering its existing investment objectives of security first, liquidity second and then maximisation of returns – in light of the Council's own experience with Heritable bank and current financial climate, this is not recommended

- amend the external borrowing limit – given the uncertain financial climate and current level of borrowing, this is not recommended;

- amend counterparty list – this would limit the potential for investments so is not recommended at this time;

- making voluntary CFR/MRP contributions – this could be undertaken but would restrict the resources available to fund the capital programme and undertake invest to save capital projects such as OEP;

- repay debt now – this is not advisable based on the cost benefit analysis undertaken.

5 FINANCIAL IMPLICATIONS

5.1 The Medium Term Financial Plan includes three amounts for interest payable on loans (this is fixed), interest receivable on investments (changes in the Treasury Management Strategy may result in increased returns) and MRP (which is based on the current capital plans). There have been no changes to amounts in the MTFP from any of the decisions arising from this strategy. PWLB loans will be monitored and if it is advantageous for the Council, then repayment or restructuring will be considered.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

6.1 The report meets the requirements of both the CIPFA Code of Practice on Treasury Management, the CIPFA Prudential Code for Capital Finance in Local Authorities and the Council's Financial Procedure Rules. The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.

6.2 The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;

- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions were made in 2012/13);

- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;

- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;

- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;

- Under the Act the CLG has issued Investment Guidance to structure and regulate the Council's investment activities; and

- Under Section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8 November 2007.

6.3 The Council's strategy explains how it complies with this legal framework.

6.4 As per Article 4 of the Council's Constitution the Treasury Management Strategy forms part of the Council's Policy Framework. It therefore requires the approval of Full Council.

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 The Council is required to approve a Treasury Management Strategy.

10.2 The Investment interest rates remain constantly low in the short term and in order to maximise the returns available, various changes have been recommended.

10.3 The Council is not planning to take on new borrowing or repay existing borrowing.

11 BACKGROUND PAPERS

Capital Programme 2017/18 to 2019/20
Budget Setting Report 2017/18 (44/2017)

12 APPENDICES

Appendix A	Treasury Management Strategy
Appendix B	Investment Counterparty Selection Criteria
Appendix C	PWLB Debt Analysis
Appendix D	Economic Background Review (Provided by Capita)
Appendix E	Glossary of Treasury Management Terms

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

Appendix A. Treasury Management Strategy 2017-18

1 OVERVIEW OF STRATEGY

1.1 **What is Treasury Management?**

1.1.1 Treasury management is the term used to describe the way a council manages the cash it needs to meet both its day-to-day running costs and borrowing for capital expenditure. The treasury management function for a council will make the arrangements to borrow and invest money either over the short or the longer term in order to ensure that it has money available when it needs it.

1.1.2 CIPFA defines treasury management as"…the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

1.2 **What framework or rules do we need to follow?**

1.2.1 In making arrangements for treasury management, a council is required to follow CIPFA's Treasury Management Code. The Code aims to help ensure that councils manage the significant risks associated with the function while also ensuring the council receives value for money.

1.2.2 It is very important that Councils understand the risks that are associated with treasury management, as highlighted by the collapse of the Icelandic banks a number of years ago, which put at risk substantial funds that had been invested. The key treasury management risks are:

- Credit risk – the risk that a bank or other institution will not be able to pay back the money invested in them.
- Interest rate risk – the risk that a council's budget will be adversely affected by unforeseen changes in interest rates.
- Liquidity risk – the risk that a council will have funds tied up in long-term investments when it needs to use that money.
- Refinancing risk – the risk that when loans and investments reach the end of their term, a council will not be able to re-borrow or reinvest the money on acceptable terms or interest rates.
- Legal and regulatory risk – the risk that unforeseen legal and regulatory changes have an adverse impact on a council.

1.2.3 A council is required to approve a treasury management strategy, which sets out how it will borrow and invest money and manage those risks.

1.2.4 Before 2004, there was a very complicated framework of rules and regulations that controlled how councils were allowed to invest in assets and the amount that they could spend. April 2004 saw the introduction of CIPFA's The Prudential Code for Capital Finance in Local Authorities. The Prudential Code provides a framework within which councils can judge for themselves whether capital investment is affordable, prudent and sustainable in the year in question and in future years. The Prudential Code is given statutory backing, which means that councils are required to ‘have regard’ to it, by the Local Government Act 2003 (in England and Wales).

1.2.5 Councils need to prove that they are complying with the Prudential Code and this is done through a series of prudential indicators that are set locally and approved at the same time as the council sets its budget for the following year.

1.3 **What are the reporting requirements?**

1.3.1 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

1.3.2 **Treasury Management Strategy** - The first, and most important report covers:

- borrowing strategy, including capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time); and
- the treasury management strategy (strategy guidelines for choosing and placing investments, the principles to be used to determine the maximum periods for which funds can be committed, what specified and non specified investments will be considered how the investments and borrowings are to be organised) including treasury indicators.

1.3.3 **Mid Year Treasury Management Report** – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

1.3.4 **Annual Treasury Report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

2 INVESTMENT STRATEGY

2.1 Why do we invest?

2.1.1 The Council receives lots of income from council tax, business rates and central government. The majority of council tax and business rates payments are received between April and January, with expenditure being fairly static throughout the year.

2.1.2 At any point of time in the year, the Council can have between £19m - £32m available to invest. The estimated level of investments at year end based on the current cash flow calculations and for the next few years is shown below. The Total investments at Quarter 2 show the estimated level of investment at the mid-point during the financial year.

	2016/17 Actual £000	2016/17 Forecast £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Total Investments at Quarter 2	28,880		30,047	28,101	25,655
Total Investments at 31 March		22,586	22,535	21,076	19,241

2.1.3 Like us as individuals, the Council will invest surplus money in various ways to get a return on balances thus generating extra income. As per our overall objectives, we ensure that these surplus balances are managed in a way to maximise the income potential whilst having regard to security risk.

2.2 What are our investment objectives?

2.2.1 The Council's investment strategy primary objectives, in order of importance are:

- safeguarding the re-payment of the principal and interest of its investments on time – losing any funds like in the case of Icelandic banks would be very significant in this financial climate;
- adequate liquidity – the Council does not want to run short of money so it cannot pay its bills or does not have money available to make investments in capital expenditure;
- maximising the investment return – this is clearly important but the Council does not want to maximise returns at the expense of the first two objectives.

2.2.2 These objectives filter through this strategy.

2.3 What types of investments do we make and who with? What rules do we work to?

2.3.1 In order to safeguard the Council's funds, the Council has various rules in place which determine what type of investment is made and who with. As noted above, the primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration.

2.3.2 The Council's investment decisions adhere to the following rules:

- **The Council will only invest in agreed specified and non specified investments** (the list is given in Appendix B) – any investment option not on the list cannot be pursued for instance local authorities cannot invest directly on the stock exchange;

- In investing in specified and non –specified investments, **the Council will only invest with high quality counterparties** e.g. whilst the Council can place investments with banks (these are specified investments), it will only do so if the bank meets a certain creditworthiness as defined by the three main credit agencies, Fitch, Moody's and Standard and Poors (Appendix B sets out the criteria for credit worthiness). The Council will also make use of other operational market information where relevant before placing investments.

- **The Council sets time periods and limits** on various types of investment (Appendix B gives detail). If the Council did not do this then officers could theoretically make a sizeable investment for a long period of time leaving the Council short of working capital.

- **The Council sets a maximum level of risk based on the historic risk of default.** The risk rating is represented by a % likelihood of investments being defaulted on over a 12 month period. The ratings are produced by Capita. The guideline amount is set at 0.100% across the whole portfolio. This benchmark is a simple target (not a limit) to maximum risk, so may be exceeded from time to time, depending on movements in interest rates and counterparty criteria. Any time the Council exceeds the benchmarks, this will be reported, with supporting reasons in the Mid-Year or Annual Report.

2.4 How long do we invest for?

2.4.1 The Council needs to manage its liquidity risk – it does not want to hold too much money but equally it does not want to run short of money. The CIPFA Treasury Management Code of Practice defines liquidity as "having adequate, though not excessive cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives".

2.4.2 Notwithstanding the investment rules above which mean there are agreed time periods for certain investments, the Council seeks to maintain:

- Bank overdraft - £0m

- Liquid short term deposits of at least £1m available with a week's notice.

2.4.3 All investments will be made ensuring that at least £1m is available within a weeks' notice.

2.5 **What type of returns do we achieve?**

2.5.1 This will depend on economic conditions and type of investments we make. In 2016/17 the Council forecasts to make interest of £228k on investments of c£30m giving an overall return of c0.70%.The in-year performance is included within the Quarterly Finance report. The latest report is the 2016/17 Q3 report (37/2017). Following the reduction in Bank Base Rate in August 2016 from 0.50% to 0.25% investment interest rates have also reduced. The effect of this is that return on investments has reduced from 0.81% in Quarter 2 to a forecast year end return of c0.70%

2.5.2 Over the medium term, the Council expects to make returns as shown in the table below. The investment interest income forecast is:

2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
254*	180	210	170

* The Council also receives interest from sources other than investments. A Housing Association is recharged the principal and interest for loans that the Council has made to it, the final payment will be in 2051/52 (£13k 2016/17). In 2016/17 £13k was received from the sale of buses and from the delayed sale of Barleythorpe Hall.

2.5.3 These returns assume interest rates follow the trends as set out by Capita. Capita have provided their view of future interest rate and other market movements upon which our assumptions are based (see Appendix E). Bank Base Interest Rate Forecasts 2017-18 (provided by Capita) are shown below.

Jan-17	Apr-17	Jun-17	Sep-17	Jan-18	Apr-18	Jun-18
0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%

2.6 **How is performance measured?**

2.6.1 The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. An example of a performance indicator often used for the investment treasury function is internal returns above the 6 month LIBOR rate (the average interbank interest rate at which a selection of banks on the London money market are prepared to lend to one another). The Council will again monitor performance against the LIBOR rate in 2017/18.

	2015/16	2016/17 (Q3)
RCC Returns	0.71%	0.81%
LIBOR	0.59%	0.53%

2.7 **Who makes investment decisions?**

2.7.1 The Assistant Director Finance (S151 Officer) is responsible for the overall management of the authority's investment, borrowing and other capital financing arrangements, but delegates day to day treasury management activity to other officers. The Assistant Director Finance (S151 Officer) and the delegated officers maintain records of all borrowings and lending of money by the Council.

2.7.2 Officers prepare and monitor cash flows and borrowing during the year and will invest or recall funds in order to maximise returns with secure counterparties and to ensure the Council's bank accounts are not overdrawn.

2.7.3 Officers attend regular regional awareness seminars, provided by Capita and attend appropriate technical training courses that are provided by CIPFA. On the job coaching and supervision is an integral part of officer training

2.7.4 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

2.7.5 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2.7.6 The Council currently uses Capita Asset Services as its external treasury management advisors, which provides a range of services which includes generic investment advice on interest rates, timing and investment instruments; and credit ratings/market information service comprising the three main credit rating agencies.

3 BORROWING STRATEGY

3.1 Why do we borrow?

3.1.1 Council's borrow to fund capital expenditure or refinance/reschedule existing borrowing e.g. replace one loan with one at a lower rate. There are 7 types of borrowing that may be considered under this strategy.

a) Borrowing to fund a scheme that will reduce the Council's ongoing revenue costs in future years, or avoid increased costs in future years.

b) Borrowing to fund the purchase of essential vehicles plant and equipment in order to maintain Council functions.

c) Borrowing in advance of anticipated receipts to enable the Council to invest in capital expenditure before it has the income to fund the investment.

d) Borrowing to enable the Council to fund a larger capital programme than it is able to do using Government grant and self-financed borrowing.

e) Borrowing to fund an overspend on a large-scale capital scheme that would otherwise have to be funded from a revenue contribution to capital outlay, with major impact on the council's revenue budget.

f) Borrowing to fund a capital development which the Council believes is so essential to the transformation of Rutland, and able, within the context of setting a robust budget and medium term financial strategy, to allocate to the development a specific, ongoing, relatively secure source of funding that can clearly be seen to be able to cover the cost of debt financing for the project over its expected life.

g) Borrowing to reschedule existing borrowing i.e. replace existing loans with others.

3.1.2 Effectively, the Council works out its capital expenditure plans and then calculates how much it needs to borrow having considered whether it should fund capital expenditure using other options.

3.2 What are the Council's borrowing objectives?

3.2.1 The Council's objectives are to:

- fund the capital programme in line with 3.1;
- avoid external borrowing as far as possible i.e. use other sources of funding first where possible;
- repay borrowing early if this is financially prudent and viable;
- reduce its borrowing charge if this represents value for money;
- ensure any new borrowing is affordable.
- work within prudential indicator limits.

3.2.2 Capital expenditure can actually be funded in different ways, borrowing is just one option. Each way is different and can have a different impact. The table below explains the options including borrowing.

Source	Description	Advantages	Disadvantages
1. Revenue	Councils are free to make a contribution from their revenue budget to fund capital schemes - this is known as direct revenue financing. There are no limits on this. Funding from revenue means the Council gets one-off revenue "hit" to the value of the contribution/asset.	• By funding capital in one go or from revenue – we don't need to externally borrow so avoid paying high interest costs or a borrowing charge in the Revenue account	• We cannot do this if we do not have revenue balances – a lot of Council's don't do it these days for this reason • Once the revenue balances are gone they cannot be used again and it can be hard to build them up • Council's investment income goes down because by reducing balances a Council has less invested and so earns less interest
2. Capital receipts	This is the money received from the disposal of capital assets – the rules say that Councils can only use capital receipts for repayment of debt or to finance new capital expenditure	• By funding capital via receipts – we don't need to externally borrow so avoid paying high interest costs or a borrowing charge in the Revenue account	• Once the capital receipts are gone they cannot be used again • Council's investment income goes down because by spending receipts a Council has less invested and so earns less interest
3. Grants and contributi ons	These can come from central government or other organisations – the Council gets a few capital grants. They cannot be used for anything else but funding capital.	• By funding capital via grants – we do not need to externally borrow so avoid paying high interest costs or a borrowing charge in the Revenue account	• Once the grants are gone they cannot be used again • Council's investment income goes down because by spending grant income a Council has less invested and so earns less interest
4. External	Councils can borrow money to	• Councils can progress	• It is not always an option – Council's

Source	Description	Advantages	Disadvantages
borrowing	pay for capital assets – most Councils borrow through the Public Works Loan Board (PWLB), a bank or other lender	schemes rather than wait until funding is available • Council's do not deplete any of their existing balances by borrowing	set a borrowing limit which they try and work within • Generally more expensive than using grants etc as the loan interest rate is usually higher than what the Council can earn on investments • There is a borrowing cost charged to the Revenue account as well as interest costs
5. Section 106	Use of section 106 funds from planning developments can be used for capital or revenue. As the purpose of 106 is to invest in infrastructure to support development then it tends to be capital	• By funding capital via s106 – we do not need to externally borrow so avoid paying high interest costs or a borrowing charge in the accounts	• Once Section 106 is gone it cannot be used again • Council's investment income goes down because by spending s106 income a Council has less invested and so earns less interest
6. Using cash balances (self-financing)	Councils can use their internal resources, cash balances, to meet capital expenditure Funding from cash balances means the Council does not get a one-off revenue "hit" but the cost is spread over time.	• By funding capital via internal resources – we do not need to externally borrow so avoid paying high interest costs • Even though a Council might spend £1m today, the Revenue 'hit' is spread over time e.g. £20k a year over 50 years – that's the way the rules work	• Generally more expensive than using grants/revenue or capital receipts because there is a borrowing cost charged to the Revenue account (but no interest costs) • Council's investment income goes down because by using cash balances a Council has less invested and so earns less interest

3.2.3 Typically, the most expensive option is externally borrowing so Councils will do what they can to avoid that. This is a key objective for this Council. As noted above, a Council cannot use capital grants or capital receipts for anything else so it makes no sense to externally borrow if you have these resources available and do not have future plans to use them.

3.3 **Can we borrow in advance of need?**

3.3.1 The Council has some flexibility to borrow funds in advance of need for use in future years. The Section 151 Officer may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Section 151 Officer will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities. Borrowing in advance will be made within the constraints that:

- It will be limited to no more than 50% of any expected increase in borrowing need (CFR – see para 3.5) over the three year planning period;
- The Section 151 officer would not look to borrow more than 18 months in advance of need; and
- Risks associated with any advance borrowing activity will be subject to appraisal in advance and subsequent reporting through the mid-year or annual reporting mechanism.

3.3.2 To date the Council has never borrowed in advance of need and there are no plans currently to undertake any borrowing in advance of need.

3.4 **What are our Capital Expenditure plans and how do we plan to fund them?**

3.4.1 The Council's capital expenditure plans are summarised below.

	2016/17 Original £000	**2016/17 Forecast Q2 £000**	**2017/18 Estimate £000**	**2018/19 Estimate £000**	**2019/20 Estimate £000**
Capital Expenditure	**7,027**	**8,292**	**6,250**	**7,883**	**3,858**
Financed by:					
Capital Receipts	306	806	177	150	150
Capital Grants & Contributions	5,325	5,770	5,673	7,733	3,708
Revenue	186	186	0	0	0
Net financing need for the year	**1,210**	**1,530**	**400**	**0**	**0**

3.4.2 This capital expenditure can be paid for immediately (by applying capital resources such as capital receipts, capital grants etc. or revenue resources). As the table demonstrates the capital programme in future years is largely grant funded expenditure. For 2018/19 and 2019/20 the figures are indicative and could change as grants awarded and projects approved by Cabinet/Council.

3.4.3 If these resources are insufficient to fund the capital programme, then any residual capital expenditure will add to the Council's borrowing need. This is the case in 2017/18, where Digital Rutland will require financing of £400k.

3.4.4 Where the Council adds to its borrowing need, capital expenditure is described as **unsupported**. This unsupported capital expenditure needs to have regard to:

- Service objectives (e.g. strategic planning);
- Stewardship of assets (e.g. asset management planning);
- Value for money (e.g. option appraisal);
- Prudence and sustainability (e.g. implications for external borrowing and whole life costing);
- Affordability (e.g. implications for the council tax); and
- Practicality (e.g. the achievability of the forward plan).

3.4.5 This is because unsupported capital expenditure will need to be paid for from the Council's own resources. In the case of Digital Rutland a decision was made previously to support this project when the above factors were considered.

3.5 **What is the Council's borrowing need (the Capital Financing Requirement)?**

3.5.1 Any unsupported borrowing in a given year is added to the Council's Capital Financing Requirement. For 2017/18 this would be £400k for Digital Rutland

3.5.2 The Council’s Capital Financing Requirement (CFR) is simply the total capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council’s underlying borrowing need. The capital expenditure above which has not immediately been paid for will increase the CFR. Note 20 in the Statement of Accounts shows the closing CFR of £22,725 for 2015/16. The CFR is reduced every year as the Council incurs a ‘borrowing charge’ in the Revenue Account which reduces it (this is called MRP which is explained in 3.7)

3.5.3 Approval is sought for the CFR projections below.

	2016/17 Forecast Q2 £000	**2017/18 Estimate £000**	**2018/19 Estimate £000**	**2019/20 Estimate £000**
CFR – 1 April	**22,724**	**23,357**	**22,885**	**22,036**
Movement in Year - CFR	633	(472)	(849)	(826)
CFR – 31 March	**23,357**	**22,885**	**22,036**	**21,210**
Movement in CFR Represented by				
Net financing need for the year (from table at para 3.4.1)	1,530	400	0	0
MRP	(897)	(872)	(849)	(826)
Movement in CFR	**633**	**(472)**	**(849)**	**(826)**

3.6 **What is the current level of debt and how might it change?**

3.6.1 The Council currently has loans outstanding of £22,436,000 of which £21,386,000 are long term loans with the Public Works Loans Board (PWLB). Details of the outstanding loans can be found at Appendix D. PWLB is managed as part of the UK Debt Management Office, which is a HM Treasury Executive Agency. The remainder is a £630k Local Enterprise Partnership interest free loan which matures in 2023, and an interest free Salix loan of £420k repayable in 2020.

3.6.2 Included within the £21.386m is £8.232m of debt that was inherited from Leicestershire in the Local Government Re-organisation in 1997. The last time the Council actually borrowed from the PWLB was in 2008 to contribute towards funding the Oakham bypass, the value of this loan was £4m.

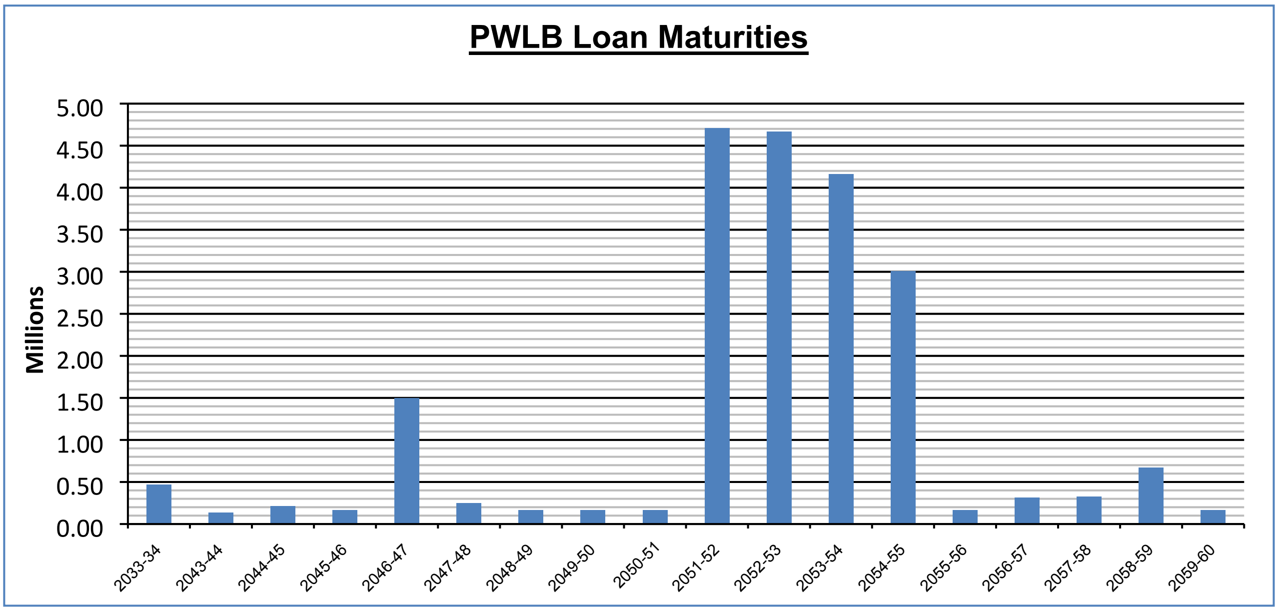
3.6.3 All PWLB loans have been borrowed on a maturity basis. Interest payments will be made every six months on equal instalments throughout the term of the loan, with the principal being re-paid on the maturity date.

3.6.4 The external debt projections (2017/18 to 2019/20) are shown below. The Council is not expecting external debt to increase in line with its overall strategy.

	2016/17 Forecast £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
External Debt				
Debt at 1 April	22,436	22,436	22,436	22,436

3.7 When is debt due and can/will we repay it early?

3.7.1 The table below shows that debt is not due to be repaid for some time. Appendix D also shows the position of the PWLB loans as at 31 December 2016. The premium column reflects the additional payment which would be have to be made if any of the loans were repaid prematurely or the loans restructured.



3.7.2 It is possible to prematurely repay the loans but dependent on the interest rates at the time it may not be beneficial. If the PWLB agrees to accept a premature repayment, it will calculate a repayment sum, which is the total amount the authority must pay to discharge its liabilities to the PWLB in respect of that loan. This sum may include a discount or premium on the outstanding principal according to whether the discount rate is higher or lower than the loan rate.

3.7.3 The repayment sum will be higher than the principal amount borrowed if interest rates are presently lower than the loan rate. It will be lower than the principal amount if the current interest rates are higher than the loan rate. In effect, the amount of principal is being adjusted to reflect the detriment or benefit to the

PWLB of foregoing the remaining instalments of interest, and receiving funds which have to be re-invested at current interest rates. Forecast PWLB Interest Rates (Provided by Capita) are shown below.

	5 Year %	**10 Year %**	**25 Year %**	**50 Year %**
Mar-17	1.60	2.30	2.90	2.70
Jun-17	1.60	2.30	2.90	2.70
Sep-17	1.60	2.30	2.90	2.70
Dec-17	1.60	2.30	3.00	2.80
Mar-18	1.70	2.30	3.00	2.80
Jun-18	1.70	2.40	3.00	2.80
Sep-18	1.70	2.40	3.10	2.90
Dec-18	1.80	2.40	3.10	2.90
Mar-19	1.80	2.50	3.20	3.00
Jun-19	1.90	2.50	3.20	3.00
Sep-19	1.90	2.60	3.30	3.10
Dec-19	2.00	2.60	3.30	3.10
Mar-20	2.00	2.70	3.40	3.20

3.7.4 The Council takes advice from its treasury advisors as to whether it would be financially beneficial to pay off debt. Here is an example calculation that is undertaken:

- Loan value to repay £2m
- Interest rate 4.4%
- Years left 36
- Early redemption premium £1.014m
- Average interest rates over 36 years 2.5% (estimated)

3.7.5 If the Council pays off the loan, it incurs a charge of £1.014m and “loses” 2.5% pa interest on £2m (Interest on investments will also decrease as the funds will reduce following the repayment) of £50k pa so over 36 years would lose in total £1.8m. Conversely, by paying off the loan the Council saves interest of £88k (£2m x 4.4% pa) over 36 years = £3.17m.

3.7.6 In this example, the decision is marginal as the total cost would be £2.9m with the interest savings being £3.17m. If the Council thought average interest rates were going to be above 2.5% it therefore might NOT pay off the loan as if interest rates were 3.5% this would result in the total cost being £3.5m (£2.5m lost interest plus £1m premium). If the Council thought interest rates would be on average less than

2.5% over 36 years it might PAY off the loan.

3.7.7 Faced with decisions like this, Officers, taking advice from Capita, have not recommended that loans are repaid. Whilst interest rates are currently low, the Council does not have enough certainty to predict what the rates might be over the long term. For example in the 2000s the average interest rate was c4.3%. As most loans are not due until over 20 years' time, the Council would take a risk in paying off loans now. In addition, the value for money calculation is only one consideration. If the Council can afford debt repayments then it could choose not to use balances to repay debt, instead keeping balances available to invest in new projects.

3.7.8 On this basis, the Council does not envisage repaying any loans in the near future, but this position will be kept under review.

3.8 What is the cost of borrowing? How is this shown in the Revenue Account?

3.8.1 When the Council borrows there are two types of costs:

- Interest (Incurred annually on the amount borrowed at a set rate) as covered by 3.6.3; and
- Minimum Revenue Provision.

3.8.2 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

3.8.3 When the Council meets capital expenditure through prudential borrowing (options 4 and 6 in table 3.2.2), it incurs a 'borrowing charge' in its Revenue Account. The 'borrowing charge' spreads the cost over the time period of the useful life of the asset. The manner of spreading these costs is through an annual Minimum Revenue Provision. For example, if the Council self-finances borrowing of £5m for a new School (with an asset life of 50 years), it would incur a charge of £100k in its Revenue Account for a 50 year period.

3.8.4 There are four different ways of calculating MRP, however options 1 and 2 can only be used for expenditure incurred before 2008.

- Option 1 Regulatory Method - This relates to debt supported by Government through RSG system. Authorities are able to calculate MRP as though the regulations 28 and 29 of the 2003 regulations had not been revoked.
- Option 2 Capital Financing Method - This is option is used in relation to supported debt and the MRP is equal to 4% of the General Fund Capital Financing requirement.
- Option 3 Asset Life (i) (Equal Instalment) Method and Asset Life (ii) (Annuity) Method - These options relate to new unsupported borrowing. It allows the use of a simple formula to calculate a series of equal amounts chargeable over the estimated life of the asset.

- Option 4 Depreciation Method - This option allows MRP to equal the provision required in accordance with the standard rules for depreciation accounting in respect of the asset.

3.8.5 The Council uses:

- Option 2 – for expenditure incurred Pre 01/04/2008.

- Option 3 – Equal instalment method on the Capital Finance Requirement Post 01/04/2008

3.8.6 The combination of the two options resulted in an annual charge to the general fund of £897k during 2016/17.

3.8.7 In addition to the statutory amounts the Council can choose to make additional Voluntary Revenue Provision (VRP). This is where the Council applies additional resources to reduce the future MRP liability by applying a voluntary contribution now. For example, if the Council received a capital receipt of £1m, it could apply this as a VRP against Option 2 saving the Council £40k pa. However, it would then not be able to use the capital receipt to fund capital expenditure.

3.8.8 It is recommended that the existing method of calculating MRP is continued and that no VRP is made for now.

3.9 **What are the limits to borrowing activity?**

3.9.1 The Council cannot simply borrow indefinitely. There are a number of prudential indicators to ensure the Council operates its activities within well-defined limits. The indicators focus on two key aspects:

- Setting limits to control borrowing; and

- Assessing the affordability of the capital investment plans.

3.9.2 In addition, we also set limits on interest rate exposure.

3.9.3 **Controlling borrowing prudential indicators**

3.9.4 The Council needs to ensure that its **gross debt does not, except in the short term, exceed the total of the CFR** in the preceding year plus the estimates of any additional CFR for 2016/17 and the following two financial years. This indicator is important as it effectively measures whether actual external debt exceeds the need to borrow. If it does, then it could suggest that Councils have been borrowing for revenue purposes or when they do not need to do so. Where gross debt is likely to exceed the CFR then Councils need to explain why

3.9.5 In the Councils case, in 2018/19, the Council may be in an “overborrowed” position as shown in the table below. This position can be explained as follows:

a) The position has not materialised from borrowing for revenue purposes, which this indicator is a key test off. Since 2008 when the Council borrowed £4m PWLB for the bye-pass, the Council has taken only two loans i) an interest free loan from the Local Enterprise Partnership to contribute to the purchase and renovation of Oakham Enterprise Park (£630k); and ii) a Salix loan at 0% for Street Lighting upgrades (£420k). This borrowing is for capital purposes and not to fund revenue.

b) The Council has also made voluntary contributions to reduce its CFR as a means of reducing the capital financing charge on the revenue account. In 2013/14 the application of unused Capital Receipts was used to reduce the CFR by £1.4m and in 2015/16 to repay the advance borrowing in relation to Adult Soccer a reduction of £597k. If the Council had not done this, the CFR would £2m higher and the revenue account would receive a higher capital financing charge.

c) Ideally, to reduce interest costs, the Council would have preferred to use capital receipts etc to repay external debt. However, there has not been a viable business case to do so. The Council would have to pay a premium to repay early, which would cost the Council in the long term more than repaying in line with the current loan on maturity.

	2016/17 Forecast Q3 £000	**2017/18 Estimate £000**	**2018/19 Estimate £000**	**2019/20 Estimate £000**
Gross Debt	22,436	22,436	22,436	22,436
Capital Financing Requirement (CFR)	23,357	22,885	22,036	21,210
Under / (Over) borrowing	921	449	(400)	(1,226)

3.9.6 A further key prudential indicator represents a control on the maximum level of borrowing. The Council is asked to approve the following **Authorised Limit**. This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term

3.9.7 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although no control has yet been exercised.

3.9.8 The table below shows that Council are being asked to approve an authorised limit of £28m.

	2016/17 Forecast Q3 £000	**2017/18 Estimate £000**	**2018/19 Estimate £000**	**2019/20 Estimate £000**
Borrowing	28,000	28,000	28,000	28,000
Other Long Term	0	0	0	0

Liabilities				
Total	28,000	28,000	28,000	28,000

3.9.9 An additional Indicator is the **Operational Boundary** – this is the maximum amount of money a council expects to borrow during the year. This is lower than the authorised limit and acts as a useful warning sign if it is breached during the year, which could mean that underlying spending may be higher or income lower than budgeted.

	2016/17 Forecast Q3 £000	**2017/18 Estimate £000**	**2018/19 Estimate £000**	**2019/20 Estimate £000**
External Debt				
Debt at 1 April	22,436	22,436	22,436	22,436
Expected change in debt	0	0	0	0
Debt at 31 March (1)	22,436	22,436	22,436	22,436
Operational boundary	23,000	23,000	23,000	23,000
The debt estimated at 31 March represents the Council's Operational Boundary				

3.9.10 The table above shows that Council are being asked to approve an operational boundary of £23.0m. This has been calculated by taking the existing debt level (£22m) and allowing slight head room for additional borrowing although current plans do not include any additional borrowing over the life of the Medium Financial Plan.

3.9.11 **<u>Affordability Prudential Indicators</u>**

3.9.12 The previous section covered the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

3.9.13 One of the key affordability indicators is the **ratio of financing costs to net revenue stream**. This indicator helps a council identify if borrowing costs become too high as a proportion of its budget. This is important as borrowing costs always have to be paid and are very hard to cut if resources fall.

	£000	
Capital Financing Costs	1.905	
Interest Receivable	(0.180)	
	1.725	A

Revenue Stream		
Government Grants	5.418	
Retained Business Rates	4.786	
Council Tax	23.241	
	33.445	B
Ratio (A divided by B as a percentage)	5.16%	

	2016/17 Original Estimate £000	2016/17 Forecast Q2 £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Ratio	5.06%	5.01%	5.16%	5.01%	4.97%

3.9.14 The estimates of financing costs include current commitments and the proposals in this report. The table below shows the Council's figures compare relative to neighbouring authorities.

	2016/17 Original Estimate	2017/18 Estimate	2018/19 Estimate
Rutland	5.06%	5.16%	5.01%
Peterborough City Council	8.30%	8.50%	8.50%
Northamptonshire County Council	9.70%	10.10%	10.00%
Leicestershire County Council	8.39%	7.25%	7.20%
Nottingham City Council	14.71%	14.92%	-

3.9.15 Another indicator of affordability is the ratio of **estimates of the incremental impact of capital investment decisions on the Council Tax**. Because all councils' borrowing is secured against future income including the council tax, ultimately all borrowing would have to be collected from council tax payers if no other income was available. It is therefore important to understand the impact of decisions on future council tax.

3.9.16 This ratio is calculated by adding the estimated additional MRP and interest costs for the forecast Capital Programme. This is divided by the Council Tax Base resulting in a Band D Council Tax charge for these additional costs. The figures below show the proportion of this against the total Band D Council Tax.

	Projection 2017/18	Projection 2018/19	Projection 2019/20
Council Tax - Band D	0.28%	0.31%	0.10%

3.9.17 **Limiting Interest Rate Exposure**

3.9.18 There are three further treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However if these are set to be too restrictive they will reduce the opportunities officers have to reduce costs / improve performance. The indicators are:

- **Upper limits on variable interest rate exposure** – This identifies a maximum limit for variable interest rates based upon the debt position net of investments.

- **Upper limits on fixed interest rate exposure** – Similar to the previous indicator this covers a maximum limit on fixed interest rates.

- **Maturity structures of borrowing** – These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the limits:

	2016/17	2017/18	2018/19
Interest rate exposures			
	Upper	**Upper**	**Upper**
Limits on fixed interest rates	£25.000m	£25.000m	£25.000m
Limits on variable interest rates	£7.500m	£7.500m	£7.500m
Maturity structure of fixed interest rate borrowing 2016/17			
		Upper	**Lower**
Under 12 months		25%	0%
12 months to 2 years		25%	0%
2 years to 5 years		20%	0%
5 years to 10 years		20%	0%
10 years and above		100%	0%
Maximum principal sums invested > 364 days		25%	

3.10 **Who makes borrowing decisions?**

3.10.1 As with investments, the Assistant Director Finance (S151 Officer) is responsible for the overall management of the authority's investment, borrowing and other capital financing arrangements.

3.10.2 Any proposal to amend the capital programme (which includes the resources allocated to schemes and resources available but not allocated at the time the budget is approved) requires the formal approval of Cabinet unless the Scheme is above £1m and/or is to be funded from new resources e.g. new borrowing or s106 funds in which case Council will make the decision. Whilst Council or Cabinet will decided whether borrowing is required, it is for the Section 151 Officer to determine how this requirement is met either through self-financing or external borrowing.

3.10.3 As highlighted in 3.3, the Section 151 Officer may also borrow where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints.

Appendix B. Investment Counterparty Selection Criteria

1 INVESTMENT COUNTERPARTY SELECTION CRITERIA

1.1 The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the Council will ensure:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

1.2 The Section 151 Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criteria is separate to that which chooses Specified and Non-Specified investments as it provides an overall pool of counterparties considered high quality the Council may use rather than defining what its investments are.

1.3 The rating criteria use the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009.

1.4 Credit rating information is supplied by our treasury consultants daily on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance a negative rating watch applying to counterparty will be suspended from use, with all others being reviewed in light of market.

1.5 The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) is shown in the table overleaf.

Investment Counterparty	Description	Criteria
Banks	Financial institution licensed as a receiver of deposits. There are two types of banks: 1. Commercial/retail banks; and 2. Investment banks.	i. Are UK banks; and/or ii. Are non-UK and domiciled in a country which has a minimum Sovereign long term rating of AA+. And have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated): i. Short Term - Fitch (or equivalent) rating of F1 ii. Long Term - Fitch (or equivalent) rating of A-
Part Nationalised Banks	A nationalised bank is owned by the state, usually because the state bought a private bank, or at least bought a controlling share in it. Any profits a nationalised bank makes go to the state. Losses are borne by the taxpayer.	These banks can be included if they continue to be part nationalised or they meet the criteria in Banks above.
Council Banker	As for banks above, but is the principal banker for the authority.	Criteria for banks above, however, if the bank falls below the criteria it will be able to hold funds to meet its statutory obligations.
Building Society	A financial organisation which pays interest on investments by its members and lends capital for the purchase or improvement of houses.	i. have the minimum credit ratings as detailed in paragraph Banks 1 above; ii. has assets in excess of £1bn.
Money Market Fund	Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.	Deal with funds with Counterparties on the approved list. The Council limits the total investment to the amount on the approved counterparty list if below limits in 1.9
UK Government	Investing in the UK Government will normally take the form of 1. Gilts - fixed-interest loan securities issued by the UK government. 2. Debt Management Account Deposit Facility (DMADF) - designed to support local authorities' cash management. The key objective of the DMADF is to provide users with a flexible and secure facility to supplement their existing range of investment options while saving interest costs for central government.	There is no criteria, other than the limits set out in 1.9, due to the security of the investment.

Investment Counterparty	Description	Criteria
Local Authorities, Parish Councils etc	Other administrative bodies in local government	There is no criteria, other than the limits set out in 1.9, due to the security of the investment.
Property Funds (See Appendix C for further detail)	A type of security that invests in property (See Appendix C for further detail)	There are no criteria currently set, other than the limits set out in 1.9. Full criteria will be presented to Cabinet before any dealing is undertaken.

A limit of 80% will be applied to the use of Non-Specified investments (*this will partially be driven by the long term investment limits*).

1.6 **Country and sector considerations** - Due care will be taken to consider the country, group and sector exposure of the Council's investments. In part the country selection will be chosen by the credit rating of the Sovereign state in Banks 1 above. In addition:

- no more than 10% (of the total investment portfolio) will be placed with any non-UK country at any time;
- limits in place above will apply to Group companies;
- Capita Asset Services limits will be monitored regularly for appropriateness.

1.7 **Use of additional information other than credit ratings** – Additional requirements under the Code of Practice now require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

1.8 **Specified Investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

- The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
- A local authority, parish council or community council.
- Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 3 this covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.

- A body that is considered of a high credit quality (such as a bank or building society). For category 4 this covers bodies with a minimum short term rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies.

1.9 Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. This criteria is:

	Fitch Rating	Moody's Rating	Standard & Poor's Rating	Money Limit	Time Limit
Upper limit category	F1+/ AA-	P-1/Aa3	A-1+/AA-	£5m	3 years
Middle Limit Category	F1/A-	P-1/A3	A-2/A-	£5m	364 days
Other Institution Limits (other Local Authorities, Money Market Funds, DMADF)				£5m	364 days
Guaranteed Organisations				Within the terms of the guarantee to a maximum of £1m up to 6 months	

1.10 **Definition of Ratings**

- A-1 - A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

- **A-2** - A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

- **A-3** - A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

1.11 **Non-Specified Investments** – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

		Limit £
A	Building Societies not meeting the requirements under specified investments – the operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies. The Council may use such building societies which were originally considered Eligible Institutions and have a minimum asset size of £1bn but will restrict these investments to a maximum of £1m for up to 6 months.	£1m for up to 6 months
B	Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. The value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity	£5m for up to 3 years
C	A body which has been provided with a government issues guarantee for wholesale deposits within specific timeframes. Where these guarantees are in place and the government has an AAA sovereign long term rating these institutions will be included within the Council's criteria temporarily until such time as the ratings improve or the guarantees are withdrawn. Monies will only be deposited within the timeframe of the guarantee.	Within the terms of the guarantee to a maximum of £1m up to 6 months.
D	The Council's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	
E	Property Funds - The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using.	£2m

1.12 **The Monitoring of Investment Counterparties** - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Capita daily, when ratings change, and counterparties are checked. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Section 151 Officer, and if required new counterparties which meet the criteria will be added to the list.

1.13 **Economic Investment Considerations** - Expectations on shorter-term interest rates, on which investment decisions are based, show likelihood of the current 0..25% Bank Rate remaining for the near future. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and advisers own forecasts.

1.14 The criteria for choosing counterparties set out above provide a sound approach to investment in “normal” market circumstances. Whilst Members are asked to approve this base criteria above, under the exceptional current market conditions the Section 151 Officer may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to “normal” conditions. Similarly the time periods for investments will be restricted.

Appendix C. - PWLB Debt Analysis

1 PUBLIC WORKS LOAN BOARD (PWLB) DEBT ANALYSIS

1.1 The table below shows the number of outstanding loans with the PWLB, the maturity date, Principal outstanding, interest rate and the premium payable if the council was to settle the outstanding loan.

PWLB 2016-17 Loan Repayment Premiums as at 20-Jan-17					
Loan Reference	**Start Date**	**Maturity Date**	**Principal Balance**	**Interest Rate %**	**Premium**
461697	27-Mar-1987	31-Dec-2043	132,529.13	9.000	£196,620
461698	27-Mar-1987	31-Dec-2044	212,550.13	9.000	£325,080
461699	27-Mar-1987	31-Dec-2045	163,500.10	9.000	£257,485
461700	27-Mar-1987	31-Dec-2046	196,200.12	9.000	£317,810
476645	30-Nov-1995	28-Jul-2053	163,500.10	8.000	£272,173
476646	30-Nov-1995	28-Jul-2054	163,500.10	8.000	£279,257
476647	30-Nov-1995	28-Jul-2055	163,500.10	8.000	£285,422
476842	21-Dec-1995	13-Dec-2052	163,500.10	7.875	£262,596
476843	21-Dec-1995	13-Dec-2051	163,500.10	7.875	£255,672
476844	21-Dec-1995	13-Dec-2050	163,500.10	7.875	£248,769
477672	05-Aug-1996	08-May-2048	163,500.10	8.375	£251,081
477673	05-Aug-1996	08-May-2049	163,500.10	8.375	£258,486
478210	26-Sep-1996	25-Sep-2047	217,138.76	8.125	£315,924
478211	26-Sep-1996	25-Sep-2056	163,500.10	8.125	£298,222
478214	26-Sep-1996	25-Sep-2047	28,111.39	8.125	£40,900
479404	21-May-1997	08-May-2057	327,000.20	7.125	£510,330
479405	21-May-1997	08-May-2056	147,150.09	7.125	£224,853
481709	13-Oct-1998	25-Sep-2058	163,500.10	4.625	£140,877
482002	14-Jan-1999	25-Sep-2058	320,460.20	4.375	£252,357
482386	30-Mar-1999	25-Mar-2059	23,271.98	4.625	£20,324
482875	08-Nov-1999	25-Mar-2059	163,500.10	4.500	£136,663
483562	18-Nov-1999	25-Sep-2059	163,500.10	4.250	£125,421
491043	19-Jan-2006	19-Jan-2034	465,521.00	4.000	£151,743
491501	05-Mar-2006	03-Nov-2051	2,689,694.00	4.400	£1,792,060
491580	19-May-2006	19-Nov-2046	1,303,000.00	4.250	£698,562
492151	20-Sep-2006	20-Mar-2052	1,856,434.00	4.200	£1,156,945
492927	19-Feb-2007	19-Aug-2052	2,000,000.00	4.400	£1,369,045
492928	19-Feb-2007	19-Aug-2053	2,000,000.00	4.400	£1,404,026
492929	19-Feb-2007	19-Aug-2054	1,427,410.00	4.400	£1,032,630
493087	03-Aug-2007	19-Aug-2052	2,500,000.00	4.250	£1,612,956
493088	03-Aug-2007	19-Aug-2053	2,000,000.00	4.250	£1,323,643
493089	03-Aug-2007	19-Aug-2054	1,414,351.00	4.250	£965,047
			21,386,323.30		**16,782,979**

Appendix D. - Economic Review (Provided by Capita)

1 ECONOMIC BACKGROUND REVIEW

1.1 UK. GDP growth rates in 2013, 2014 and 2015 of 2.2%, 2.9% and 1.8% were some of the strongest rates among the G7 countries. Growth is expected to have strengthened in 2016 with the first three quarters coming in respectively at +0.4%, +0.7% and +0.5%. The latest Bank of England forecast for growth in 2016 as a whole is +2.2%. The figure for quarter 3 was a pleasant surprise which confounded the downbeat forecast by the Bank of England in August of only +0.1%, (subsequently revised up in September, but only to +0.2%). During most of 2015 and the first half of 2016, the economy had faced headwinds for exporters from the appreciation of sterling against the Euro, and weak growth in the EU, China and emerging markets, and from the dampening effect of the Government's continuing austerity programme.

1.2 The referendum vote for Brexit in June 2016 delivered an immediate shock fall in confidence indicators and business surveys at the beginning of August, which were interpreted by the Bank of England in its August Inflation Report as pointing to an impending sharp slowdown in the economy. However, the following monthly surveys in September showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post reasonably strong growth numbers through the second half of 2016 and also in 2017, albeit at a slower pace than in the first half of 2016.

1.3 The Monetary Policy Committee, (MPC), meeting of 4th August was therefore dominated by countering this expected sharp slowdown and resulted in a package of measures that included a cut in Bank Rate from 0.50% to 0.25%, a renewal of quantitative easing, with £70bn made available for purchases of gilts and corporate bonds, and a £100bn tranche of cheap borrowing being made available for banks to use to lend to businesses and individuals.

1.4 The MPC meeting of 3 November left Bank Rate unchanged at 0.25% and other monetary policy measures also remained unchanged. This was in line with market expectations, but a major change from the previous quarterly Inflation Report MPC meeting of 4 August, which had given a strong steer, in its forward guidance, that it was likely to cut Bank Rate again, probably by the end of the year if economic data turned out as forecast by the Bank. The MPC meeting of 15 December also left Bank Rate and other measures unchanged.

1.5 The latest MPC decision included a forward view that Bank Rate could go either up or down depending on how economic data evolves in the coming months. Our central view remains that Bank Rate will remain unchanged at 0.25% until the first increase to 0.50% in quarter 2 2019 (unchanged from our previous forecast). However, we would not, as yet, discount the risk of a cut in Bank Rate if economic growth were to take a significant dip downwards, though we think this is unlikely. We would also point out that forecasting as far ahead as mid 2019 is highly fraught as there are many potential economic headwinds which could blow the UK economy one way or the other as well as political developments in the UK, (especially over the terms of Brexit), EU, US and beyond, which could have a major impact on our forecasts.

1.6 The pace of Bank Rate increases in our forecasts has been slightly increased beyond the three year time horizon to reflect higher inflation expectations.

1.7 The August quarterly Inflation Report was based on a pessimistic forecast of near to zero GDP growth in quarter 3 i.e. a sharp slowdown in growth from +0.7% in quarter 2, in reaction to the shock of the result of the referendum in June. However, consumers have very much stayed in a 'business as usual' mode and there has been no sharp downturn in spending; it is consumer expenditure that underpins the services sector which comprises about 75% of UK GDP. After a fairly flat three months leading up to October, retail sales in October surged at the strongest rate since September 2015 and were again strong in November. In addition, the GfK consumer confidence index recovered quite strongly to -3 in October after an initial sharp plunge in July to -12 in reaction to the referendum result. However, in November it fell to -8 indicating a return to pessimism about future prospects among consumers, probably based mainly around concerns about rising inflation eroding purchasing power.

1.8 Bank of England GDP forecasts in the November quarterly Inflation Report were as follows, (August forecasts in brackets) - 2016 +2.2%, (+2.0%); 2017 1.4%, (+0.8%); 2018 +1.5%, (+1.8%). There has, therefore, been a sharp increase in the forecast for 2017, a marginal increase in 2016 and a small decline in growth, now being delayed until 2018, as a result of the impact of Brexit.

1.9 Capital Economics' GDP forecasts are as follows: 2016 +2.0%; 2017 +1.5%; 2018 +2.5%. They feel that pessimism is still being overdone by the Bank and Brexit will not have as big an effect as initially feared by some commentators.

1.10 The Chancellor has said he will do 'whatever is needed' i.e. to promote growth; there are two main options he can follow – fiscal policy e.g. cut taxes, increase investment allowances for businesses, and/or increase government expenditure on infrastructure, housing etc. This will mean that the PSBR deficit elimination timetable will need to slip further into the future as promoting growth, (and ultimately boosting tax revenues in the longer term), will be a more urgent priority. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting to boost economic growth and suggested that the Government would need to help growth e.g. by increasing investment expenditure and by using fiscal policy tools. The newly appointed Chancellor, Phillip Hammond, announced, in the aftermath of the referendum result and the formation of a new Conservative cabinet, that the target of achieving a budget surplus in 2020 would be eased in the Autumn Statement on 23 November. This was duly confirmed in the Statement which also included some increases in infrastructure spending.

1.11 The other key factor in forecasts for Bank Rate is inflation where the MPC aims for a target for CPI of 2.0%. The November Inflation Report included an increase in the peak forecast for inflation from 2.3% to 2.7% during 2017; (Capital Economics are forecasting a peak of just under 3% in 2018). This increase was largely due to the effect of the sharp fall in the value of sterling since the referendum, although during November, sterling has recovered some of this fall to end up 15% down against the dollar, and 8% down against the euro (as at the MPC meeting date – 15.12.16).This depreciation will feed through into a sharp increase in the cost of imports and materials used in production in the UK. However, the MPC is expected to look through the acceleration in inflation caused by external, (outside of the UK), influences, although it has given a clear warning that if wage inflation were to rise significantly as a result of these cost pressures on consumers, then they would take action to raise Bank Rate.

1.12 What is clear is that consumer disposable income will come under pressure, as the latest employers' survey is forecasting median pay rises for the year ahead of only 1.1% at a time when inflation will be rising significantly higher than this. The CPI figure has been on an upward trend in 2016 and reached 1.2% in November. However, prices paid by factories for inputs rose to 13.2% though producer output prices were still lagging behind at 2.3% and core inflation was 1.4%, confirming the likely future upwards path.

1.13 Gilt yields, and consequently PWLB rates, have risen sharply since hitting a low point in mid-August. There has also been huge volatility during 2016 as a whole. The year started with 10 year gilt yields at 1.88%, fell to a low point of 0.53% on 12 August, and hit a new peak on the way up again of 1.55% on 15 November. The rebound since August reflects the initial combination of the yield-depressing effect of the MPC's new round of quantitative easing on 4 August, together with expectations of a sharp downturn in expectations for growth and inflation as per the pessimistic Bank of England Inflation Report forecast, followed by a sharp rise in growth expectations since August when subsequent business surveys, and GDP growth in quarter 3 at +0.5% q/q, confounded the pessimism. Inflation expectations also rose sharply as a result of the continuing fall in the value of sterling.

1.14 Employment had been growing steadily during 2016 but encountered a first fall in over a year, of 6,000, over the three months to October.The latest employment data in December, (for November), was distinctly weak with an increase in unemployment benefits claimants of 2,400 in November and of 13,300 in October. House prices have been rising during 2016 at a modest pace but the pace of increase has slowed since the referendum; a downturn in prices could dampen consumer confidence and expenditure.

1.15 USA. The American economy had a patchy 2015 with sharp swings in the quarterly growth rate leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 at +0.8%, (on an annualised basis), and quarter 2 at

1.4% left average growth for the first half at a weak 1.1%. However, quarter 3 at 3.2% signalled a rebound to strong growth. The Fed. embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene, and then the Brexit vote, have caused a delay in the timing of the second increase of 0.25% which came, as expected, in December 2016 to a range of 0.50% to 0.75%. Overall, despite some data setbacks, the US is still, probably, the best positioned of the major world economies to make solid progress towards a combination of strong growth, full employment and rising inflation: this is going to require the central bank to take action to raise rates so as to make progress towards normalisation of monetary policy, albeit at lower central rates than prevailed before the 2008 crisis. The Fed. therefore also indicated that it expected three further increases of 0.25% in 2017 to deal with rising inflationary pressures.

1.16 The result of the presidential election in November is expected to lead to a strengthening of US growth if Trump's election promise of a major increase in expenditure on infrastructure is implemented. This policy is also likely to strengthen inflation pressures as the economy is already working at near full capacity. In addition, the unemployment rate is at a low point verging on what is normally classified as being full employment. However, the US does have a substantial amount of hidden unemployment in terms of an unusually large, (for a developed economy), percentage of the working population not actively seeking employment.

1.17 Trump's election has had a profound effect on the bond market and bond yields rose sharply in the week after his election. Time will tell if this is a a reasonable assessment of his election promises to cut taxes at the same time as boosting expenditure. This could lead to a sharp rise in total debt issuance from the current level of around 72% of GDP towards 100% during his term in office. However, although the Republicans now have a monopoly of power for the first time since the 1920s, in having a President and a majority in both Congress and the Senate, there is by no means any certainty that the politicians and advisers he has been appointing to his team, and both houses, will implement the more extreme policies that Trump outlined during his election campaign. Indeed, Trump may even rein back on some of those policies himself.

1.18 In the first week since the US election, there was a a major shift in investor sentiment away from bonds to equities, especially in the US. However, gilt yields in the UK and bond yields in the EU have also been dragged higher. Some commentators are saying that this rise has been an overreaction to the US election result which could be reversed. Other commentators take the view that this could well be the start of the long expected eventual unwinding of bond prices propelled upwards to unrealistically high levels, (and conversely bond yields pushed down), by the artificial and temporary power of quantitative easing.

1.19 <u>EZ.</u> In the Eurozone, the ECB commenced, in March 2015, its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month. This was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March 2016 meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise significantly from low levels towards the target of 2%. Consequently, at its December meeting it extended its asset purchases programme by continuing purchases at the current monthly pace of €80 billion until the end of March 2017, but then continuing at a pace of €60 billion until the end of December 2017, or beyond, if necessary, and in any case until the Governing Council sees a sustained adjustment in the path of inflation consistent with its inflation aim. It also stated that if, in the meantime, the outlook were to become less favourable or if financial conditions became inconsistent with further progress towards a sustained adjustment of the path of inflation, the Governing Council intended to increase the programme in terms of size and/or duration.

1.20 EZ GDP growth in the first three quarters of 2016 has been 0.5%, +0.3% and +0.3%, (+1.7% y/y). Forward indications are that economic growth in the EU is likely to continue at moderate levels. This has added to comments from many forecasters that those central banks in countries around the world which are currently struggling to combat low growth, are running out of ammunition to stimulate growth and to boost inflation. Central banks have also been stressing that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand and economic growth in their economies.

There are also significant specific political and other risks within the EZ: -

- Greece continues to cause major stress in the EU due to its tardiness and reluctance in implementing key reforms required by the EU to make the country more efficient and to make significant progress towards the country being able to pay its way – and before the EU is prepared to agree to release further bail out funds.
- Spain has had two inconclusive general elections in 2015 and 2016, both of which failed to produce a workable government with a majority of the 350 seats. At the eleventh hour on 31 October, before it would have become compulsory to call a third general election, the party with the biggest bloc of seats (137), was given a majority confidence vote to form a government. This is potentially a highly unstable situation, particularly given the need to deal with an EU demand for implementation of a package of austerity cuts which will be highly unpopular.
- The under capitalisation of Italian banks poses a major risk. Some German banks are also undercapitalised, especially Deutsche Bank, which is under threat of major financial penalties from regulatory authorities that will further weaken its capitalisation. What is clear is that national governments are forbidden by EU rules from providing state aid to bail out those banks that are at risk, while, at the same time, those banks are unable realistically to borrow additional capital in financial markets due to their vulnerable financial state. However, they

are also ‘too big, and too important to their national economies, to be allowed to fail’.

- 4 December Italian constitutional referendum on reforming the Senate and reducing its powers; this was also a confidence vote on Prime Minister Renzi who has resigned on losing the referendum. However, there has been remarkably little fall out from this result which probably indicates that the financial markets had already fully priced it in. A rejection of these proposals is likely to inhibit significant progress in the near future to fundamental political and economic reform which is urgently needed to deal with Italy’s core problems, especially low growth and a very high debt to GDP ratio of 135%. These reforms were also intended to give Italy more stable government as no western European country has had such a multiplicity of governments since the Second World War as Italy, due to the equal split of power between the two chambers of the Parliament which are both voted in by the Italian electorate but by using different voting systems. It is currently unclear what the political, and other, repercussions are from this result.
- Dutch general election 15.3.17; a far right party is currently polling neck and neck with the incumbent ruling party. In addition, anti-big business and anti-EU activists have already collected two thirds of the 300,000 signatures required to force a referendum to be taken on approving the EU – Canada free trade pact. This could delay the pact until a referendum in 2018 which would require unanimous approval by all EU governments before it can be finalised. In April 2016, Dutch voters rejected by 61.1% an EU – Ukraine cooperation pact under the same referendum law. Dutch activists are concerned by the lack of democracy in the institutions of the EU.
- French presidential election; first round 13 April; second round 7 May 2017.
- French National Assembly election June 2017.
- German Federal election August – 22 October 2017. This could be affected by significant shifts in voter intentions as a result of terrorist attacks, dealing with a huge influx of immigrants and a rise in anti EU sentiment.
- The core EU, (note, not just the Eurozone currency area), principle of free movement of people within the EU is a growing issue leading to major stress and tension between EU states, especially with the Visegrad bloc of former communist states.

1.21 Given the number and type of challenges the EU faces in the next eighteen months, there is an identifiable risk for the EU project to be called into fundamental question. The risk of an electoral revolt against the EU establishment has gained traction after the shock results of the UK referendum and the US Presidential election. But it remains to be seen whether any shift in sentiment will gain sufficient traction to produce any further shocks within the EU.

1.22 Asia. Economic growth in China has been slowing down and this, in turn, has been denting economic growth in emerging market countries dependent on exporting raw materials to China. Medium term risks have been increasing in China e.g. a dangerous build up in the level of credit compared to the size of GDP, plus there is a need to address a major over supply of housing and surplus industrial capacity, which both need to be eliminated. This needs to be combined with a rebalancing of the economy from investment expenditure to consumer spending. However, the central bank has a track record of supporting growth through various monetary policy measures, though these further stimulate the growth of credit risks and so increase the existing major imbalances within the economy.

Economic growth in Japan is still patchy, at best, and skirting with deflation, despite successive rounds of huge monetary stimulus and massive fiscal action to promote consumer spending. The government is also making little progress on fundamental reforms of the economy.

1.23 Emerging countries. There have been major concerns around the vulnerability of some emerging countries exposed to the downturn in demand for commodities from China or to competition from the increase in supply of American shale oil and gas reaching world markets. The ending of sanctions on Iran has also brought a further significant increase in oil supplies into the world markets. While these concerns have subsided during 2016, if interest rates in the USA do rise substantially over the next few years, (and this could also be accompanied by a rise in the value of the dollar in exchange markets), this could cause significant problems for those emerging countries with large amounts of debt denominated in dollars. The Bank of International Settlements has recently released a report that $340bn of emerging market corporate debt will fall due for repayment in the final two months of 2016 and in 2017 – a 40% increase on the figure for the last three years.

1.24 Financial markets could also be vulnerable to risks from those emerging countries with major sovereign wealth funds, that are highly exposed to the falls in commodity prices from the levels prevailing before 2015, especially oil, and which, therefore, may have to liquidate substantial amounts of investments in order to cover national budget deficits over the next few years if the price of oil does not return to pre-2015 levels.

1.25 Brexit timetable and process

- March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50
- March 2019: two-year negotiation period on the terms of exit. This period can be extended with the agreement of all members i.e. not that likely.
- UK continues as an EU member during this two-year period with access to the single market and tariff free trade between the EU and UK.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK may also exit without any such agreements.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On exit from the EU: the UK parliament would repeal the 1972 European Communities Act.

- The UK will then no longer participate in matters reserved for EU members, such as changes to the EU’s budget, voting allocations and policies.
- It is possible that some sort of agreement could be reached for a transitional time period for actually implementing Brexit after March 2019 so as to help exporters to adjust in both the EU and in the UK.

Appendix E. Treasury Management Glossary of Terms

Authorised Limit (Also known as the Affordable Limit): A statutory limit that sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities).
Balances and Reserves: Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.
Bank Rate: The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'.
Basis Point: A unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent). In most cases, it refers to changes in interest rates and bond yields. For example, if interest rates rise by 25 basis points, it means that rates have risen by 0.25% percentage points. If rates were at 2.50%, and rose by 0.25%, or 25 basis points, the new interest rate would be 2.75%.
Bond: A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.
Capital Expenditure: Expenditure on the acquisition, creation or enhancement of capital assets.
Capital Financing Requirement (CFR): The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.
Capital Receipts: Money obtained on the sale of a capital asset.
Credit Rating: Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.
Counterparty List: List of approved financial institutions with which the Council can place investments with.
Debt Management Office (DMO): The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the DMADF. All deposits are guaranteed by HM Government and therefore have the

equivalent of a sovereign triple-A credit rating.
Gilts: Gilts are bonds issued by the UK Government. They take their name from ‘gilt-edged’. Being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.
LIBID: The London Interbank Bid Rate (LIBID) is the rate bid by banks on Eurocurrency deposits (i.e. the rate at which a bank is willing to borrow from other banks).
LIBOR: The London Interbank Offered Rate (LIBOR) is the rate of interest that banks charge to lend money to each other. The British Bankers' Association (BBA) work with a small group of large banks to set the LIBOR rate each day. The wholesale markets allow banks who need money to be more fluid in the marketplace to borrow from those with surplus amounts. The banks with surplus amounts of money are keen to lend so that they can generate interest which it would not otherwise receive.
Maturity: The date when an investment or borrowing is repaid.
Money Market Funds (MMF): Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.
Minimum Revenue Provision (MRP): An annual provision that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets.
Non Specified Investment: Investments which fall outside the CLG Guidance for Specified investments (below).
Operational Boundary: This linked directly to the Council’s estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.
Prudential Code: Developed by CIPFA and introduced on 01/4/2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.
Prudential Indicators: Prudential indicators are a set of financial indicators and limits that are calculated in order to demonstrate that councils' capital investment plans are affordable,

prudent and sustainable.

They are outlined in the CIPFA Prudential Code of Practice. They are indicators that must be used to cover the categories of affordability, prudence, capital spending, external debt/borrowing and treasury management. They take the form of limits, ratios or targets which are approved by Council before 1 April each year and are monitored throughout the year on an on-going basis. A council may also choose to use additional voluntary indicators.

Public Works Loans Board (PWLB):

The PWLB is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Revenue Expenditure:

Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.

(Short) Term Deposits:

Deposits of cash with terms attached relating to maturity and rate of return (Interest).

Specified Investments:

Term used in the CLG Guidance and Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than one year. UK government, local authorities and bodies that have a high credit rating.

Supported Borrowing:

Borrowing for which the costs are supported by the government or third party.

Temporary Borrowing:

Borrowing to cover peaks and troughs of cash flow, not to fund capital spending.

Unsupported Borrowing:

Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.

Yield:

The measure of the return on an investment.

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Report No: 14/2017
PUBLIC REPORT

CABINET

14 February 2017

WRITE OFF OF IRRECOVERABLE DEBTS

Report of the Director for Resources

Strategic Aim:	Sound Financial and Workforce Planning	
Key Decision: No	Forward Plan Reference: FP/041116/06	
Exempt Information	Yes APPENDIX A contains exempt information as defined in paragraph 2 of Part 1 of Schedule 12A of the Local Government Act 1972	
Cabinet Member(s) Responsible:	Councillor Tony Mathias, Leader and Portfolio Holder for Finance and Places (Highways, Transport and Market Towns)	
Contact Officer(s):	Saverio Della Rocca, Assistant Director – Finance	01572 758159 sdellarocca@rutland.gov.uk
	Andrea Grinney, Revenues and Benefits Manager	01572 758227 agrinney@rutland.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS
That Cabinet: 1. Notes the action taken by the Resources Directorate to recover outstanding debts. 2. Approves the write off of the debts shown in Exempt Appendix A.

1 PURPOSE OF THE REPORT

1.1 The purpose of this report is to seek approval to write off debts, over the value of £2,500, where officers believe that there is little or no prospect of recovering them.

2 BACKGROUND AND MAIN CONSIDERATIONS

2.1 The Council collects council tax, business rates, overpaid housing benefit and sundry debtor income. Every effort is made to collect all monies due by the most appropriate and effective method. This includes reminder letters, attachment of earnings and benefits, civil enforcement action and special arrangements to pay.

2.2 The Council has a good track record of collecting debt: the council tax collection rate for 2016/17 is forecast to be 98.8%, business rates 99% and sundry debt collection is expected to be 97%.

2.3 In the context of these collection rates, the level of proposed write offs is relatively low. The Assistant Director-Finance has delegated authority to write off debts up to £2,500 and debts above that level are written off by Cabinet. Cabinet are being asked to write off debts of £63,454.57 which officers believe cannot be recovered.

2.4 Debts arising due to bankruptcy, insolvency and debt relief orders are pursued as far as possible and a claim is always made, however dividends are rarely received as local authority debts are not classed as preferential debts.

2.5 Debts arising from absconders are thoroughly investigated using our bailiff tracing services and third party tracing agents prior to a request for write off. Should the debtor be discovered at a later date the write off will be reversed and the debt reinstated.

2.6 There are a number of requests to write off unpaid business rates for public houses. In most cases the ratepayer is not the owner of the public house but the tenant. Many landlord or owners are able to protect themselves from losing rental income as a result of their tenants going into liquidation or administration by requesting a deposit or a bond in advance of occupation; local authorities are unable to protect themselves in such a way which means that, in effect, local authorities give ‘credit’ from day one. Offices take enforcement action in accordance with legislation and debts are pursued as far as possible.

2.7 The recovery process is defined in legislation and a set process must be followed. Instalments are due on the 1st of each month. For example, the first instalment is due on 1st April, if this first instalment is not paid the Council would only be able to obtain a Liability Order to take enforcement action towards the end of June, by which time further debt will accrue. Cases are referred promptly to enforcement agents for collection and statutory fees are added, this can add further financial pressure to ratepayers who are unable to meet their existing liability. In some cases the ratepayer stops trading or enters into liquidation and the debt becomes irrecoverable.

3 SUMMARY OF PREVIOUS WRITE OFFS

3.1 The following table details the total amounts written off in the last three years, this includes those approved by Cabinet and under delegation awarded to officers.

Year	Council Tax	Business Rates	Overpaid Housing Benefit	Sundry Debt
2013/14	£24,199.09	£16,598.84	£13,185.33	£47,946.49
2014/15	£15,244.38	£11,794.67	£11,016.25	£13,683.19
2015/16	£33,520.08	£36,288.44	£18,859.48	£22,994.62
2016/17(to date including Appendix A)	£8,084.53	£9,321.54	£12,777.62	£40,655.07

4 CONSULTATION

4.1 Consultation is not required for any decisions being sought in this report.

5 ALTERNATIVE OPTIONS

5.1 The Council has a statutory duty for the proper administration of its financial affairs and this is detailed in the Council's Financial Procedure Rules.

6 FINANCIAL IMPLICATIONS

6.1 A bad debt provision is made for loss of collection for all debts and the provision is sufficient to cover these write offs. When the provision is reset any increase is charged to the Revenue Account.

7 LEGAL AND GOVERNANCE CONSIDERATIONS

7.1 Cabinet approval is required for the write off of debts in excess of £2,500, as per paragraph 8.51 of the Council's Financial Procedure Rules.

8 EQUALITY IMPACT ASSESSMENT

8.1 An Equality Impact Assessment questionnaire has been completed and there are no specific issues arising from the write off of uncollectable amounts.

9 COMMUNITY SAFETY IMPLICATIONS

9.1 There are no community safety implications arising from this report.

10 HEALTH AND WELLBEING IMPLICATIONS

10.1 There are no health and wellbeing implications arising from this report.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

11.1 There is no prospect of collecting the debts detailed in Appendix A; it is therefore prudent to write off the debts.

12 BACKGROUND PAPERS

12.1 There are no additional background papers to the report.

13 APPENDICES

13.1 Exempt Appendix A– Appendix A is marked as “Not For Publication” because it contains exempt information as defined in paragraph 2 of Part 1 of Schedule 12A of the Local Government Act 1972, namely information which is likely to reveal the identity of an individual.

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

By virtue of paragraph(s) 2 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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