



Rutland County Council

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Minutes of the Special **MEETING of the GROWTH, INFRASTRUCTURE AND RESOURCES SCRUTINY PANEL** held in the Council Chamber, Catmose, Oakham on Thursday, 25th January, 2018 at 7.00 pm

PRESENT: Mr J Lammie (Chair)
Mr I Arnold
Mr N Begy
Mr O Bird
Mr W Cross
Mr A Mann

APOLOGIES: Mr E Baines

OFFICERS

PRESENT: Mrs D Mogg Director for Resources
Mr S Della Rocca Assistant Director for Resources (Finance)
Mrs H Briggs Chief Executive
Mr D Brown Director for Places (Environment, Planning and Transport)
Mr K Silcock Corporate Support Officer

IN

ATTENDANCE: Mr O Hemsley Acting Leader of the Council and Portfolio Holder for Growth, Trading Services and Resources (except Finance)
Mr G Brown Portfolio Holder for Sport & Recreation and Culture and the Environment
Miss G Waller Ward Member for Normanton

535 DECLARATIONS OF INTEREST

No declarations of interest were made.

536 PETITIONS, DEPUTATIONS AND QUESTIONS

No petitions, deputations or questions had been received.

537 QUESTIONS WITH NOTICE FROM MEMBERS

No questions with notice had been received from Members.

538 REVENUE AND CAPITAL BUDGET 2018/19 AND MEDIUM TERM FINANCIAL PLAN

Report No. 8/2018 from the Director for Resources was received.

The Acting Leader, Mr Hemsley, introduced the report advising Members that on 16 January 2016 Cabinet had approved the draft budget for consultation which the Scrutiny Panel had before them.

The context for the draft budget was one that the Council was now unfortunately used to: getting less Government funding at a time when it had significant pressure on the budget through greater demand for important services, like providing care for adults and children.

Councillor Hemsley set out some of the key points:

- The Council was getting £1.5m less in Government funding this year. This came on the back of cuts in previous years. The best example was Revenue Support Grant – it was £4m in 15/16 and was now 0. Only 20% of the Council's funding per head came from Government compared to a national average of 40%. The Council continued to lobby on this point as it was unfair.
- The Government response to funding cuts was to allow Council to raise an additional 1% in council tax. If the Council did this (and the proposal from Cabinet was that Council raised council tax by 4.99%), the extra council tax of £1.6m would effectively replace the lost Government funding but it would not be enough to meet the pressures the Council was seeing on costs.
- Members would prefer to avoid raising council tax – but the loss of funding put the Council in a difficult position. The report itself showed that the consequences of not raising council tax to the full amount were significant over the medium term.
- Like all councils Rutland did not want to spend more than it needed to and it prided itself on being low cost but it now faced uncontrollable costs of c£1m arising from increases in inflation and a proposed pay award (agreed nationally).
- On top of these pressures, there were service pressures of over £1m. £522k related to children's care services where the Council had seen costs increase over 100% since 11/12. Keeping children safe in Rutland is costing more than ever before but was something which was very important to all.
- So despite the fact that the Council had come up with savings of over £1.3m, it was still left with a budget that was increasing.
- This meant therefore that despite proposed council tax increases, the Council would still have to use its reserves to balance the budget.

The financial outlook over the coming years remained challenging – it looked like there would be no more funding but the Council would continue to lobby to get the best deal it could and do its utmost to protect front line services. The Council knew that it faced a financial gap in the future and this was something which it wanted to resolve. The Council's plan for this was to:

- Close the gap in a measured way – there was no need for drastic action
- Continue to look for savings as it had always done
- Invest in Rutland – it was proposing a £10m investment fund, if it could achieve a 5% net return (£500k) then this could be used to subsidise other services.

Once all the feedback from consultation had been received then Cabinet would consider any revisions to the budget before it was presented to Full Council in February for approval.

During discussion the following points were noted:

- i. It was noted that there was still reference to the General Fund contribution being at £485k. This was included when the choice of 3.99% was in the report originally sent to Cabinet. This would be amended for the report to Cabinet in February, as the report should show £247k.
- ii. The figures in grey from 2020/21 on the Medium Term Financial Plan were uncertain as the Council did not have formal funding figures for years beyond 19/20.
- iii. To date, there had been a good take up of the green waste collection service with £100k income generated towards a budget target of £280k.
- iv. It was noted that the Council has a good track of identifying and delivering savings and now wants to build on work already done to invest in Rutland to generate more revenue income. While the financial position of the Council was challenging with a forecast financial gap of £1.4m by 20/21, it was better than other Local Authorities.
- v. If the funding figures were worse than anticipated then the Council can use reserves to respond whilst further action was taken.
- vi. It was noted that No 7 Church Passage did generate money for use.
- vii. The Members Services budget included Members allowances and expenses claimed.
- viii. The cost of the latest pay offer was 2.64%. Local Authority pay levels were nationally set. Officers agreed to review the pay assumption in financial plans in light of the outcome of the negotiation.
- ix. Miss Waller noted that she had not put her questions forward in advance due to not getting the papers until Tuesday 23 February, and she had not seen the greyed out areas of the Medium Term Financial Plan. Mrs Mogg acknowledged there had been some problems with delivering the papers and apologised for this.
- x. The Local Enterprise Partnership (LEP) was currently in a transitional state. Rutland County Council had benefitted from being in the LEP, for example Oakham Enterprise Park received funding from the LEP on a rolling loan. The Council would watch the transition with interest. The Council had not joined the combined authority nor had expressed interest. The Leader would keep the Council in the loop as he was a board member of the LEP. It was noted that Rutland was not the only authority in the LEP but not in the combined authority.
- xi. An agenda item would be going to the next Growth, Infrastructure and Resources Scrutiny Panel in February regarding the Task and Finish Group for Oakham Town.
- xii. The £150k listed under the cost centre for IT Operational Support were movements from other cost centres and was not related to the £150k set aside for capital projects. Mrs Mogg would provide further information to the Chair including a breakdown.
- xiii. Due to the indication of pressures from Government, the Council would be penalised in time to come if the Council tax was not raised by 4.99%

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Mr Cross left the meeting at 20:03 and did not return.

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539 TREASURY MANAGEMENT STRATEGY AND CAPITAL INVESTMENT STRATEGY 2018/19

The Chair noted that the Panel would be discuss the Treasury Management Strategy first and would then discuss Capital Investment Strategy.

Treasury Management Strategy

Mr Della Rocca introduced the report and noted that the treasury management report was similar to reports in previous years.

The Council would continue with the strategy of short term investments, and would not consider longer investments at present with any cash balances being made available to fund the Commercial Investment Policy (CIP)

During discussion the following points were noted:

- i. The ability to borrow money would not be affected by the current financial position assuming that the return from investments would allow debt to be repaid. Borrowing to fund non-revenue generating assets was unaffordable in the context of the MTFP.
- ii. It was noted that the £10m fund for commercial investments was a good starting point, and was taken as a safe figure to start working with.
- iii. The £10m was not related to St George's Barracks.
- iv. Members training regarding the Treasury Management would be reviewed through the Audit & Risk Committee. Training for officers would be reviewed through performance reviews and managers.
- v. It was noted that 'Capita Asset Services' should be changed to 'Link Asset Services'.

Capital Investment Strategy

Mr Della Rocca introduced the report.

The CPS was new and is included in the newly required Capital Investment Strategy. The proposal was to set up a £10m fund to invest in with the idea of generating revenue income to help close the financial gap.

During discussion the following points were noted:

- i. Miss Waller noted that while she supported the principle of the strategy, she was not sure that what was written reflected best practice, and what the Council actually did. There was no reference to the role of a project board. The report needed to be explicit as to what governance arrangements might be put in place in respect of particular investments. . Mr Hemsley noted that the report writers would make sure the wording is tidied up, making sure there was strong governance.

- ii. It was noted that ideally investments would be restricted to within Rutland, but if a good opportunity arose then an investment outside the county would be considered.
- iii. The Chair noted that in the Capital Investment Strategy it was specified that officers would specifically exclude investments that involved alcohol or tobacco production or sale. However, some Local Authorities do invest in hotels, and those hotels were likely to be licensed premises. Mrs Briggs mentioned that the Council and the Museum were both licensed premises. It was noted that the paper would be amended to reflect this.

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Chairman closed the meeting at 8.23 pm.

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