



# Rutland County Council

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Ladies and Gentlemen,

A **SPECIAL** meeting of the **GROWTH, INFRASTRUCTURE AND RESOURCES SCRUTINY PANEL** will be held in the Council Chamber, Catmose, Oakham on **Thursday, 25th January, 2018** commencing at 7.00 pm when it is hoped you will be able to attend.

Yours faithfully

Helen Briggs  
**Chief Executive**

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## **A G E N D A**

### **APOLOGIES FOR ABSENCE**

#### **1) DECLARATIONS OF INTEREST**

In accordance with the Regulations, Members are invited 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 Act 1992 applies to them.

#### **2) PETITIONS, DEPUTATIONS AND QUESTIONS**

To receive any petitions, deputations and questions received from Members of the Public in accordance with the provisions of Procedure Rule 217.

The total time allowed for this item shall be 30 minutes. Petitions, declarations and questions shall be dealt with in the order in which they are received. Questions may also be submitted at short notice by giving a written copy to the Committee Administrator 15 minutes before the start of the meeting.

The total time allowed for questions at short notice is 15 minutes of the total time for 30 minutes. Any petitions, deputations and questions that have been

submitted with prior formal notice will take precedence over questions submitted at short notice. Any questions that are not considered within the time limit shall receive a written response after the meeting and be the subject of a report to the next meeting.

### **3) QUESTIONS WITH NOTICE FROM MEMBERS**

To consider any questions with notice from Members received in accordance with the provisions of Procedure rule No. 219 and No. 219A.

### **SCRUTINY**

Scrutiny provides the appropriate mechanism and forum for members to ask any questions which relate to this Scrutiny Panel's remit and items on this Agenda.

### **4) REVENUE AND CAPITAL BUDGET 2018/19 AND MEDIUM TERM FINANCIAL PLAN**

To receive Report No. 8/2018 from the Director for Resources.

- The above report was presented to Cabinet on 16 January 2018 and the recommendations within the report were approved.
- Cabinet has requested that Scrutiny review and comment on proposals before the Cabinet on 20 February 2018 so as to inform the decision-making process.
- The report and its proposals may be amended following the outcome of the Scrutiny Panel. Scrutiny is therefore asked to consider the report and provide feedback to the Portfolio Holder and Director.

(Pages 5 - 100)

### **5) TREASURY MANAGEMENT STRATEGY AND CAPITAL INVESTMENT STRATEGY 2018/19**

To receive Report No. 6/2018 from the Director for Resources.

- The above report was presented Cabinet on 16 January 2018 and the recommendations within the report were approved.
- Cabinet has requested that Scrutiny review and comment on the proposals. The report will be presented to Full Council for approval on 26 February 2018.

(Pages 101 - 176)

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### **DISTRIBUTION**

**MEMBERS OF THE GROWTH, INFRASTRUCTURE AND RESOURCES  
SCRUTINY PANEL:**

Mr J Lammie (Chairman)	
Mr I Arnold	Mr N Begy
Mr E Baines	Mr O Bird
Mr W Cross	Mr A Mann

**OTHER MEMBERS FOR INFORMATION**

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**CABINET**

16 January 2018

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

**Report of the Director for Resources**

Strategic Aim:	All	
Key Decision: Yes	Forward Plan Reference: FP/070717	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr O Hemsley, Acting Leader	
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**

That Cabinet:

1) approves for consultation:

- The General Fund Budget for 2018/19 detailed in Appendix 1, section 3
- The savings proposals set out in Appendix 6
- The service pressures contained within Appendix 7
- The Directorate budgets per Appendices 3 - 5
- An increase in Council tax of 4.99% including a 2% social care precept
- The capital programme as detailed in Section 4 of Appendix 1

2) notes:

- the budget report is written on the assumption that Council tax is increased by 4.99% although a final decision will be made in February. Whilst the main report assumes a 4.99% council tax increase, the Medium Term Financial Plan at Appendix 2 includes two models (a version assuming a 3.99% increase and a version assuming a 4.99% increase).
- That the funding position may change when the NNDR (business rates) tax base are finalised and local government finance settlement is received
- That additional revenue or capital expenditure may be incurred in 2018/19

funded through 2017/18 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

- The estimated deficit of £80,000 on the Collection Fund as at 31 March 2018 (2.6 of Appendix 1) of which £70,000 is the Rutland share
- That Council will be considering the Treasury Management Strategy and Capital Investment Strategy separately

## **1 PURPOSE OF THE REPORT**

- 1.1 The Council is required to set a balanced budget and agree the level of Council tax for 2018/19. This report presents a draft budget for consultation prior to the budget being formally set in February 2018.

## **2 BACKGROUND AND MAIN CONSIDERATIONS**

- 2.1 The detailed budget report is presented in Appendix 1. It covers:

- The funding position and Medium Term Financial Plan (section 2)
- The draft revenue budget for 18/19 (section 3)
- The draft capital budget (section 4)
- Funding for schools (section 6)

- 2.2 The medium term funding outlook remains largely unchanged following the provisional settlement and is summarised below:

- Government funding will continue to reduce over the next few years. Whilst there is still uncertainty beyond 19/20, further cuts are likely despite calls for additional funding.
- Elected Members will be expected to raise revenue locally through council tax to make up some of the shortfall. This principle is exemplified by the Governments decision to allow Councils to increase basic council tax by 3% (up from 2%) from 18/19 to raise additional revenue.
- Whilst the Government is revamping the system for business rates and is reviewing the 'needs' formula and funding allocation method (Fair Funding Review), it is very unlikely that this Council will see any increase in funding in the medium term.
- The Council will have to become less reliant on Government funding and generate its own resources at the same time as having to reduce spending.
- The Council will continue to face demand and cost pressures – adult social care, children's service, welfare support and homelessness – based on recent history.

- 2.2.1 Despite delivering nearly £1.3m in savings in 18/19, other pressures mean that the budget gap still exists. The Council's budget position for 18/19 (where there is a

reliance on £0.247m from the General Fund to balance the budget) is manageable in the short term but not sustainable in the medium term which is why further action is underway.

2.3 The table below summarises some of the key points in response to the questions that Members and the public might ask. It also includes references to where more information can be found.

Key questions	Status	Ref (App 1)
<i>Funding and MTFP (section 2)</i>		
1. What does the 18/19 finance settlement mean for Rutland?	The local government finance settlement for 16/17 included a 4-year settlement offer to local councils. In the 18/19 provisional settlement, DCLG confirmed that the figures quoted in the 'offer' have been updated to include extra Rural Delivery grant of £57k (the extra amount means the grant will be the same as that received in 17/18). In simple terms, Government funding drops from £10.95m in 17/18 to £9.48m in 18/19 – a loss of just under £1.5m.	2.2
2. What funding does the Council have available for 18/19?	With Government funding of £9.48m, Council tax of £24.8m (assuming a 4.99% tax rise) then the Council has £34.289m funding available compared to £34.364m in 17/18. The Council can spend more than this by using earmarked reserves and/or general fund reserves.	2.2
3. How does the Medium Term funding position look?	This is uncertain as the Government funding position is not known from 20/21 but our estimates are that Government funding will decrease to £7.5m by 2022/23 from £9.48m in 18/19. Overall funding will increase assuming the Council continues with 3.99% council tax increases after 18/19.	2.2
4. How might spending plans evolve?	Spending plans from 19/20 onwards assume a c2-3% increase per annum. With general inflation at 3%, pay inflation for 18/19 expected to be c2.64% and 1.5% thereafter, continued pressures in social care and demand led budgets such as transport, there are risks which could result in costs increasing further.	2.4
5. Given existing spending plans, what does the overall position look like?	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: <ul style="list-style-type: none"> <li>• 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;</li> <li>• 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 in the medium term.</li> </ul> <p>The Council's MTFP shows that over the next 5 years the Council is projecting to spend more than funding available</p>	2.2 and App 2 MTFP

Key questions	Status	Ref (App 1)
	and will use reserves to support spending plans by between £1 - £1.5m per annum.	
6. Is the Council in a healthy financial position?	<p>The Council is using reserves to support spending. In the short term this is sustainable as the Council has sufficient reserves to meet these costs but in the medium term this is not sustainable and action to address the position is ongoing.</p> <p>The Council could, if necessary, reduce net costs in a short time scale to bring the MTFP back into balance by mirroring the actions taken by other Councils. The Council does not need to do this because its level of General Fund balances give it time to close the gap in a measured way that minimises the impact on front line services. Moreover, whilst historically savings have been achieved through efficiencies, in the future the focus will shift to income generation.</p> <p>The Council's St Georges Barracks project with the Defence Infrastructure Organisation (DIO) and other projects are also expected to have a positive impact on the Council's financial position over the medium term. Whilst it is too early to financially model, the benefits of additional council tax, business rates and New Homes Bonus from new homes built could be significant.</p>	1.1 2.4 2.8
7. 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. As indicated above, the short term position affords the Council time to reduce expenditure to match funding levels.	2.7
8. What choice does the Council have over the level of Council tax?	<p>The Council can increase general council tax by up to 3% (this was increased from 2% in the Finance Settlement). On top of this, the Council can increase it further by 3% for adult social care purposes (as long as the social care element does not exceed 6% over a 3 year period).</p> <p>The budget assumes a 4.99% increase in council tax with 2% for adult social care but, as indicated above, a 3.99% increase is also being considered (see also section 4.4 below). The Council has seen increases in children's social care in 18/19 but this is not the case for adults.</p> <p>Whilst Members do have a choice, not embracing increases would have a significant impact on balances.</p>	2.5
<i>18/19 budget (section 3)</i>		
9. What does the overall budget look like and how does it compare to prior year?	<p>The total budget is £35.752m which includes using £482k of General Fund reserves, £562k of earmarked reserves, £350k of ring fenced reserves and £303k of grants previously received.</p> <p>The year on year comparison is not straightforward as there are one off items which can distort the position. Analysis in Section 3 (Appendix 1) shows that the budget is c4.31% more than last year reflecting some of the pressures the Council is experiencing in fostering and adoption, children with disabilities and transport.</p>	3.2

<b>Key questions</b>	<b>Status</b>	<b>Ref (App 1)</b>
10. What new savings is the Council planning to make in 18/19?	The budget includes savings of nearly £1.3m comprising £806k of revenue savings, £237k for changes in the calculation of capital financing charges and additional council tax of c£240k based on removal of discounts for empty homes. None of the savings are deemed to have a significant impact on front line services.	3.4 and App 6
11. What pressures is the Council facing in 18/19?	The Council uses the term “pressures” to describe increased spending at a service level. Some increased spending arises because the Council plans to spend earmarked reserves – funds it has set aside for a specific purpose. These “pressures” do not increase the Council’s base budget and are one off. Pressures that increase the base budget, “real pressures”, in 18/19 total c£1.013m and arise from the Council’s need to deliver its statutory duty in areas where the Council continues to experience increased demand and therefore costs in children with disabilities, fostering and adoption and SEN transport.	3.5 and App 7
12. Could there be further changes to the budget?	Yes, the draft budget will now be subject to consultation including review by Scrutiny Panels and other issues might also emerge. Cabinet will consider any revisions put forward by Members or officers prior to any Council decision.	N/A
<i>Capital (section 4)</i>		
13. What is the capital budget?	The capital budget includes £16.25m of ongoing projects and £14.242m of funds set aside for projects waiting approval.	4.4
14. Are there any additions/amends to the current capital programme?	Many schemes continue into 18/19. Some funding, e.g. highways, has been set aside and spending plans will be presented and approved in due course.  Capital plans include £10m set aside for commercial investment activity to be undertaken in line with the Capital Strategy to be presented for approval in January.	4.2 – 4.4
15. What capital resources are available?	The Council has capital resources which are not yet allocated of c£10.5m.	4.6

### **3 CONSULTATION**

3.1 The Council is required to consult on the budget as set out in Section 6 below and has plans in place to meet those requirements. As per the prior year, it is proposed that consultation for 18/19 includes:

- consideration by each of the Scrutiny Panels at special meetings in January;
- a meeting with representatives of the local business community in February;

- a presentation of the budget to the Parish Council Forum in January; and
- consultation online, static displays at libraries and publicity through the local print and broadcast media from 17<sup>th</sup> January to 7<sup>th</sup> February.

3.2 The outcome of the consultation will be reported to Cabinet or Council in February depending on the timing of events to enable it to consider the views expressed when making its recommendation to Council on the budget.

## **4 ALTERNATIVE OPTIONS**

4.1 There are three key areas where the Council has choices: revenue savings/pressures, the capital programme, council tax funding 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 such as demand.

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 18/19 includes projects already approved by Cabinet/Council. Approvals for projects to be included in the programme will be sought in separate reports.

### **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 Council tax levels.

4.4.2 The draft budget assumes a 4.99% council tax increase although both 3.99% and 4.99% are still being considered. In making this decision, 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 assumed **Councils will raise council tax** – this assumption has not changed with Councils now allowed to increase general council tax by 3%. Members should note that prior to 16/17 council tax was not increased for 6 years;
- **All decisions have a cumulative impact** – for example, the 'loss' of funding by retaining Council tax at its current level may be c£1m in 18/19 but over a 4 year period the loss is in excess of £5.1m (even if 3.99% increases are applied from 19/20 onwards). 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 22/23 and would not be able to balance the budget unless of course substantial savings were made; and
- **Making savings is unlikely to compensate for loss of Council tax** – the MTFP already assumes substantial savings have to be made over the life of the MTFP.

4.4.3 A summary of the impact of the decision re council tax is given below.

<b>Impacts</b>	<b>3.99%</b>	<b>4.99%</b>
<b><i>On residents</i></b>		
Council tax per Band D property	£1,608.66	£1,624.13
Weekly cost (Band D)	£30.93	£31.23
Maximum weekly cost for those receiving council tax support	£7.73	£7.81
Number of households paying the full charge	9,665	9,665
Number of households receiving single persons discounts/ council tax support	7,418	7,418
Council tax support funding available for hardship cases	£25,000  Only £7k spent in 17/18 as number of applications has been low	£25,000
<b><i>On MTFP</i></b>		
Council tax yield for 18/19	£24.633m	£24.870m
Extra yield (over 5 years)	-	£1.310m

<b>Impacts</b>	<b>3.99%</b>	<b>4.99%</b>
Reliance on reserves in 18/19	£0.484m	£0.248m
Estimated reserves in 22/23	£2.819m	£4.129m

#### 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. More detail is given in Appendix 1, Section 7.

### 5 FINANCIAL IMPLICATIONS

- 5.1 The draft budget as presented relies on a contribution of £248k from the General Fund. This is affordable in 18/19 but in the medium term net expenditure needs to be reduced.

### 6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 The Council is on course to agree its budget and set its Council Tax for 2018/19 within the timetable required by statute and the constitution.
- 6.1.1 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.

<b>Requirement</b>	<b>Status</b>
<i>Statutory requirements under Local Government Finance Act 1992:</i>	
To levy and collect council tax	To be approved at Council in February 2018
To calculate budget requirements and levels of council tax	To be approved at Council in February 2018
To consult representatives of persons subject to non-domestic rates about proposals for expenditure	To be presented at Business event in February
To approve the budget and set Council Tax by 11th March in each year	To be approved at Council in February 2018
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	Appendix 1, Section 2.6

<b>Requirement</b>	<b>Status</b>
the amount of the deficit or surplus on the Collection Fund as at 31st March 2018. This report sets out an estimated figure.	
<i>Statutory requirements under Local Government Act 2003:</i>	
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.	Appendix 1, Section 3.8

## **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 for the proposed 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 2018/19.
- 10.2 The draft budget for consultation is affordable within the context of the MTFP and will allow the Council to meet service aims and objectives for the coming year.

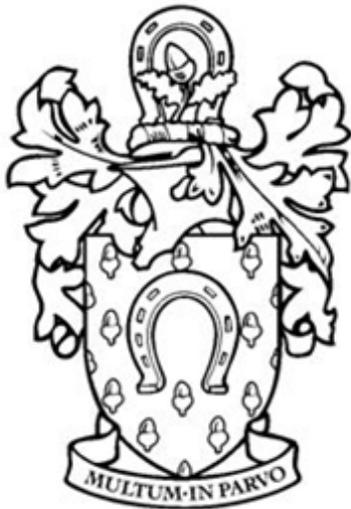
## **11 BACKGROUND PAPERS**

- 11.1 There are no additional background papers to the report.

## **12 APPENDICES**

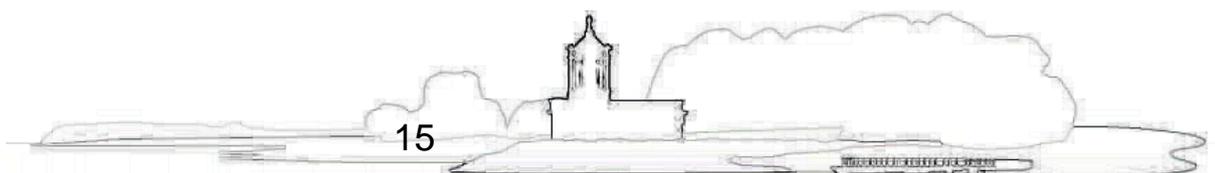
Appendix 1	Budget Report 2018/19
Appendix 2	Medium Term Financial Plan and assumptions
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Appendix 3.2	People Directorate – subjective analysis
Appendix 4.1	Places Directorate – functional analysis
Appendix 4.2	Places Directorate – subjective analysis
Appendix 5.1	Resources Directorate – functional analysis
Appendix 5.2	Resources Directorate – subjective analysis
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Appendix 7	Pressures
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Appendix 9	Capital programme

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# Rutland County Council

## **The Budget 2018 - 19**



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# 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. 18/19 is the third year of the four year settlement. Based on the November Budget and Local Government Finance Settlement, the Council has received some additional core funding beyond that expected (an increase in £157k for Rural Delivery grant) but the overall loss in Government funding remains significant at just under £1.5m.

1.1.2 The medium term funding outlook therefore remains largely unchanged:

- Government funding will continue to reduce over the next few years. Whilst there is still uncertainty beyond 19/20, further cuts are likely despite calls for additional funding.
- Elected Members will be expected to raise revenue locally through council tax to make up some of the shortfall. This principle is exemplified by the Governments decision to allow Councils to increase basic council tax by 3% (up from 2%) from 18/19 to raise additional revenue.
- Whilst the Government is revamping the system for business rates and is reviewing the 'needs' formula and funding allocation method (Fair Funding Review), it is very unlikely that this Council will see any increase in funding in the medium term.
- The Council will have to become less reliant on Government funding and generate its own resources at the same time as having to reduce spending.
- The Council will continue to face demand and cost pressures – adult social care, children's service, welfare support and homelessness – based on recent history.

1.1.3 Based on the draft budget for 18/19 and other estimates, we assume that by 22/23 the funding gap will be £1.157m and the Councils reserves will be £4.19m compared to £8.8m today if no further action is taken.

1.1.4 Despite delivering nearly £1.3m in savings in 18/19, other pressures mean that the budget gap still exists. The Council's budget position for 18/19 (where there is a reliance on £0.247m from the General Fund to balance the budget) is manageable in the short term but not sustainable in the medium term which is why further action is underway.

1.1.5 The Council could, if necessary, reduce net costs in a short time scale to bring the MTFP back into balance by making cuts like many other Councils. The Council does not need to do this immediately because its level of

General Fund balances give it time to close the gap in a measured way that minimises the impact on front line services.

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

- focusing on the growth agenda and the St Georges Barracks project which we believe could have a positive impact on our financial position;
- 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.

1.1.7 My summary of the position for the proposed 18/19 budget is as follows:

- The available funding resources to the Council are £34.289m (excluding reserves) compared to £34.364m last year. This assumes that Council increases council tax by 4.99% (including 2% for the social care precept) although this is still to be decided. The extra council tax yield is just over c£1.6m which compensates for the loss of Government funding;
- Of the funding available, only £9.48m comes from Government compared to £10.95m in 17/18 and £12.1m in 16/17. This is a loss of £1.5m from 17/18 and £2.6m over two years;
- The net cost of services is £36.560m, which is higher than the 17/18 approved budget of £34.192m. After taking account of the increase in depreciation and 18/19 one off costs of £0.905m, then the comparable 18/19 budget is £35.655m – this represents a 4.31% increase over 17/18;
- The budget includes c£1m of new service pressures of which £522k relates to children's care services;
- The 18/19 budget includes pay and other inflation of £941k (including an assumed 2.64% pay award based on the latest offer made);
- The 18/19 budget includes a contingency of £100k to meet in-year adult social care pressures if needed;
- The budget includes savings of nearly £1.3m arising from policy and other changes made by Council (£806k of revenue savings alongside capital financing savings of £237k and removal of council tax empty homes discounts £240k);

- The Council is using £248k from its General Fund to balance its budget and £562k from earmarked reserves; and
- The Council is spending £350k of ring fenced funding and £302k of grants/income previously received for specific purposes but not so far used to deliver service objectives.

## **2 FUNDING AND MEDIUM TERM FINANCIAL PLAN (MTFP)**

### **2.1 Overview**

2.1.1 This section sets out the financial context for the 18/19 budget and in particular the financial position over the life of the MTFP taking into account:

- The finance settlement and available funding (2.2);
- Funding issues and risks beyond 18/19 (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.

### **2.2 The finance settlement - available funding and overall position for Rutland**

2.2.1 Almost no new funding from central government has been included in the settlement with the exception of additional Rural Delivery Grant. Whilst there is an acknowledgement that there are pressures and funding challenges and reference to various ongoing reviews (Adult Social Care green paper, Fair funding review, Business Rates Retention) there is no promise of additional funding.

2.2.2 Using Government figures core spending power (available core funding) of local authorities in England is £44.9bn in 18/19 compared to £44.6bn in 15/16. In 18/19 60% comes from council tax compared to 49% in 15/16. The picture for Rutland is slightly better with core spending power at £31.6m in 18/19 compared to £30.1m in 15/16. In 18/19 80% of our spending power comes from Council tax. This figure is much higher than the national average of 60%.

2.2.3 The overall settlement for 18/19 has not changed the overall direction of travel with government funding reducing from the prior year with the expectation that Members will continue to raise council tax and levy the social care precept (discussed in more detail in 2.5). The figures for 20/21 onwards are speculative as the Government has only confirmed funding to 19/20. Table 1 shows the overall position.

**Table 1: Overall funding available**

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Core government funding (Table 2)	(1,906,180)	(680,891)	277,427	428,371	548,675	622,305
Other funding (Table 3)	(9,045,824)	(8,808,666)	(8,922,155)	(8,196,035)	(8,183,130)	(8,127,576)
<b>Total government funding</b>	<b>(10,952,004)</b>	<b>(9,489,557)</b>	<b>(8,644,728)</b>	<b>(7,767,664)</b>	<b>(7,634,455)</b>	<b>(7,505,271)</b>
Council tax (inc collection fund and social care precept)	(23,412,155)	(24,800,222)	(26,168,275)	(27,462,455)	(28,803,675)	(30,194,909)
<b>Total resources</b>	<b>(34,364,159)</b>	<b>(34,289,779)</b>	<b>(34,813,003)</b>	<b>(35,230,119)</b>	<b>(36,438,130)</b>	<b>(37,700,180)</b>
Use of Govt grant/Income received	(238,000)	(302,600)	(175,600)	(133,600)	(96,000)	(36,000)
Earmarked Reserves	(996,000)	(562,300)	(306,900)	(11,600)	(38,600)	(38,600)
Ringfenced Grants	73,000	(350,400)	(35,000)	0	0	0
<b>Use of reserves</b>	<b>(1,161,000)</b>	<b>(1,215,300)</b>	<b>(517,500)</b>	<b>(145,200)</b>	<b>(134,600)</b>	<b>(74,600)</b>

2.2.4 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. The provisional settlement 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) other than for some additional Rural Service Delivery grant. The Government has not announced figures for beyond 19/20 but the Council has made its own assumptions based on advice from financial advisors Pixel. The view from Pixel is that lower Gross Domestic Product (GDP) growth will result in lower increases in public spending (1.5% rather than 2%) but it is likely that figures will not be published until the back end of 19/20.

**Table 2: Core government funding**

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
RSG	(888,716)	0	0	0	0	0
Transitional Grant	(336,573)	0	0	0	0	0
Rural Service Delivery Grants	(680,891)	(680,891)	(680,891)	(680,891)	(680,891)	(680,891)
Tariffs relating to Business Rates (extra payment to Government)	0	0	958,318	1,109,262	1,229,566	1,303,196
<b>Total core government funding</b>	<b>(1,906,180)</b>	<b>(680,891)</b>	<b>277,427</b>	<b>428,371</b>	<b>548,675</b>	<b>622,305</b>

2.2.5 In terms of core government funding, the Council therefore continues to receive less each year. In respect of other government/external funding, the Council's key income streams are set out below with some commentary below.

**Table 3: Other funding**

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Misc grants (2.2.6)	(467,328)	(308,192)	(329,482)	(110,128)	(110,128)	(110,128)
New Homes Bonus (2.2.7)	(1,214,332)	(1,231,222)	(1,238,830)	(992,226)	(893,108)	(752,996)
Better Care Fund (2.2.8)	(2,578,400)	(2,306,000)	(2,214,800)	(2,138,100)	(2,138,100)	(2,138,100)
Business rates (2.2.9)	(4,785,764)	(4,963,252)	(5,139,043)	(4,955,581)	(5,041,794)	(5,126,352)
<b>Total other gov funding</b>	<b>(9,045,824)</b>	<b>(8,808,666)</b>	<b>(8,922,155)</b>	<b>(8,196,035)</b>	<b>(8,183,130)</b>	<b>(8,127,576)</b>
Ring-fenced government funding (e.g. public health)	1,326,000	1,291,000	1,256,000	1,256,000	1,256,000	1,256,000

- 2.2.6 The Council receives few **grants** from Government departments. 2018/19 includes grants for Independent Living Fund £64k; Self Build and Custom Housebuilding £30k; Local Reform and Community Voices £21k; Extended Rights to Free School Travel £8k; Social Care in Prisons £74k; War Pensions Scheme Disregard £15k and £89k for business rates compensation (for the change from Retail Price Index to Consumer Price Index which reduces business rates collected).
- 2.2.7 In terms of **New Homes Bonus (NHB)** the MTFP assumes the following numbers of houses are built over the next 5 years and there are no further changes to the NHB scheme.

	2018/19	2019/20	2020/21	2021/22	2021/22
Builds expected	252	179	160	160	160

- 2.2.8 In 2017/18 the Government announced two year funding allocations and so the amount included for 18/19 is the second year of the **Improved Better Care Fund (iBCF)**.
- 2.2.9 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).
- 2.2.10 Estimates of rates payable by businesses (and how much the Council will collect) have been estimated at £4.963m. This will be updated when the Council completes its NNDR1 return in January. The estimates can be impacted by factors that reduce rates due (appeals, business failure, and greater discounts) or increase rates due (new business). For now the Council is not expecting significant growth.

## 2.3 Beyond the 2018/19 settlement – funding issues are on the horizon and their potential impact

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

Issue	Impact
The Government announced its intention to introduce 75 per cent business rates retention for all in 2020/21. This will be through rolling in Revenue Support Grant, GLA Transport Grant, the Rural Services Delivery Grant and the Public Health Grant into business rates. The Government will also continue to work with the sector to improve the way the local	In theory, the intention to fund existing grants through business rates should be cost neutral but until the detail is seen this is uncertain.  The 3-year revaluation will benefit the Council as it will reduce volatility in the system and allow for the vast scale of increases in rateable value in some parts of the

Issue	Impact
<p>government finance system works, such as tackling the impact of business rates appeals on local authorities.</p> <p>In the Autumn Budget some changes to business rates were announced:</p> <ul style="list-style-type: none"> <li>• The switch from RPI to CPI to uprate the multiplier – effectively lowers the inflation rate for businesses</li> <li>• Introduction of 3-yearly revaluation</li> <li>• Current £1,000 discount for pubs will be extended for one more year</li> </ul>	<p>country to be equalised through resetting of baselines and tariffs/top ups.</p>
<p>The <b>Fair Funding Review</b> is re-examining what the “needs” of authorities are and how funding may be allocated taking into account available resources.</p> <p>The Government has issued a consultation document with a view to implementing this from 20/21.</p> <p>This consultation focuses specifically on potential approaches to measure the relative needs of local authorities. In particular, it:</p> <ul style="list-style-type: none"> <li>• presents the idea of using a simple foundation formula to measure the relative needs of local authorities, based on a small number of common cost drivers;</li> <li>• considers a number of service areas where in addition, a more sophisticated approach to measuring relative needs may potentially be required; and</li> </ul>	<p>The Fair Funding review is welcome but there is no sense that additional funding will be made available which is the biggest concern.</p> <p>The Fair Funding Review is likely to lead to shifts in funding with more moving to areas where the over 65 population is growing but our view is that changes to how existing funding is shared will make little difference and that damping will probably cap the largest changes.</p> <p>The review explains that the Councils 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 unlikely to increase.</p>

Issue	Impact
<ul style="list-style-type: none"> <li>• outlines the statistical techniques that could be used to construct relative needs.</li> </ul> <p>The consultation does not cover the relative resources adjustment, transition or other technical matters but these will be the subject of a later series of discussion papers.</p>	
<p>The Government has previously indicated it would <b>transfer additional responsibilities</b> to local authorities and funding this through surplus rates.</p> <p>On the back of business rate pilots and creation of Combined Authorities this option is possible.</p>	<p>The MTFP assumes no transfers of responsibility and funding for now further to the settlement.</p> <p>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.</p>
<p>There was no new funding announced for social care in the Settlement.</p> <p>The <b>adult social care precept</b> continues to give local authorities the ability to raise new funding to spend exclusively on adult social care. There have been no changes announced in the local government finance settlement.</p> <p>The Government did confirm that it will publish a Green Paper on adult social care in the summer of 2018.</p>	<p>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) with the Government coming under pressure to invest more or redirect resources from other parts of the system (under fair funding). Any decision to do this could restrict the powers given to local authorities to raise a precept.</p> <p>However, given the continuing pressure on adult social care services, the MTFP assumes this power will continue.</p>
<p>Individual local authority allocations for the improved <b>Better Care Fund</b> until 2019/20 were published in 2017/18 and there is no indication at this stage that there will be changes.</p> <p>Some element of future funding could be at risk if national targets are</p>	<p>The MTFP includes the BCF in line with published allocations with no reductions for performance issues.</p> <p>Changes to how the BCF is used could create a pressure on the General Fund should funds be</p>

Issue	Impact
<p>not met e.g. planned reductions in delayed transfers of care (DToc).</p> <p>Whilst additional NHS funding (£2.8bn to 19/20) was announced in the budget, there was no additional funding for the iBCF or social care other than £43m for Disabled Facilities Grants (DFGs) in 17/18.</p> <p>The pressures in the NHS are again putting financial pressure on CCGs including East Leicestershire and Rutland CCG to the point the CCG want to revisit the scope and projects of the BCF programme to ensure it meets the needs of the CCG in delivering health outcomes and savings elsewhere.</p> <p>In the medium term, the unsustainability of the current structure may accelerate the move towards single purpose health care organisations.</p>	<p>diverted from protecting core services to new areas.</p> <p>Our share is c£20k and this will be spent in 17/19.</p> <p>The Council is working with the CCG to help ensure the BCF programme prevents and minimises the demand for health and care services.</p>
<p>The <b>New Homes Bonus</b> continues with no changes announced in the Settlement. The baseline will remain at 0.4% for 2018/19.</p>	<p>The MTFP assumes a baseline of 0.4% (the Council will only be paid for any growth above 0.4% of the total number of existing council tax dwellings).</p>
<p>The Government made savings in local authority <b>public health</b> spending last year and further reductions are expected.</p> <p>The planned cuts to Public Health were not reversed in the Autumn Budget but confirmation of funding is awaited.</p> <p>As noted above, Public Health funding will come from Business Rates in the future.</p>	<p>MTFP assumes likely reductions of c£35k in 18/19 and 19/20. Funding should be confirmed in January.</p> <p>The MTFP assumes that any public health funding reduction will be absorbed or met in the short term from the Public health reserve.</p>
<p>Government remains committed to devolving powers to support local areas and is working towards</p>	<p>Council continues to monitor what the best approach is for Rutland and no decision has been made</p>

Issue	Impact
<p>various deals with <b>Combined Authorities</b> (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.</p> <p>Consultation in respect of Business Rates indicates that ideas to deal with some issues, e.g. appeals, across CA are unlikely to progress further.</p>	<p>as to whether it will become a member or non-constituent member of a CA.</p> <p>Should Councils be automatically “slotted” into a CA area then there may be funding impacts.</p> <p>The Greater Cambridge Greater Peterborough Enterprise Partnership is being reformed and the Council still does not see itself fitting neatly into any CA area.</p>
<p><b>Schools funding</b> is outside of the Revenue Account and is ring fenced. All aspects of school funding are under consultation. Details are given in Section 5.</p> <p>The Council has received illustrative numbers for the Central Schools Block from 2018/19 which would suggest that funding on retained duties (from the ESG) will continue to fall resulting in a continuing pressure, albeit small (&lt;£5k) on the General Fund.</p>	<p>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.</p>
<p>Local authorities continue to have flexibility to <b>spend capital receipts from asset sales on the revenue</b> costs of reform projects, subject to conditions.</p>	<p>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.</p>
<p><b>Housing</b> was a big theme in the Autumn Budget with measures announced that should lead to additional funding although details are to be confirmed:</p> <ul style="list-style-type: none"> <li>• Homelessness taskforce</li> <li>• Commitment to halving rough sleeping by 2022</li> </ul>	<p>Local authorities can expect some funding to come their way albeit in some areas there is likely to be a competitive bidding process.</p>

Issue	Impact
<ul style="list-style-type: none"> <li>• Further £2.7bn for Housing Infrastructure Fund (HIF)</li> <li>• £1.1bn to unlock strategic sites</li> </ul>	
<p>The <b>Local Plan</b> is the plan for the future development of Rutland which is drawn up by the Council in consultation with the community.</p> <p>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.</p> <p>The Chancellor announced concerted action in the Budget to deliver more house building. For example, the potential to intervene to resolve the gap between planning and house building.</p>	<p>Local plan information will impact income assumptions (council tax and new homes bonus) and may have an impact on spending plans including capital projects.</p> <p>The MTFP assumes core house building will be c160 homes pa.</p> <p>The potential for intervention is quite radical and will involve local authorities in some way either by getting them to identify problem sites or to use their Compulsory Purchase Order (CPO) powers.</p>
<p>In November, the MOD confirmed that <b>St Georges Barracks</b> will close in 2020/21. The Council receives both council tax and business rates from this site.</p> <p>The Council and the Defence Infrastructure Organisation (DIO) have been in continuous discussion about St George's Barracks since details of the closure were first announced.</p> <p>Our shared vision for St George's is the creation of a new 'garden village' with the right mix of housing, enterprise, leisure and recreation. We are at the very earliest stage and, having confirmed our commitment to work together, the Council and MOD will now begin the long process of master planning for the St George's site.</p>	<p>The 'loss' of council tax and business rates is not yet reflected in the MTFP.</p> <p>Any house building and other development on this site could have a positive impact on the Council's financial position over the medium term.</p> <p>New houses and business would deliver additional council tax, business rates and Community Infrastructure Levy which would be used to expand existing services and build new infrastructure on the site or in surrounding areas.</p>

Issue	Impact
The Council is bidding for external funding to help take forward this project from the Housing Infrastructure Fund.	
<p>The <b>Rutland Hub</b> is the other project being considered as part of the Government One Public Estate initiative. The project objectives include:</p> <ul style="list-style-type: none"> <li>• Making better use of the Public Estate in Rutland</li> <li>• Creation of a Public Services Hub</li> <li>• Delivering better services, more efficiently and effectively supported by integration and co-location</li> <li>• Future proofing service delivery</li> <li>• Supporting sustainable growth</li> </ul> <p>A number of partners have signed up to participate in the project which is now entering feasibility stage.</p>	<p>The Hub could have a positive impact on Council running costs but also potentially release land for development and new homes which again is expected to have a positive impact on the MTFP.</p> <p>The Council is at the stage where it is commissioning a feasibility study.</p>

## 2.4 Spending plans and pressures – indicative spending plans 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 18/19 is discussed in Section 3.

	18/19	19/20	20/21	21/22	22/23
Places	12,033,100	12,083,600	12,361,200	12,635,100	12,909,900
People	18,135,900	17,811,800	18,118,700	18,528,600	18,961,600
Resources	5,906,400	6,030,900	6,112,400	6,217,400	6,326,700
Pay contingency	384,400	777,700	1,007,100	1,244,200	1,489,300
Social care contingency	100,000	100,000	100,000	100,000	100,000

Headcount saving		(121,000)	(121,000)	(121,000)	(121,000)
<b>Total</b>	<b>36,559,800</b>	<b>36,683,000</b>	<b>37,578,400</b>	<b>38,604,300</b>	<b>39,666,500</b>

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).

<b>Risk</b>	<b>Action to mitigate risk</b>
<p>With inflation at 3.1%, it is expected that trade unions and others will continue to lobby for <b>pay inflation</b> increases and the introduction of the Living Wage.</p> <p>The latest pay offer works out at around 2.64% pa (total cost of £384k in 18/19). This is still being considered.</p>	<p>The MTFP ordinarily assumes an annual pay award of 1.5% (higher than the rates given over the last few years) and as the Council is part of the national bargaining agreement no change is proposed.</p> <p>The pay provision (which includes amount set aside for pension changes etc) has been adjusted for the latest offer with future years remaining at 1.5%.</p>
<p>There is a risk that the Council will bear the financial burden of any increase in the number of residents claiming <b>council tax support, discretionary housing payments or crisis loans.</b></p> <p>In the last few years the number of people claiming support has reduced as the County has reached full employment.</p>	<p>Proactive monitoring of demand for funding and collection levels for council tax will provide early indicators of any risks materialising.</p> <p>The Councils offer continues to be reviewed.</p>
<p>The MTFP includes some <b>service pressures</b> as growth is built in where</p>	<p>These will be monitored through the monthly monitoring process and</p>

Risk	Action to mitigate risk
<p>there is a degree of certainty. However there are a range of potential issues across different services that could have an impact which the Council does not budget for directly:</p> <ul style="list-style-type: none"> <li>• Increases in the cost of care packages arise from a growing population of older people, or greater demand for services;</li> <li>• An increase in costs of looked after children beyond that budgeted;</li> <li>• Downturn in the local economy which could impact our income from business units, car parking etc;</li> <li>• Extra interim staffing costs arising from difficulties in recruiting staff; and</li> <li>• An unexpected by-election.</li> </ul>	<p>quarterly reports to Cabinet. Variances identified as recurring are highlighted to Cabinet and the longer term implications assessed.</p> <p>As far as possible Directors will try to manage costs pressures within budget.</p> <p>The Council has an earmarked pressure reserve which can be used.</p> <p>Sufficient balances will also be maintained to cope with unforeseen cost pressures in the short-term.</p>
<p>Whilst <b>inflation</b> has been low for some time and the Government target is to keep it below 2%, there are emerging issues following the Brexit vote that are causing pressure on the £ that have seen inflation increase to 3.1%. This has impacted the prices the Council pays for goods and services.</p> <p>Compared to previous years, the Council has found it more difficult to absorb inflation in budgets.</p>	<p>The Council will monitor the position on key contracts and has inflation built into the MTFP which has been revisited as part of the 18/19 budget.</p> <p>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.</p>
<p><b>Interest rates</b> may change thereby reducing the Council's ability to earn investment income.</p> <p>Advice from our Treasury advisors is that interest rates will stay below 1% for the next two years.</p>	<p>Regular review of the position and consideration of the balance between investing surplus cash and using it to repay long term debt. Advice from Link Asset Services is used to forecast investment income.</p>

Risk	Action to mitigate risk
<p><b>Capital financing</b> costs have been estimated based on the assumption that no further external borrowing is undertaken during the life of the MTFP without there being an appropriate revenue payback.</p>	<p>Corporate analysis of existing and potential new projects indicates that no further external borrowing is required at this stage.</p> <p>The Capital Investment Strategy allows for external borrowing only where there is a revenue payback.</p>
<p>The Council receives a contribution from health towards the cost of <b>care packages</b> where there is health need.</p> <p>Officers' sense that the Health sector will now take a much tougher line on what is classed as a health need therefore leaving the Council to potentially fund more of the cost.</p> <p>The Council has some significant care packages that are funded exclusively by health. Any changes to this position could have a significant impact on the budget.</p>	<p>We are monitoring this position and are taking advice from various bodies so we understand the options available to us.</p> <p>The CCG and other partners want to ensure that needs are properly paid for by the relevant organisation.</p>
<p>The Council has seen <b>demographic</b> 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.</p> <p>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.</p>	<p>The Council continues to monitor trends of demands for service and how this links to population changes.</p> <p>The Council has a Social Care Reserve and a Social Care contingency to allow it to respond to changes in demand in-year.</p>
<p>The Council has a number of <b>outsourced services</b> 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</p>	<p>The MTFP has been updated to reflect the expected cost of services.</p>

Risk	Action to mitigate risk
Waste – 2021, Street Cleaning – 2022, Leisure – 2021), contract inflation rates are kept under review.	
<p>The Council's net <b>pension liability</b> for the Local Government Pension Scheme (controlled by Leicestershire County Council as the Pension Fund administrator) has decreased.</p> <p>Following the triennial review, the contribution rates have been amended upwards to close the gap.</p> <p>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.</p>	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 18/19 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.
- 2.4.5 In 2017/18, the Council highlighted a number of strands to its approach to address this issue. It also highlighted the difficult financial context: 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.
- 2.4.6 The Council could, if necessary, reduce net costs in a short time scale to bring the MTFP back into balance by cutting services like other councils. The Council does not need to do this and instead is aiming to close the gap in a measured way that minimises the impact on front line services. The table below summarises the action taken to achieve this goal.
- 2.4.7 Progress on key strands is shown below:

Theme	Progress
Income maximisation	<ul style="list-style-type: none"> <li>Introduction of Green Waste charging approved from 1 April 2018</li> </ul>

Theme	Progress
	<ul style="list-style-type: none"> <li>• Review of council tax discounts completed with discounts to be removed from 1 April 2018</li> <li>• Council working with external consultancy support to review opportunities for income maximisation</li> </ul>
Invest to Save	<ul style="list-style-type: none"> <li>• Council is working on further development of OEP site</li> <li>• Investment strategy focusing on commercial investments to be presented for approval</li> <li>• New King Centre being opened</li> <li>• All property assets under review</li> </ul>
Partnering	<ul style="list-style-type: none"> <li>• Council currently sharing Director for Resources role with South Kesteven District Council (SKDC)</li> <li>• Council sharing Planning IT system with SKDC</li> <li>• Council looking at options for future of Building Control Services</li> <li>• Payroll outsourced to Herefordshire Council</li> <li>• Council in discussions with SKDC over possibilities of further joint working</li> </ul>
Commissioning and procurement	<ul style="list-style-type: none"> <li>• Savings made on extension of Revenues and Benefits IT system</li> <li>• Savings on change of banking provider</li> <li>• Facilities management contract being outsourced from in house provision</li> </ul>
Service reviews	<ul style="list-style-type: none"> <li>• Business Support review has completed and from 19/20 will generate savings from improvements and efficiencies</li> </ul>

2.4.8 Work will continue into 2018/19 alongside the Councils growth projects. The Council's aim is to balance the MTFP whilst avoiding withdrawing or reducing service provision.

## 2.5 Council tax – options available

2.5.1 The Government has increased the general council tax referendum limit from 1.99 per cent to 2.99 per cent for 2018/19 and 2019/20. Councils will be able to levy an Adult Social Care precept of an additional 2% with additional flexibility to increase the precept by 1% to 3% in 2018/19, provided that increases do not exceed 6% between 2017/18 and 2019/20.

2.5.2 The MTFP for 18/19 assumes a general council tax increase of 2.99% and a further 2% social care precept. The existing profile of adult social care spending does not anticipate the need for a 3% rise in 2018/19. However, council tax options of 3.99% and 4.99% are still being considered.

2.5.3 After 18/19, the MTFP assumes council tax rises of 3.99%. The table below shows the difference between:

- a) the current MTFP - a 4.99% increase in 18/19 followed by 3.99%;
- b) 3.99% increases per annum;
- c) a 2% annual increase for the life of the MTFP; and
- d) a council tax freeze for the life of the MTFP.

Options	Council tax rate 18/19	18/19 council tax revenue £000	Size of gap in 22/23	General Fund balance 22/23
4.99% in 18/19 then 3.99%	£1,624.13	£24.870m	£1.157m	£4.129m
3.99%	£1,608.66	£24.633m	£1.445m	£2.819m
2%	£1,577.88	£24.162m	£4.199m	-£5.042m
Band D – current	£1,546.94	£23.688m	£6.759m	-£12.535m

2.5.4 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 22/23 and would not be able to balance the budget unless of course substantial savings were made.

## 2.6 Collection Fund – the estimated balance for 2017/18

2.6.1 The Council, as a billing authority, is required to keep a special fund, known as the Collection Fund. 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. The estimated financial position on the Collection Fund at 31 March 2018 is:

Estimated Deficit at 31 March 2018	£80,000
<b>Share of Deficit</b>	
Rutland County Council	£70,000
Leicestershire Police Authority	£8,000
Leicestershire Fire Service	£2,000

2.6.2 The Regulations provide for the Council's share of the estimated deficit to be transferred to the General Fund in 18/19.

## 2.7 Reserves – the minimum level of reserves required

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.

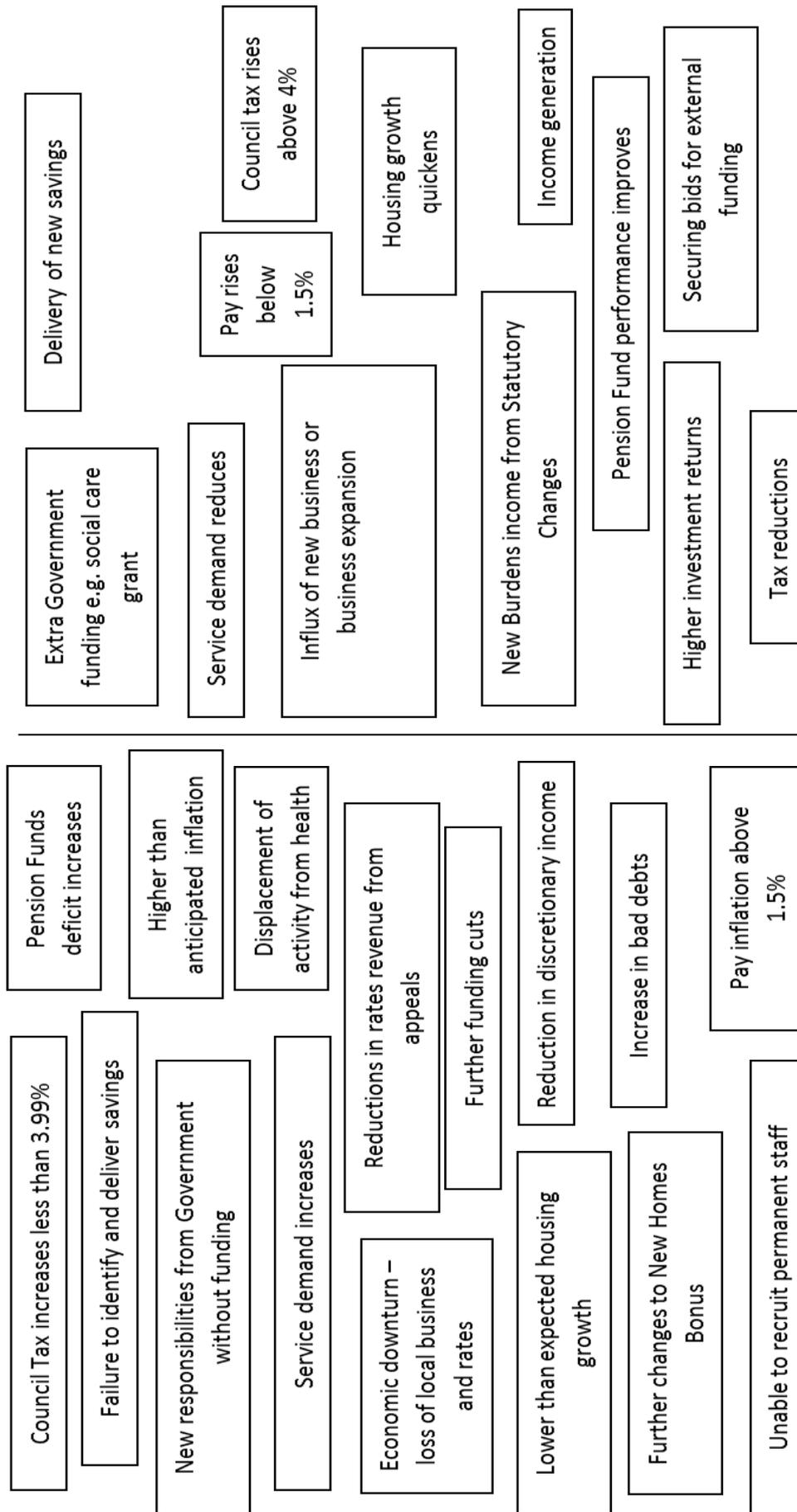
2.7.3 In the current climate, it is essential that the Council maintains General Fund reserves to deal with the unexpected. There are a range of risks that may arise that the reserves are held for in order to maintain the Council's sound financial position. These risks include the following:

<b>Risk factor/issue</b>	<b>Potential impact (in any one year)</b>
Loss of business rates income before Safety Net reached through appeals or economic downturn	£0 - 300k
General service pressures or overspends – 1%	£373k
Grant uncertainty – further reductions in funding – 1% more than anticipated	£40k
Education redundancies no longer paid for through DSG	£0 - £50k
Pay inflation (1% more than budgeted for)	£140k
Decrease in collection rates for council tax – 1%	£240k
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

- 2.7.4 The Council's minimum reserves target is currently set at £2m which equates to about 5.5% of net spending. Presently, the Council's general fund balances (and useable earmarked reserves) are above the minimum level at c£8.9m. Alongside this balance the Council has c£2.3m in earmarked reserves (detailed in Appendix 8).
- 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 (Council could fund 4 years of the current deficit) ;
  - 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.

## **2.8 The financial outlook – the overall position**

- 2.8.1 The medium term outlook shows that the deficit continues into 19/20 and beyond.
- 2.8.2 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 – 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:

		<b>Draft budget 2018/19 £000</b>
3.1.2	People	18,136
3.1.2	Places	12,033
3.1.2	Resources	5,906
<i>A</i>	<i>Sub-Total Directorate budgets</i>	36,075
3.1.3	Pay Inflation contingency	385
3.1.4	Social care contingency	100
<i>B</i>	<i>Sub-Total Contingencies &amp; Corporate Savings</i>	485
	<b>Net cost of services</b>	<b>36,560</b>
3.1.5	Revenue contribution to capital	0
3.1.6	Appropriations	(2,241)
3.1.7	Capital financing costs	1,644
3.1.8	Interest income	(210)
	<i>Sub-Total Capital</i>	(807)
	<b>Total Net Spending</b>	<b>35,753</b>
	<b>Funding</b>	<b>(34,053)</b>
	Use of Govt Grant/Income Received	(303)
	Earmarked Reserves	(562)
	Ringfenced Reserves	(350)
	<i>Sub-Total use of reserves</i>	(1,215)
	<b>Use of General Fund reserves</b>	<b>485</b>

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/2017-18\\_budget\\_min.aspx](http://www.rutland.gov.uk/council_and_democracy/council_budgets_and_spending/2017-18_budget_min.aspx)**

3.1.3 The budget includes a small contingency for **pay changes** (adjustment, re-grades, staff opting in to pension fund etc). The pay contingency for 18/19 contains an amount to cover the latest pay offer c2.64% plus 1.5% for future years with a small amount for pay regrades and pension changes.

3.1.4 The budget includes a contingency for £100k for **social care**. This is the same approach as per the prior year.

- 3.1.5 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.
- 3.1.6 **Capital financing** costs of £1.644m comprise interest costs on loans of £1.033m and Minimum Revenue Provision (MRP) costs of £611k. MRP is a statutory charge to the revenue account which covers the repayment of debt (see 5.2). The MRP charge has reduced from 17/18 as the Council is being asked to revise its policy to repay debt on a straight line basis.
- 3.1.7 **Interest income** reflects interest earned on investments. This is expected to be in line with 17/18.

### 3.2 Budget comparison – the budget compared to prior year

- 3.2.1 For the purposes of this analysis capital costs are excluded. The table below shows the movement of the net cost of services from 17/18 to 18/19 and also shows adjusted budgets for comparative purposes.

Area	Amount £000	Detail
<b>Net cost of services 17/18</b>	<b>36,044</b>	Net cost of services reported at Q1 (147/2017) including inflation contingencies and Corporate Headcount saving
Less: one off items in 2017/18	(1,852)	Budgets funded from earmarked reserves £1,424k and removal of budgets approved for a fixed term £428k.
<b>Original Approved Net Cost of Services 17/18</b>	<b>34,192</b>	<b>As per Budget report (44/2017)</b>
Corporate Headcount Saving	121	In line with the Business Support Review, the Corporate Headcount saving has been delayed until 2019/20.
Pay Contingency	340	The pay contingency includes 2.64% for pay increases and an amount for regrades, ill health retirements etc.
Social Care Contingency	(150)	Social care contingency has been reduced as funding has been incorporated into the Directorate budget
Savings	(806)	Savings identified by Directorates
Pressures	1,013	£1,013k are recurring pressures on the base budget for which £428k is being met from earmarked reserves in

Area	Amount £000	Detail
		the short term and £585k from the General Fund.
Use of ringfenced reserves and grant income	561	£561k of the total pressure equates to additional one off spending at a Directorate level funded by earmarked reserves set aside for specific reasons.
Pay and other inflation	945	1% increase on superannuation; pay regrades, increments and pension auto enrolments and non-pay inflation - typically 2%
Depreciation Adjustment	344	The annual charge for Depreciation has been revised to take into account latest asset values. This is reversed out in Appropriations
<b>Net cost of services 18/19</b>	<b>36,560</b>	
Less: Depreciation	(344)	Depreciation is reversed out in Appropriations – so can be removed for comparative purposes
Less: one off items for 18/19	(561)	One off pressures removed from analysis for comparative purposes
<b>Comparative Net Cost of service 18/19</b>	<b>35,655</b>	<b>Percentage increase on 17/18 original budget is 4.31%</b>

3.2.2 The increase of 4.31% represents c3.7% for pay, superannuation and general inflation and a further net 0.6% for pressures. Details of pressures is given in 3.5 but as per the prior year, the Council continues to experience high demand and therefore costs in children with disabilities, fostering and adoption and SEN transport.

### 3.3 The budget process – the development of the revenue budget

3.3.1 The starting point is the Q1 approved Budget 2017/18 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 2017/18 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 2018/19 budget includes total savings c£1.283m:

- New savings shown in Directorate budgets of £806k (Appendix 6);
- Savings from changes to the Minimum Revenue Provision policy c£237k;
- Removal of council tax discounts for empty homes c£240k (the additional income is shown in the Council tax line in the MTFP).

### 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. Budgets have not been increased for 2018/19 for these pressures.

3.5.2 Budget pressures include pressures of £1,013k of which £428k are funded from earmarked reserves so do not represent a pressure on the General Fund.

3.5.3 As per the prior year, the Council continues to experience increased demand and therefore costs in statutory services including children with disabilities and fostering and adoption. In 17/18 the Council increased these budgets for one year only on the basis that it was unclear at that time whether the increase in caseload was temporary or a sustained trend. Experience and further analysis in 17/18 shows that caseload continues to be at the same level and therefore both budgets have been rebased. The Council's budget

is now a combined £870k more than that set in 16/17.

- 3.5.4 The other key pressures related to SEN transport (meeting the cost of new placement) and the Places structure review. Changes in this area are expected to be cost neutral in due course as the Council endeavours to step up its commercial activities.
- 3.5.5 The budget also includes two contingencies – one to meet any increase in social care costs of £100k and a pay contingency of £385k to meet the pay award for 2018/19 and 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.	Savings were included in the 17/18 budget. The target is represented by the line in the MTFP call “use of General Fund balances”. At the time of budget setting in 17/18, the 19/20 gap was £1.920m. This gap is now estimated at £0.584m
Deliver the annual savings programme, to be reported at the end of each financial year.	Reporting on 17/18 savings target will be included in the outturn report.
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 – funding expenditure through reserves

- 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 2017 and estimated balances as at March 2018 are shown at Appendix 8. The MTFP currently shows net transfers from reserves of £1,215k for 2018/19 which consist of:

Use of Government Grants/Income received in previous years (£303k):

- £23k for Tourism funded by the Tourism reserve (£15k) and S106 monies (£8k);
- £60k from Highways to fund expenditure with s38;
- £36k from Commuted Sum reserves to fund grass cutting;
- £117k Planning Grants reserve to fund expenditure on preparation and delivery and examinations of the Local Plan
- £32k Election Grant to fund an additional post in the elections team;
- £35k of S106 monies (Lands End Way) to support the costs of the Oakham Hopper

Use of Ring Fenced Reserves (£350k):

- £266k to fund public health expenditure;
- £84k from Better Care Fund reserve to support new schemes in the BCF programme

Use of Reserves to support pressures (£562k):

- £413k from Adult Social Care reserve to fund a temporary contracts and procurement post (£36k), web based system maintenance (£9k), additional costs for Learning Disabilities cases transferred from Lincolnshire (£30k), increased costs for Fostering placements (£243k) and Children with Disabilities budget pressure (£95k);
- £150k from the Pressure reserve to fund the removal of the Placement savings budget (£90k) and to support Children with Disabilities budget pressure (£60k);
- £26k transferred to the Invest to Save – the repayment of funds used in 17/18 to support the new Green Waste service;
- £25k from the Welfare reserve to support the Financial crisis fund;

### 3.8 Reserves and Estimates - robustness

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 2018/19 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.

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 respect of changes to business rates.

3.8.5 A further risk is economic downturn, nationally or locally and the impact of Brexit. This could result in further significant reductions in funding beyond 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 £100k contingency has been included in the 2018/19 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 – the impact on 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 – both 3.99% and 4.99% still under consideration. Impact assessment below completed using higher amount**

A Band D Council Tax increase of 4.99%, including Social Care Precept of 2% taking Band D Council Tax from £1,546.94 to £1,624.13 (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 2018/19 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 increase in cost per week on a Band D property is £1.48.

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 continue can mitigate adverse impacts facing individual households.

**Actions take 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 37p 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.

## 4 CAPITAL PROGRAMME

### 4.1 Overall Programme – existing and new projects

4.1.1 The Capital Programme is developed around specific projects. The programme comprises four 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 18/19);
- Ring Fenced Grants: These projects will automatically be included in the existing capital programme (e.g. disabled facilities grants);
- Non Ring Fenced Grants: 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 18/19. Projects that make up the total £30.938m are listed in Appendix 9.

Capital Programme	Budget Approved to Date	New Capital Projects	Budget 2018/19
	£000	£000	£000
Strategic Aims and Priorities	12,895	3,043	15,938
Commercialisation	200	10,000	10,200
Asset Management Requirements	3,591	1,209	4,800
<b>Total Projects</b>	<b>16,686</b>	<b>14,252</b>	<b>30,938</b>
<b>Financed By</b>			
Grant	(12,953)	(1,948)	(14,901)
Prudential Borrowing	(1,184)	(11,600)	(12,784)
Capital Receipts	(712)	(504)	(1,216)
RCCO	(274)	0	(274)
Oakham North Agreement	(386)	(200)	(586)
S106/CIL	(1,177)	0	(1,177)
<b>Total Funding</b>	<b>(16,686)</b>	<b>(14,252)</b>	<b>(30,938)</b>

### 4.2 Approved projects – approved projects continuing into 2018/19

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 2018/19. The estimated spend in 2018/19 will depend primarily on the outturn (the amount spent) for 2017/18.

4.2.2 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 94% coverage throughout Rutland. The capital funding requirement for Phase 3 was approved in August 2017 (Report No 140/2017) to maximise the fibre deployment and superfast broadband coverage.

- 4.2.3 Schools Maintenance – A cabinet report was approved in October 2017 (Report No 184/2017) for schools maintenance works expected over the next two years.
- 4.2.4 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 year to manage and support the development of the castle.
- 4.2.5 Schools: Increased Capacity – A cabinet report was approved in December 2016 to increase sufficient pupil places in Rutland schools. Since the approval of the report the estimated pupil places required has changed. A review of the capital projects will be completed during the 2018/19 Schools Capacity Return (SCAP).
- 4.2.6 Oakham Town Centre – A cabinet report for the highways capital programme was approved in April 2017 (Report No 6/2017) for the carry forward of £200k to part-fund the Oakham Town Centre works. A further £378k of funding for the detailed design works is expected to be completed in year.
- 4.2.7 Transforming Care Grant - The Leicester, Leicestershire and Rutland (LLR) Transforming Care Partnership, applied for Capital Grant funding from NHS England. The Council has been successful and will use funding for property acquisition which will benefit those with a Learning Disability and/or Autism (Report No 197/2017).

#### **4.3 Approved projects – projects delivered with ring fenced funding**

- 4.3.1 The Council receives Devolved Formula Capital funds which is passported 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.

#### **4.4 New projects – future projects requiring approval**

- 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 Highways – A Cabinet paper will be presented in February 2018 highlighting the proposed capital programme for 2018/19, including a short term plan for future years.

- 4.4.3 Special Educational Needs and Disabilities (SEND) – A paper is expected to go to cabinet in March detailing plans for the new funding.
- 4.4.4 Oakham Enterprise Park (Phase 2) – A Cabinet paper was presented in December detailing the future plans for Oakham Enterprise Park for phase 2 and this will be considered by Council in January.
- 4.4.5 Investments Projects – Due to the reduction in government funding and reduced investment income from traditional Treasury investments, the Council has reinforced the need to make better use of its available assets. The Council’s Capital Investment Strategy and Treasury Management Strategy include a request to approve £10m of funding for investment.
- 4.4.6 Council 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. Last year approval was granted for delegated authority to be given to the Director of Resources in consultation with the appropriate Portfolio Holder(s) to allocate £150k and approve individual projects. A top up of the funding is required for 2018/19.
- 4.5 **New projects not included in 2018/19 Budget – potential future projects**
  - 4.5.1 The projects below have not been included in the capital programme, but a report is expected to go to either Cabinet/Council in the near future for formal approval.
  - 4.5.2 Uppingham Library – A cabinet paper will be presented in March identifying options.
  - 4.5.3 Oakham Town Centre – A Cabinet paper will be presented in March highlighting the detailed plans for Oakham Town Centre.
  - 4.5.4 RCC Asset Management – Based on asset surveys a schedule of works for all Council owned assets as well as those assets where the council has a statutory obligation to maintain the assets (e.g. closed church walls) is being developed. A cabinet paper will be submitted once the survey works have been finalised.
  - 4.5.5 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.

#### 4.6 Unallocated Funding – funding available

4.6.1 Currently the Council is holding capital funds that have not yet been committed to a project. A breakdown of the funds held is shown in the table below

Category	Unallocated Funding	Index	Estimated Closing Balance 31/03/18	Grant Awarded 2018/19	Possible capital funding for 2018/19 Budget	Possible revenue funding for 2018/19 Budget	Estimated Closing Balance 2018/19
			£000	£000	£000	£000	£000
SAP	Devolved Formula Capital	4.3.1	(7)	(18)	18	0	(7)
SAP	Better Care Fund		0	(221)	221	0	0
SAP	Special Funding Provision (SEND)	4.4.3	0	(167)	500	0	333
SAP	Adult Social Care – Misc	4.6.2	(219)	0	0	0	(219)
SAP	Highways – Misc	4.6.2	(78)	0	0	0	(78)
SAP	Misc Grant	4.6.2	(41)	0	0	0	(41)
SAP	Section 106	4.6.3	(2,415)	(470)	0	104	(2,781)
SAP	CIL	4.6.4	(526)	(507)	0	0	(1,033)
AMR	Schools Capital Maintenance	4.6.5	(689)	(130)	0	0	(819)
AMR	Highways Incentive Funding	4.6.6	(4)	(224)	224	0	(4)
AMR	Integrated Transport	4.6.6	(928)	(458)	0	0	(1,386)
AMR	Highways Capital Maintenance	4.6.6	(45)	(1,535)	985	0	(595)
Various	Oakham North Agreement	4.6.7	(2,286)	(551)	200	0	(2,637)
Various	Capital Receipts	4.6.8	(1,347)	(168)	504	0	(1,011)
<b>Estimated Unallocated Funding</b>			<b>(8,584)</b>	<b>(4,449)</b>	<b>2,652</b>	<b>104</b>	<b>(10,278)</b>

- 4.6.2 Misc Grant Funding – Unallocated funding (£338k) representing various balances from historic funding that the council no longer receives. This funding is not ring fenced.
- 4.6.3 Section 106 – Unallocated funding (£2.781m) 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.
- 4.6.4 CIL - Unallocated funding (£1.033m) 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.
- 4.6.5 Schools Capital Maintenance – Unallocated funding (£819k) 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.
- 4.6.6 Highway Grants – Unallocated funding (£1.985m) 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 (£1.386m) relates to the integrated transport block which is given to local authorities for small transport improvement schemes.
- 4.6.7 Oakham North Agreement – Unallocated funding (£2.637m) representing the expected holding balance. £551k is due to be received next year. The Council has flexibility on how this funding is used to support the development.
- 4.6.8 Capital Receipts – Unallocated funding (£1.011m) represents the balance of capital receipts held. E.g. Barleythorpe, centre buses sale and the annual payment received from Spires Homes.

## **5 TREASURY MANAGEMENT**

### **5.1 Overview**

- 5.1.1 At the time of approving the budget, the Council will approve the Treasury Management Strategy and Capital Investment Strategy. The implications of these strategies (capital plans, investment returns and borrowing changes) are reflected in the draft budget.

### **5.2 Prudential indicators – indicators to be approved**

- 5.2.1 Local authority capital expenditure is based on a system of self-regulation, based upon a code of practice (the “prudential code”).
- 5.2.2 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 are approved through the Treasury Management Strategy, taken separately to this report.

### **5.3 Minimum Revenue provision – method of calculation**

- 5.3.1 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).
- 5.3.2 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. The Council has proposed changes to its MRP policy this year to make more prudent provision for debt repayment.

## 6 SCHOOL FUNDING

### 6.1 Overview – How school funding works

- 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.
- 6.1.2 The Government has announced that it is to proceed with the implementation of National Funding Formulae for Schools, High Needs and Central Schools Services blocks starting in 2018/19 (the Early Years block is already allocated via a national formula implemented in 2017/18).
- 6.1.3 There are a number of significant changes to the funding system for this year, as follows:
- Central Schools Services block (CSSB) – Will be introduced in 2018/19 to fund local authorities for the statutory duties that they hold for both maintained schools and academies. The CSSB brings together funding previously allocated through the retained duties element of the Education Services Grant, funding for ongoing central functions such as admissions and national agreed licenses and funding for historic commitments.
  - Baselines have been adjusted to take into account the spending pattern of local authorities for 2017/18. All local authorities were asked to re-submit baseline data based on their current spend plans to allow the Department for Education (DfE) to ensure that national spend on each block reflected existing spend patterns.
  - Within the Schools block, the Government will provide for at least a 0.5% per pupil increase for each school in 2018/19 through the national funding formula. Local authorities' schools block allocations will be calculated by aggregating schools' notional allocations under the national funding formula. These notional allocations will reflect the 0.5% increase.
  - A minimum per pupil funding level for both secondaries and primaries to target the lowest funded schools. The formula will provide local authorities with per pupil funding of at least £4,800 for all secondary schools and at least £3,500 for all primary schools by 2019/20.
  - Whilst local authorities' schools block allocations will be calculated using the new national funding formula, actual allocations to individual schools for the next two years (2018/19 and 2019/20) will be set by the local authority using a local formula (but the local authority could simply use the national formula).
  - Within the high needs block, the Government will provide for at least a 0.5% overall increase in 2018/19 through the high needs national funding formula.
  - The schools block will be ring-fenced for 2018/19, but local authorities will be able to transfer up to 0.5% of their schools block funding out with the agreement of their schools forum. There will be an exceptions process, which will require Secretary of State approval for considering transfers

above 0.5% limit and/or where the Schools Forum is opposed to the transfer. In 2017/18, the schools block for the Council was £22m, therefore, the maximum amount that could be transferred to the high needs block would be in the region of £110k.

- 6.1.4 A local authority must engage in open and transparent consultation with all maintained schools and academies in the area, as well as with its schools forum about any proposed changes to the local funding formula including the method, principles and rules adopted. Whilst consultation must take place, the local authority is responsible for making the final decisions on the formula. In reality, the options are limited.
- 6.1.5 Schools have been protected by a nationally set Minimum Funding Guarantee (MFG) of -1.5% per pupil. From 2018/19, local authorities will have flexibility to set a local MFG between 0.5% and -1.5% per pupil.
- 6.1.6 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 – funding received and allocated**

### ***DSG***

- 6.2.1 The Schools Block allocation with figures based on the October 2017 School census has been published by the Department for Education (DfE). Rutland will receive £22.969m, an increase of £0.619m on the 2017/18 funding allocation (equating to a 2.7% increase overall). Individual school allocations would have seen increases of between 0.3% and 2.9%.
- 6.2.2 The High Needs block funding is likely to see Rutland receiving £3.732m which represents an increase of £0.03m on the allocation received in 2017/18 (the minimum 0.5% increase).
- 6.2.3 For Early Years, the new national funding formula for the allocation of funding for 3&4 year olds has already been implemented in 2017/18 and saw the hourly rate paid to settings being reduced from £4.60 to £4.40 per hour. This is likely to reduce further in 2018/19 to an hourly rate of between £4.20 and £4.25 dependent on the final allocation figures.
- 6.2.4 The Central School Services allocation has been calculated to be £0.163m compared to last years budget of £0.166m. This reduction of £3k had been anticipated and included within the MTFP.

### ***Pupil Premium Grant (PPG)***

- 6.2.5 The DfE have announced the level of Pupil Premiums for 2018/19 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 expected to increase to £2,300 per pupil (£1,900 last year) as a result of the DfE removing this factor from the School Funding Formula;

- Children no longer looked after due to adoption, special guardianship order etc is £2,300 per pupil; and
- Service children pupil premium is £300 per pupil.

***Universal Infant Free School Meals (UFSM)***

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 2018/19 is yet to be announced.

**A large print version of this document is available  
on request**



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Appendix 2A - 4.99% tax rise in 18/19							
Ref		2017/18 Q2 Forecast £	2018/19 Proposed £	2019/20 Proposed £	2020/21 Proposed £	2021/22 Proposed £	2022/23 Proposed £
1,2,18	People	17,956,000	18,135,900	17,811,800	18,118,700	18,528,600	18,961,600
1,2	Places	12,166,000	12,033,100	12,083,600	12,361,200	12,635,100	12,909,900
1,2,3	Resources	5,859,000	5,906,400	6,030,900	6,112,400	6,217,400	6,326,700
4	Pay Inflation Contingency	0	384,400	777,700	1,007,100	1,244,200	1,489,300
	Other	500,000	100,000	(21,000)	(21,000)	(21,000)	(21,000)
	Planning - One Off Payment	500,000	0	0	0	0	0
5	Adult Social Care Contingency	0	100,000	100,000	100,000	100,000	100,000
	Corporate Headcount Saving	0	0	(121,000)	(121,000)	(121,000)	(121,000)
	<b>Net Cost of Services</b>	<b>36,481,000</b>	<b>36,559,800</b>	<b>36,683,000</b>	<b>37,578,400</b>	<b>38,604,300</b>	<b>39,666,500</b>
21	Capital met from Direct Revenue	0	0	0	0	0	0
8	Appropriations	(1,897,000)	(2,241,000)	(2,241,000)	(2,241,000)	(2,241,000)	(2,241,000)
6	Capital Financing	1,930,365	1,644,144	1,643,227	1,641,577	1,661,869	1,661,869
7	Interest Receivable	(220,000)	(210,000)	(170,000)	(155,000)	(155,000)	(155,000)
	<b>Net spending</b>	<b>36,294,365</b>	<b>35,752,944</b>	<b>35,915,227</b>	<b>36,823,977</b>	<b>37,870,169</b>	<b>38,932,369</b>
	Resources						
14, 15	Other income	(467,328)	(308,192)	(329,482)	(110,128)	(110,128)	(110,128)
15	Other Income	(256,900)	(144,796)	(121,276)	(36,000)	(36,000)	(36,000)
13	New Homes Bonus	(1,214,332)	(1,231,222)	(1,238,830)	(992,226)	(893,108)	(752,996)
17	Better Care Fund	(2,578,400)	(2,306,000)	(2,214,800)	(2,138,100)	(2,138,100)	(2,138,100)
14	Social Care In Prisons	(74,128)	(74,128)	(74,128)	(74,128)	(74,128)	(74,128)
16	Rural Delivery Grant	(680,891)	(680,891)	(680,891)	(680,891)	(680,891)	(680,891)
23	Transition Grant	(336,573)	0	0	0	0	0
	Adult Social Care Support Grant	(136,300)	0	0	0	0	0
9	Revenue Support Grant	(888,716)	0	958,318	1,109,262	1,229,566	1,303,196
10	Retained Business Rates Funding	(4,785,764)	(4,963,252)	(5,139,043)	(4,955,581)	(5,041,794)	(5,126,352)
	<b>Government funding subtotal</b>	<b>(10,952,004)</b>	<b>(9,489,557)</b>	<b>(8,644,728)</b>	<b>(7,767,664)</b>	<b>(7,634,455)</b>	<b>(7,505,271)</b>
11,12	Council Tax/Social care precept	(23,242,155)	(24,870,222)	(26,168,275)	(27,462,455)	(28,803,675)	(30,194,909)
20	Collection fund surplus	(170,000)	70,000	0	0	0	0
	<b>Total available Resources</b>	<b>(34,364,159)</b>	<b>(34,289,780)</b>	<b>(34,813,003)</b>	<b>(35,230,119)</b>	<b>(36,438,130)</b>	<b>(37,700,181)</b>
	Use of Govt grant/Income Received	(238,000)	(302,600)	(175,600)	(133,600)	(96,000)	(36,000)
19	Earmarked Reserve	(996,000)	(562,300)	(306,900)	(11,600)	(38,600)	(38,600)
	Ringfenced reserves	73,000	(350,400)	(35,000)	0	0	0
22	<b>Use of General Fund Balances</b>	<b>769,206</b>	<b>247,864</b>	<b>584,724</b>	<b>1,448,658</b>	<b>1,297,439</b>	<b>1,157,588</b>
	Balance brought forward	(9,634,546)	(8,865,340)	(8,617,476)	(8,032,752)	(6,584,094)	(5,286,654)
	<b>Transfer of Fund to Earmarked Reserves</b>						
	<b>Balance carried forward</b>	<b>(8,865,340)</b>	<b>(8,617,476)</b>	<b>(8,032,752)</b>	<b>(6,584,094)</b>	<b>(5,286,654)</b>	<b>(4,129,066)</b>

Note: The use of set aside reserves has been re-presented to show how these funds are used. Grants and other income are often received in advance and then held until used. Ring fenced funds can only be spent on specific purposes and are also held until used. Spending is therefore increased in years these funds are used. Other reserves comprise amounts set aside by Council or previous year underspends

<b>Appendix 2B - 3.99% tax rise in 18/19</b>							
<b>Ref</b>		2017/18 Q2 Forecast £	2018/19 Proposed £	2019/20 Proposed £	2020/21 Proposed £	2021/22 Proposed £	2022/23 Proposed £
1,2,18	People	17,956,000	18,135,900	17,811,800	18,118,700	18,528,600	18,961,600
1,2	Places	12,166,000	12,033,100	12,083,600	12,361,200	12,635,100	12,909,900
1,2,3	Resources	5,859,000	5,906,400	6,030,900	6,112,400	6,217,400	6,326,700
4	Pay Inflation Contingency	0	384,400	777,700	1,007,100	1,244,200	1,489,300
	Other	500,000	100,000	(21,000)	(21,000)	(21,000)	(21,000)
	Planning - One Off Payment	500,000	0	0	0	0	0
5	Adult Social Care Contingency	0	100,000	100,000	100,000	100,000	100,000
	Corporate Headcount Saving	0	0	(121,000)	(121,000)	(121,000)	(121,000)
	<b>Net Cost of Services</b>	<b>36,481,000</b>	<b>36,559,800</b>	<b>36,683,000</b>	<b>37,578,400</b>	<b>38,604,300</b>	<b>39,666,500</b>
21	Capital met from Direct Revenue	0	0	0	0	0	0
8	Appropriations	(1,897,000)	(2,241,000)	(2,241,000)	(2,241,000)	(2,241,000)	(2,241,000)
6	Capital Financing	1,930,365	1,644,144	1,643,227	1,641,577	1,661,869	1,661,869
7	Interest Receivable	(220,000)	(210,000)	(170,000)	(155,000)	(155,000)	(155,000)
	<b>Net spending</b>	<b>36,294,365</b>	<b>35,752,944</b>	<b>35,915,227</b>	<b>36,823,977</b>	<b>37,870,169</b>	<b>38,932,369</b>
	Resources						
14, 15	Other income	(467,328)	(308,192)	(329,482)	(110,128)	(110,128)	(110,128)
15	Other Income	(256,900)	(144,796)	(121,276)	(36,000)	(36,000)	(36,000)
13	New Homes Bonus	(1,214,332)	(1,231,222)	(1,238,830)	(992,226)	(893,108)	(752,996)
17	Better Care Fund	(2,578,400)	(2,306,000)	(2,214,800)	(2,138,100)	(2,138,100)	(2,138,100)
14	Social Care In Prisons	(74,128)	(74,128)	(74,128)	(74,128)	(74,128)	(74,128)
16	Rural Delivery Grant	(680,891)	(680,891)	(680,891)	(680,891)	(680,891)	(680,891)
23	Transition Grant	(336,573)	0	0	0	0	0
	Adult Social Care Support Grant	(136,300)	0	0	0	0	0
9	Revenue Support Grant	(888,716)	0	958,318	1,109,262	1,229,566	1,303,196
10	Retained Business Rates Funding	(4,785,764)	(4,963,252)	(5,139,043)	(4,955,581)	(5,041,794)	(5,126,352)
	<b>Government funding subtotal</b>	<b>(10,952,004)</b>	<b>(9,489,557)</b>	<b>(8,644,728)</b>	<b>(7,767,664)</b>	<b>(7,634,455)</b>	<b>(7,505,271)</b>
11,12	Council Tax/Social care precept	(23,242,155)	(24,633,341)	(25,919,030)	(27,200,883)	(28,529,328)	(29,907,311)
20	Collection fund surplus	(170,000)	70,000	0	0	0	0
	<b>Total available Resources</b>	<b>(34,364,159)</b>	<b>(34,052,898)</b>	<b>(34,563,758)</b>	<b>(34,968,547)</b>	<b>(36,163,783)</b>	<b>(37,412,583)</b>
	Use of Govt grant/Income Received	(238,000)	(302,600)	(175,600)	(133,600)	(96,000)	(36,000)
19	Earmarked Reserve	(996,000)	(562,300)	(306,900)	(11,600)	(38,600)	(38,600)
	Ringfenced reserves	73,000	(350,400)	(35,000)	0	0	0
22	<b>Use of General Fund Balances</b>	<b>769,206</b>	<b>484,746</b>	<b>833,969</b>	<b>1,710,230</b>	<b>1,571,786</b>	<b>1,445,186</b>
	Balance brought forward	(9,634,546)	(8,865,340)	(8,380,594)	(7,546,625)	(5,836,394)	(4,264,608)
	<b>Transfer of Fund to Earmarked Reserves</b>						
	<b>Balance carried forward</b>	<b>(8,865,340)</b>	<b>(8,380,594)</b>	<b>(7,546,625)</b>	<b>(5,836,394)</b>	<b>(4,264,608)</b>	<b>(2,819,422)</b>

Note: The use of set aside reserves has been re-presented to show how these funds are used. Grants and other income are often received in advance and then held until used. Ring fenced funds can only be spent on specific purposes and are also held until used. Spending is therefore increased in years these funds are used. Other reserves comprise amounts set aside by Council or previous year underspends

## The MTFP assumptions

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

Ref	Expenditure /Funding	Assumptions/Commentary
1	Directorate Costs	<p>Directorate costs assume prior year as a starting point and build in inflation and any changes to National Insurance contributions.</p> <p>Inflation is built into the MTFP to cover potential cost increases. The level of inflation ranges from 5% for fuel (gas, electric etc.), 2% for general inflation (supplies and services) and specific % for agreed contracts.</p>
2	Pension Contributions	The Triannual review of the Local Government Pension Scheme (LGPS) has been completed and the contribution rate will increase by 1% per annum for the next three years. The following rates are built in to the MTFP 22.7% (18/19), 23.7% (19/20) 24.7% (20/21) and 25.7% (21/22).
3	Apprenticeship Levy	As part of the Comprehensive Spending Review (CSR) the government announce the introduction of the apprenticeship levy at % of the total pay budget. An appropriate amount, £54k, has been built into the MTFP from 17/18 and beyond.
4	Pay Inflation Contingency	Council assumes pay inflation will be 1.5% pa from 20/21. The contingency for 18/19 and 19/20 reflects the latest pay offer of 2.64%.
5	Adult Social Care Contingency	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
6	Capital Financing	<p>The capital financing charges are made up of 2 amounts;</p> <ul style="list-style-type: none"> <li>• 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)</li> <li>• 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. It is assumed that MRP will be charged on an equal instalment basis from 18/19.</li> </ul>
7	Interest	This represents the amount the Council expects to earn from investing cash balances held.
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.

Ref	Expenditure /Funding	Assumptions/Commentary
9	RSG	The MTFP assumes that RSG reduces to £0 by 2019/20, is - £958k in 19/20 and then increases further by c£120k pa.
10	Business rates	The amount to be retained under "Business Rates Retention" (BRR) scheme has been updated in line with the current year forecast and the likely business rates reset in 20/21 which will result in the Council paying a bigger tariff from its share of rates.  The potential loss of income through appeals remains a risk and could have a significant impact on business rates revenue.
11	Social Care Precept	The MTFP contains an additional social care precept on council tax built in at 2% to deal with the rising costs of social care costs.
12	Council Tax	Tax rises built in at 4.99% in 18/19 and 3.99% thereafter. The tax base continues to increase with housing growth and over the next 4 years it is assumed that the number of Band D equivalentents will increase by c134 pa. An increase in local council tax support claims could dampen this growth.
13	New Homes Bonus	The MTFP uses projections from Planning on new homes.  The MTFP assumes NHB payments will be received for 4 years and that there will be no further modifications to the scheme.
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	Other Income	The other income includes miscellaneous grants.
16	Rural Delivery Grant	The MTFP builds in grant as per the Government 4-year offer amended in the 18/19 settlement.
17	Better Care Fund	The Better Care Fund (BCF) allocations are built in based on allocations announced in 2017/18.
18	Ring Fenced Grants	These grants are included within cost centres and not shown with other funding streams. The biggest ring fenced grant is for Public Health.
19	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.
20	Collection Fund Surplus	The Collection Fund is the collective name for the financial management of the collection of Business Rates and Council Tax.  If a surplus or deficit remains in the Collection Fund at the year-end it is subsequently distributed to, or borne by the billing

Ref	Expenditure /Funding	Assumptions/Commentary
		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.
21	Capital met from Direct Revenue	This represents the amount of revenue expenditure that is funding capital projects
22	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.

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## Appendix 3.1: Peoples Directorate Budget 2018/19

This Appendix gives the detailed movement in cost centre budgets from the Approved 2017/18 Budget at Q1 to the proposed budget for 2018/19.

The reversal of one off entries represents the removal of budgets such as one off transfers from earmarked reserves and budget carry forwards approved for 2017/18 but not required within the 2018/19 budget. Transfers are where functions have moved from one directorate to another since Q1 such as the Housing and Crime Prevention service and also includes the realignment of budgets between functions within the Directorate, and Adjustments are other movements in budgets such as an adjustment to the depreciation charge and for staff joining the superannuation scheme.

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

Use of Grant Income and Ringfenced funding shows where budgets have been temporarily increased by utilising one off grant funding or previously unspent ringfenced funding such as Public Health and Better Care Fund

Cost Centre	Cost Centre Description	2017/18 Q1 Budget £	Reversals/ Transfers & Adjustemts £	Savings £	New Pressures & Use of Earmarked Reserves £	Use of Grant Income & Ringfenced Funding £	Inflation £	2018/19 Budget £	Increase / (Decrease) £
	<b>Directorate Management Costs</b>								
RC5324	Directorate	690,100	-300	0	5,000	0	13,100	707,900	17,800
RC5424	Operational Team Managers	747,200	-1,900	0	0	0	12,400	757,700	10,500
RC4501	ASC New Burdens	136,300	-136,300	0	0	0	0	0	-136,300
	<b>Directorate Management Costs</b>	<b>1,573,600</b>	<b>-138,500</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>25,500</b>	<b>1,465,600</b>	<b>-108,000</b>
	<b>Business Intelligence</b>								
RC5403	Business Intelligence Team	126,700	10,600	0	0	0	2,000	139,300	12,600
	<b>Business Intelligence</b>	<b>126,700</b>	<b>10,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,000</b>	<b>139,300</b>	<b>12,600</b>
	<b>Crime Prevention</b>								
RC4112	Crime and Disorder	68,500	82,300	0	0	0	1,100	151,900	83,400
RC4115	CCTV	14,200	14,500	0	0	0	300	29,000	14,800
RC4231	Youth Offending Service	74,300	0	0	0	0	1,500	75,800	1,500
	<b>Crime Prevention</b>	<b>157,000</b>	<b>96,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,900</b>	<b>256,700</b>	<b>99,700</b>
	<b>Savings</b>								
RC3901	In year budget reductions	-150,000	60,000	0	90,000	0	0	0	150,000
	<b>Savings</b>	<b>-150,000</b>	<b>60,000</b>	<b>0</b>	<b>90,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150,000</b>
	<b>Public Health</b>								
RC4570	Public Health Department	-1,167,700	19,700	0	0	35,000	0	-1,113,000	54,700
RC4571	Sexual Health	218,200	0	0	0	0	0	218,200	0
RC4572	Health Check Programme	38,000	0	0	0	0	0	38,000	0
RC4574	Obesity Programme	5,600	-700	0	0	0	0	4,900	-700





Cost Centre	Cost Centre Description	2017/18 Q1 Budget £	Reversals/ Transfers & Adjustemts £	Savings £	New Pressures & Use of Earmarked Reserves £	Use of Grant Income & Ringfenced Funding £	Inflation £	2018/19 Budget £	Increase / (Decrease) £
RC4295	Direct Payments - Mental Health	19,000	-900	0	0	0	2,900	21,000	2,000
RC4296	Direct Payments - Older People	247,000	-24,000	0	0	0	37,100	260,100	13,100
RC4297	Direct Payments - Physical Disabilities	275,000	-66,000	0	0	0	41,300	250,300	-24,700
RC4298	Direct Payments - Learning Disabilities	240,000	-26,000	0	0	0	36,000	250,000	10,000
RC4299	Direct Payments Income	-115,000	1,000	0	0	0	0	-114,000	1,000
	<b>ASC Support and Review - Direct Payments</b>	<b>666,000</b>	<b>-115,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>117,300</b>	<b>667,400</b>	<b>1,400</b>
	<b>ASC Support and Review - Homecare</b>								
RC4286	Homecare - Mental Health	20,200	-4,000	0	0	0	400	16,600	-3,600
RC4287	Homecare - Older People	888,800	244,800	0	0	0	17,600	1,151,200	262,400
RC4288	Homecare - Physical Disabilities	419,200	1,000	0	0	0	8,300	428,500	9,300
RC4289	Homecare - Learning Disabilities	542,800	-111,800	0	0	0	5,500	436,500	-106,300
RC4290	Homecare - Income from Health	-220,000	-10,000	0	0	0	0	-230,000	-10,000
RC4553	Fairer Charging Income	-265,000	-10,000	0	0	0	0	-275,000	-10,000
	<b>ASC Support and Review - Homecare</b>	<b>1,386,000</b>	<b>110,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31,800</b>	<b>1,527,800</b>	<b>141,800</b>
	<b>ASC Support and Review - Other</b>								
RC4262	Disabilities Contracts	17,000	-1,300	0	0	0	300	16,000	-1,000
RC4495	DOLS & AMHP / MH	241,200	9,000	0	0	0	4,800	255,000	13,800
RC4107	Support and Review - Capital Charges	3,800	-3,800	0	0	0	0	0	-3,800
RC5431	Transitions	5,000	0	0	0	0	100	5,100	100
RC4506	HSC Protocol	17,500	0	0	0	0	0	17,500	0
	<b>ASC Support and Review - Other</b>	<b>284,500</b>	<b>3,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,200</b>	<b>293,600</b>	<b>9,100</b>
	<b>ASC Support and Review - Residential and Nursing</b>								
RC4259	Residential - Older People	2,545,200	-53,600	0	0	0	50,400	2,542,000	-3,200
RC4260	Residential - Learning Disabilities	1,560,500	-81,400	-100,000	0	0	30,900	1,410,000	-150,500
RC4280	Residential Income	-1,435,000	-65,000	0	0	0	0	-1,500,000	-65,000
RC4370	Residential - Physical Disabilities	82,800	-14,500	0	0	0	1,700	70,000	-12,800
RC4490	Residential - Mental Health	118,200	-10,000	0	0	0	2,300	110,500	-7,700
	<b>ASC Support and Review - Residential and Nursing</b>	<b>2,871,700</b>	<b>-224,500</b>	<b>-100,000</b>	<b>0</b>	<b>0</b>	<b>85,300</b>	<b>2,632,500</b>	<b>-239,200</b>
	<b>ASC Support and Review - Staffing</b>								
RC5856	Support and Review - Staffing	543,700	10,400	0	0	0	8,900	563,000	19,300
	<b>ASC Support and Review - Staffing</b>	<b>543,700</b>	<b>10,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,900</b>	<b>563,000</b>	<b>19,300</b>
	<b>Hospital and Reablement</b>								
RC4421	H&R - OT's, Aids & Eequipment	144,000	-10,300	0	0	0	4,200	137,900	-6,100
RC4551	Hospital & Reablement - Staffing	352,900	41,800	0	0	0	13,300	408,000	55,100
	<b>Hospital and Reablement</b>	<b>496,900</b>	<b>31,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,500</b>	<b>545,900</b>	<b>49,000</b>

Cost Centre	Cost Centre Description	2017/18 Q1 Budget £	Reversals/ Transfers & Adjustemts £	Savings £	New Pressures & Use of Earmarked Reserves £	Use of Grant Income & Ringfenced Funding £	Inflation £	2018/19 Budget £	Increase / (Decrease) £
	<b>Safeguarding</b>								
RC4560	Safeguarding Boards	209,700	-85,200	0	0	0	2,100	126,600	-83,100
RC4270	Safeguarding QA	65,000	0	0	0	0	1,300	66,300	1,300
	<b>Safeguarding</b>	<b>274,700</b>	<b>-85,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,400</b>	<b>192,900</b>	<b>-81,800</b>
	<b>CSC Referral, Assessment and Intervention Service</b>								
RC5719	Duty Desk for Childrens Referrals	247,600	-11,400	0	0	0	4,200	240,400	-7,200
RC5851	Duty S17	7,400	0	0	0	0	100	7,500	100
	<b>CSC Referral, Assessment and Intervention Service</b>	<b>255,000</b>	<b>-11,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,300</b>	<b>247,900</b>	<b>-7,100</b>
	<b>CSC Permanency and Protection Service</b>								
RC4220	Family Support Services	25,200	0	0	0	0	400	25,600	400
RC4210	Children Looked After	50,400	0	0	0	0	1,000	51,400	1,000
RC4215	Children's Social Care Staffing	453,700	-64,700	0	0	0	7,300	396,300	-57,400
RC4252	UASC Over 16	0	0	0	0	0	0	0	0
RC5283	UASC Under 16	0	0	0	0	0	0	0	0
	<b>CSC Permanency and Protection Service</b>	<b>529,300</b>	<b>-64,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,700</b>	<b>473,300</b>	<b>-56,000</b>
	<b>CSC Fostering, Adoption and Care Leaver Service</b>								
RC4211	Placements	996,200	-36,400	0	323,700	0	18,000	1,301,500	305,300
RC4213	Adoption	120,500	-51,100	0	0	0	2,100	71,500	-49,000
RC4225	Family Support Staffing	221,100	47,300	0	0	0	3,600	272,000	50,900
RC4201	Care Leavers (Section 24 Payments)	62,700	0	0	0	0	1,200	63,900	1,200
RC4202	CAMHS	10,600	0	0	0	0	200	10,800	200
	<b>CSC Fostering, Adoption and Care Leaver Service</b>	<b>1,411,100</b>	<b>-40,200</b>	<b>0</b>	<b>323,700</b>	<b>0</b>	<b>25,100</b>	<b>1,719,700</b>	<b>308,600</b>
	<b>Early Intervention - Targeted Intervention</b>								
RC4207	Children with Disabilities (CWD)	414,300	28,000	0	198,700	0	16,100	657,100	242,800
RC4208	Aiming High	201,500	4,600	0	0	0	3,500	209,600	8,100
RC5240	Changing Lives	0	0	0	0	0	0	0	0
RC5371	Childrens Centre - Revenue	339,000	-21,800	0	0	0	5,500	322,700	-16,300
RC5296	Targeted Intervention Service	195,100	-32,800	0	0	0	2,800	165,100	-30,000
	<b>Early Intervention - Targeted Intervention</b>	<b>1,149,900</b>	<b>-22,000</b>	<b>0</b>	<b>198,700</b>	<b>0</b>	<b>27,900</b>	<b>1,354,500</b>	<b>204,600</b>
	<b>Early Intervention - SEND &amp; Inclusion</b>								
RC4265	SEN Staffing	271,300	-52,900	0	0	0	7,200	225,600	-45,700
RC5352	Early Senco (0-3yrs support)	13,200	0	0	0	0	300	13,500	300
	<b>Early Intervention - SEND &amp; Inclusion</b>	<b>284,500</b>	<b>-52,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,500</b>	<b>239,100</b>	<b>-45,400</b>
	<b>Early Intervention - Universal and Partnership</b>								
RC5291	Play For All	4,300	0	0	0	0	0	4,300	0

Cost Centre	Cost Centre Description	2017/18 Q1 Budget £	Reversals/ Transfers & Adjustemts £	Savings £	New Pressures & Use of Earmarked Reserves £	Use of Grant Income & Ringfenced Funding £	Inflation £	2018/19 Budget £	Increase / (Decrease) £
RC5268	Early Intervention Team Staffing	399,100	-28,600	0	0	0	6,900	377,400	-21,700
RC5280	Rutland Youth Council	6,100	0	0	0	0	0	6,100	0
	<b>Early Intervention - Universal and Partnership</b>	<b>409,500</b>	<b>-28,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,900</b>	<b>387,800</b>	<b>-21,700</b>
	<b>Schools and Early Years</b>								
RC5000	Primary Schools	189,300	32,200	0	0	0	0	221,500	32,200
RC5242	Personal Education Allowance for LAC	16,000	0	0	0	0	300	16,300	300
RC5438	UIFSM (free school meals)	0	0	0	0	0	0	0	0
RC5297	Rural Fund	45,200	-45,200	0	0	0	0	0	-45,200
RC5325	Governor Training	3,400	0	0	0	0	100	3,500	100
RC5336	School Officer	108,400	-400	0	0	0	2,100	110,100	1,700
RC5360	School Improvement Consultancy	126,200	-71,000	0	0	0	1,100	56,300	-69,900
RC5395	Early Years Training	70,400	-21,000	0	0	0	1,000	50,400	-20,000
	<b>Schools and Early Years</b>	<b>558,900</b>	<b>-105,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,600</b>	<b>458,100</b>	<b>-100,800</b>
	<b>Rutland Adult Learning and Skills Service (RALSS)</b>								
RC5129	Community Learning	49,800	0	0	0	0	0	49,800	0
RC1013	New Apprenticeships	0	0	0	0	0	0	0	0
RC202	Post Oct 2014 Rutland Adult Skills Budget	-49,800	0	0	0	0	0	-49,800	0
	<b>Rutland Adult Learning and Skills Service (RALSS)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
		<b>17,752,000</b>	<b>-991,600</b>	<b>-100,000</b>	<b>617,400</b>	<b>414,600</b>	<b>443,500</b>	<b>18,135,900</b>	<b>383,900</b>

Appendix 3.2: Peoples Directorate Budget 2018/19

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 £	2018/19 Budget £
		Employees Pay £	Other Expenses £											
	<b>Directorate Management Costs</b>													
RC5324	Directorate	784,000	21,300	0	4,100	9,900	5,800	0	-116,200	0	708,900	-1,000	0	707,900
RC5424	Operational Team Managers	754,800	300	0	2,600	0	0	0	0	0	757,700	0	0	757,700
RC4501	ASC New Burdens	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>Directorate Management Costs</b>	<b>1,538,800</b>	<b>21,600</b>	<b>0</b>	<b>6,700</b>	<b>9,900</b>	<b>5,800</b>	<b>0</b>	<b>-116,200</b>	<b>0</b>	<b>1,466,600</b>	<b>-1,000</b>	<b>0</b>	<b>1,465,600</b>
	<b>Business Intelligence</b>													
RC5403	Business Intelligence Team	135,800	0	0	0	3,500	0	0	0	0	139,300	0	0	139,300
	<b>Business Intelligence</b>	<b>135,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>139,300</b>	<b>0</b>	<b>0</b>	<b>139,300</b>
	<b>Crime Prevention</b>													
RC4112	Crime and Disorder	82,300	0	0	0	8,600	61,000	0	0	0	151,900	0	0	151,900
RC4115	CCTV	0	0	1,300	0	11,000	4,000	0	0	14,500	30,800	-1,800	0	29,000
RC4231	Youth Offending Service	0	0	0	0	0	75,800	0	0	0	75,800	0	0	75,800
	<b>Crime Prevention</b>	<b>82,300</b>	<b>0</b>	<b>1,300</b>	<b>0</b>	<b>19,600</b>	<b>140,800</b>	<b>0</b>	<b>0</b>	<b>14,500</b>	<b>258,500</b>	<b>-1,800</b>	<b>0</b>	<b>256,700</b>
	<b>Savings</b>													
RC3901	In year budget reductions	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>Savings</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Public Health</b>													
RC4570	Public Health Department	0	0	0	0	1,500	151,500	0	25,000	0	178,000	0	-1,291,000	-1,113,000
RC4571	Sexual Health	0	0	0	0	0	218,200	0	0	0	218,200	0	0	218,200
RC4572	Health Check Programme	0	0	0	0	0	38,000	0	0	0	38,000	0	0	38,000
RC4574	Obesity Programme	0	0	0	0	0	4,900	0	0	0	4,900	0	0	4,900
RC4575	Physical Activity	0	0	0	0	0	0	0	127,100	0	127,100	0	0	127,100
RC4576	Substance Misuse	0	0	0	0	0	100,000	0	0	0	100,000	0	0	100,000
RC4577	Smoking & Tobacco	0	0	0	0	0	0	0	50,000	0	50,000	0	0	50,000
RC4578	Childrens Public Health	0	0	0	0	0	0	0	32,000	0	32,000	0	0	32,000
RC4579	Other Public Health Services	0	0	0	0	0	210,000	0	86,200	0	296,200	0	0	296,200
RC4580	Public Health Commissioning 0-19	0	0	0	0	0	500,000	0	13,000	0	513,000	0	0	513,000
	<b>Public Health</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,500</b>	<b>1,222,600</b>	<b>0</b>	<b>333,300</b>	<b>0</b>	<b>1,557,400</b>	<b>0</b>	<b>-1,291,000</b>	<b>266,400</b>
	<b>BCF Enablers</b>													
RC4504	BCF: Programme Support	82,000	0	0	0	10,000	14,000	0	0	0	106,000	0	0	106,000
	<b>BCF Enablers</b>	<b>82,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,000</b>	<b>14,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>106,000</b>	<b>0</b>	<b>0</b>	<b>106,000</b>
	<b>BCF Unified Prevention</b>													
RC4502	BCF: Community Prevention	0	0	0	0	0	0	0	147,000	0	147,000	0	0	147,000
RC4514	BCF: Coordination & Communication	0	0	0	0	2,000	0	0	0	0	2,000	0	0	2,000
RC4489	BCF: Life Planning	51,500	0	0	0	22,000	6,500	0	0	0	80,000	0	0	80,000
RC1011	BCF: Vulnerable Adult Risk Management	77,000	0	0	0	0	0	0	0	0	77,000	0	0	77,000
RC1012	BCF: Wellbeing Advisors	0	0	0	0	0	29,000	0	0	0	29,000	0	0	29,000
	<b>BCF Unified Prevention</b>	<b>128,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,000</b>	<b>35,500</b>	<b>0</b>	<b>147,000</b>	<b>0</b>	<b>335,000</b>	<b>0</b>	<b>0</b>	<b>335,000</b>
	<b>BCF Holistic Management of Health &amp; Wellbeing</b>													
RC1010	BCF: Self Care - Care Planning	0	0	0	0	44,000	0	0	0	0	44,000	0	0	44,000
RC4510	BCF: Integrated Community Care	52,100	0	0	3,000	67,900	420,000	0	0	0	543,000	0	0	543,000
RC5609	BCF: Integrated Case Management	33,000	0	0	0	8,000	0	0	0	0	41,000	0	0	41,000
RC4515	BCF: Innovation Fund	0	0	0	0	9,000	0	0	0	0	9,000	0	0	9,000
RC1006	BCF: Community Whole Care Model	0	0	0	0	0	15,000	0	0	0	15,000	0	0	15,000
RC1007	BCF: Self Care - Enhanced Personalisation	0	0	0	0	0	0	0	0	0	0	0	0	0
RC4511	BCF: Care Act Carers	0	0	0	0	0	0	0	87,000	0	87,000	0	0	87,000
RC4498	BCF: Dementia Services	50,000	0	0	0	0	2,000	0	50,000	0	102,000	0	0	102,000
RC4509	BCF: Assistive Technology	0	0	0	0	0	65,000	0	0	0	65,000	0	0	65,000
	<b>BCF Holistic Management of Health &amp; Wellbeing</b>	<b>135,100</b>	<b>0</b>	<b>0</b>	<b>3,000</b>	<b>128,900</b>	<b>502,000</b>	<b>0</b>	<b>137,000</b>	<b>0</b>	<b>906,000</b>	<b>0</b>	<b>0</b>	<b>906,000</b>
	<b>BCF Hospital Flows</b>													
RC4494	BCF: Integrated Urgent Response	150,700	0	0	2,000	0	102,300	0	-5,000	0	250,000	0	0	250,000
RC4505	BCF: Hospital Transfer & Reablement	0	0	0	0	0	166,000	0	555,000	0	721,000	0	0	721,000
RC1008	BCF: Hospital Avoidance	0	0	0	0	0	20,000	0	0	0	20,000	0	0	20,000
RC1009	BCF: Hospital Step Down	0	0	0	0	52,000	0	0	0	0	52,000	0	0	52,000

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	2018/19 Budget
		Employees Pay	Other Expenses											
		£	£	£	£	£	£	£	£	£	£	£	£	£
	<b>BCF Hospital Flows</b>	<b>150,700</b>	<b>0</b>	<b>0</b>	<b>2,000</b>	<b>52,000</b>	<b>288,300</b>	<b>0</b>	<b>550,000</b>	<b>0</b>	<b>1,043,000</b>	<b>0</b>	<b>0</b>	<b>1,043,000</b>
	<b>Non BCF Contract &amp; Procurement</b>													
RC4119	Healthwatch and NHS Advocacy	0	0	0	0	0	73,800	0	0	0	73,800	0	0	73,800
RC4503	Better Care Together Programme	0	0	0	0	0	14,000	0	0	0	14,000	0	0	14,000
RC4703	Contracts and Procurement	211,200	0	0	900	400	0	0	0	0	212,500	0	0	212,500
RC4670	Community Prevention and Wellness Services	0	0	0	0	0	517,200	0	-247,000	0	270,200	0	0	270,200
	<b>Non BCF Contract &amp; Procurement</b>	<b>211,200</b>	<b>0</b>	<b>0</b>	<b>900</b>	<b>400</b>	<b>605,000</b>	<b>0</b>	<b>-247,000</b>	<b>0</b>	<b>570,500</b>	<b>0</b>	<b>0</b>	<b>570,500</b>
	<b>ASC - Community Inclusion</b>													
RC4442	ASC Community Inclusion - Community Support Service	443,800	0	0	1,500	74,100	0	0	0	0	519,400	-76,400	0	443,000
RC4460	ASC Community Inclusion - Day Opportunities Services	459,100	0	22,100	500	38,900	0	0	0	0	520,600	-151,100	0	369,500
RC4480	Advocacy Contract	0	0	0	0	0	11,000	0	0	0	11,000	0	0	11,000
	<b>ASC - Community Inclusion</b>	<b>902,900</b>	<b>0</b>	<b>22,100</b>	<b>2,000</b>	<b>113,000</b>	<b>11,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,051,000</b>	<b>-227,500</b>	<b>0</b>	<b>823,500</b>
	<b>ASC Prevention and Safeguarding</b>													
RC4108	Direct Payments - Carer Support	0	0	0	0	0	0	180,800	-87,000	0	93,800	0	0	93,800
RC4130	Homecare - Carers Support	0	0	0	0	0	1,000	0	0	0	1,000	0	0	1,000
RC4135	Carers Support Income	0	0	0	0	0	0	0	0	0	0	-20,500	0	-20,500
RC4136	Respite - Mental Health	0	0	0	0	0	4,200	0	0	0	4,200	0	0	4,200
RC4137	Respite - Older People	0	0	0	0	0	59,000	0	0	0	59,000	0	0	59,000
RC4138	Respite - Physical Disabilities	0	0	0	0	0	4,100	0	0	0	4,100	0	0	4,100
RC4139	Respite - Learning Disabilities	0	0	0	0	0	9,000	0	0	0	9,000	0	0	9,000
RC4140	Other - Mental Health	0	0	0	0	1,100	0	0	0	0	1,100	0	0	1,100
RC4371	Prison Assessments	0	0	0	0	0	12,000	0	0	0	12,000	0	0	12,000
	<b>ASC Prevention and Safeguarding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,100</b>	<b>89,300</b>	<b>180,800</b>	<b>-87,000</b>	<b>0</b>	<b>184,200</b>	<b>-20,500</b>	<b>0</b>	<b>163,700</b>
	<b>ASC Prevention and Safeguarding - Staffing</b>													
RC5857	ASC Prevention and Safeguarding - Staffing	408,900	0	0	0	0	1,000	0	0	0	409,900	0	0	409,900
	<b>ASC Prevention and Safeguarding - Staffing</b>	<b>408,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>409,900</b>	<b>0</b>	<b>0</b>	<b>409,900</b>
	<b>ASC Housing</b>													
RC4700	Homelessness	0	0	0	0	73,400	20,000	0	-30,800	3,300	65,900	-20,000	-40,000	5,900
RC4708	Housing Options Team	122,500	0	0	0	0	0	0	0	0	122,500	0	0	122,500
	<b>ASC Housing</b>	<b>122,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73,400</b>	<b>20,000</b>	<b>0</b>	<b>-30,800</b>	<b>3,300</b>	<b>188,400</b>	<b>-20,000</b>	<b>-40,000</b>	<b>128,400</b>
	<b>ASC Support and Review - Daycare</b>													
RC4282	Daycare - Older People	0	0	0	0	0	125,000	0	0	0	125,000	0	0	125,000
RC4283	Daycare - Physical Disabilities	0	0	0	0	0	3,400	0	0	0	3,400	0	0	3,400
RC4284	Daycare - Learning Disabilities	0	0	0	0	0	90,000	0	0	0	90,000	0	0	90,000
RC4285	Daycare - Income	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>ASC Support and Review - Daycare</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>218,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>218,400</b>	<b>0</b>	<b>0</b>	<b>218,400</b>
	<b>ASC Support and Review - Direct Payments</b>													
RC4295	Direct Payments - Mental Health	0	0	0	0	0	0	21,000	0	0	21,000	0	0	21,000
RC4296	Direct Payments - Older People	0	0	0	0	0	0	260,100	0	0	260,100	0	0	260,100
RC4297	Direct Payments - Physical Disabilities	0	0	0	0	0	0	250,300	0	0	250,300	0	0	250,300
RC4298	Direct Payments - Learning Disabilities	0	0	0	0	0	0	250,000	0	0	250,000	0	0	250,000
RC4299	Direct Payments Income	0	0	0	0	0	0	0	0	0	0	-114,000	0	-114,000
	<b>ASC Support and Review - Direct Payments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>781,400</b>	<b>0</b>	<b>0</b>	<b>781,400</b>	<b>-114,000</b>	<b>0</b>	<b>667,400</b>
	<b>ASC Support and Review - Homecare</b>													
RC4286	Homecare - Mental Health	0	0	0	0	0	16,600	0	0	0	16,600	0	0	16,600
RC4287	Homecare - Older People	0	0	0	0	0	1,151,200	0	0	0	1,151,200	0	0	1,151,200
RC4288	Homecare - Physical Disabilities	0	0	0	0	0	428,500	0	0	0	428,500	0	0	428,500
RC4289	Homecare - Learning Disabilities	0	0	0	0	0	436,500	0	0	0	436,500	0	0	436,500
RC4290	Homecare - Income from Health	0	0	0	0	0	0	0	0	0	0	-230,000	0	-230,000
RC4553	Fairer Charging Income	0	0	0	0	0	0	0	0	0	0	-275,000	0	-275,000
	<b>ASC Support and Review - Homecare</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,032,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,032,800</b>	<b>-505,000</b>	<b>0</b>	<b>1,527,800</b>
	<b>ASC Support and Review - Other</b>													
RC4262	Disabilities Contracts	0	0	0	0	0	16,000	0	0	0	16,000	0	0	16,000
RC4495	DOLS & AMHP / MH	0	0	0	0	0	255,000	0	0	0	255,000	0	0	255,000
RC4107	Support and Review - Capital Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
RC5431	Transitions	0	0	0	0	5,100	0	0	0	0	5,100	0	0	5,100

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	2018/19 Budget
		Employees Pay	Other Expenses											
		£	£	£	£	£	£	£	£	£	£	£	£	£
RC4506	HSC Protocol	0	0	0	0	17,500	0	0	0	0	17,500	0	0	17,500
	<b>ASC Support and Review - Other</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,600</b>	<b>271,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>293,600</b>	<b>0</b>	<b>0</b>	<b>293,600</b>
	<b>ASC Support and Review - Residential and Nursing</b>													
RC4259	Residential - Older People	0	0	0	0	0	2,542,000	0	0	0	2,542,000	0	0	2,542,000
RC4260	Residential - Learning Disabilities	0	0	0	0	0	1,410,000	0	0	0	1,410,000	0	0	1,410,000
RC4280	Residential Income	0	0	0	0	0	0	0	0	0	0	-1,500,000	0	-1,500,000
RC4370	Residential - Physical Disabilities	0	0	0	0	0	70,000	0	0	0	70,000	0	0	70,000
RC4490	Residential - Mental Health	0	0	0	0	0	110,500	0	0	0	110,500	0	0	110,500
	<b>ASC Support and Review - Residential and Nursing</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,132,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,132,500</b>	<b>-1,500,000</b>	<b>0</b>	<b>2,632,500</b>
	<b>ASC Support and Review - Staffing</b>													
RC5856	Support and Review - Staffing	561,000	0	0	2,000	0	0	0	0	0	563,000	0	0	563,000
	<b>ASC Support and Review - Staffing</b>	<b>561,000</b>	<b>0</b>	<b>0</b>	<b>2,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>563,000</b>	<b>0</b>	<b>0</b>	<b>563,000</b>
	<b>Hospital and Reablement</b>													
RC4421	H&R - OT's, Aids & Equipment	0	0	0	0	50,700	129,200	0	-42,000	0	137,900	0	0	137,900
RC4551	Hospital & Reablement - Staffing	884,000	1,000	0	35,000	33,000	5,000	0	-550,000	0	408,000	0	0	408,000
														0
	<b>Hospital and Reablement</b>	<b>884,000</b>	<b>1,000</b>	<b>0</b>	<b>35,000</b>	<b>83,700</b>	<b>134,200</b>	<b>0</b>	<b>-592,000</b>	<b>0</b>	<b>545,900</b>	<b>0</b>	<b>0</b>	<b>545,900</b>
	<b>Safeguarding</b>													
RC4560	Safeguarding Boards	0	0	0	0	0	66,300	0	0	0	66,300	0	0	66,300
RC4270	Safeguarding QA	126,100	0	0	0	500	0	0	0	0	126,600	0	0	126,600
	<b>Safeguarding</b>	<b>126,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>	<b>66,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>192,900</b>	<b>0</b>	<b>0</b>	<b>192,900</b>
	<b>CSC Referral, Assessment and Intervention Service</b>													
RC5719	Duty Desk for Childrens Referrals	209,700	0	0	700	0	30,000	0	0	0	240,400	0	0	240,400
RC5851	Duty S17	0	0	0	0	0	7,500	0	0	0	7,500	0	0	7,500
	<b>CSC Referral, Assessment and Intervention Service</b>	<b>209,700</b>	<b>0</b>	<b>0</b>	<b>700</b>	<b>0</b>	<b>37,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>247,900</b>	<b>0</b>	<b>0</b>	<b>247,900</b>
	<b>CSC Permanency and Protection Service</b>													
RC4220	Family Support Services	0	0	0	0	1,400	22,700	1,500	0	0	25,600	0	0	25,600
RC4210	Children Looked After	0	0	0	0	17,200	31,400	2,800	0	0	51,400	0	0	51,400
RC4215	Children's Social Care Staffing	386,200	500	0	6,800	2,800	0	0	0	0	396,300	0	0	396,300
RC4252	UASC Over 16	0	0	0	0	47,000	39,000	9,000	0	0	95,000	0	-95,000	0
RC5283	UASC Under 16	0	0	0	0	0	54,000	0	0	0	54,000	0	-54,000	0
	<b>CSC Permanency and Protection Service</b>	<b>386,200</b>	<b>500</b>	<b>0</b>	<b>6,800</b>	<b>68,400</b>	<b>147,100</b>	<b>13,300</b>	<b>0</b>	<b>0</b>	<b>622,300</b>	<b>0</b>	<b>-149,000</b>	<b>473,300</b>
	<b>CSC Fostering, Adoption and Care Leaver Service</b>													
RC4211	Placements	0	0	0	0	30,700	1,267,800	3,000	0	0	1,301,500	0	0	1,301,500
RC4213	Adoption	0	0	0	0	2,500	69,000	0	0	0	71,500	0	0	71,500
RC4225	Family Support Staffing	261,900	600	400	800	8,300	0	0	0	0	272,000	0	0	272,000
RC4201	Care Leavers (Section 24 Payments)	0	0	0	0	22,400	13,800	27,700	0	0	63,900	0	0	63,900
RC4202	CAMHS	0	0	0	0	0	10,800	0	0	0	10,800	0	0	10,800
	<b>CSC Fostering, Adoption and Care Leaver Service</b>	<b>261,900</b>	<b>600</b>	<b>400</b>	<b>800</b>	<b>63,900</b>	<b>1,361,400</b>	<b>30,700</b>	<b>0</b>	<b>0</b>	<b>1,719,700</b>	<b>0</b>	<b>0</b>	<b>1,719,700</b>
	<b>Early Intervention - Targeted Intervention</b>													
RC4207	Children with Disabilities (CWD)	52,200	0	0	2,400	3,000	540,300	59,200	0	0	657,100	0	0	657,100
RC4208	Aiming High	98,600	300	3,700	1,600	91,600	0	0	0	17,300	213,100	-3,500	0	209,600
RC5240	Changing Lives	92,200	0	0	5,500	27,700	0	0	800	0	126,200	0	-126,200	0
RC5371	Childrens Centre - Revenue	180,200	0	34,100	5,200	100,700	0	0	2,500	0	322,700	0	0	322,700
RC5296	Targeted Intervention Service	149,900	500	500	2,100	12,100	0	0	0	0	165,100	0	0	165,100
	<b>Early Intervention - Targeted Intervention</b>	<b>573,100</b>	<b>800</b>	<b>38,300</b>	<b>16,800</b>	<b>235,100</b>	<b>540,300</b>	<b>59,200</b>	<b>3,300</b>	<b>17,300</b>	<b>1,484,200</b>	<b>-3,500</b>	<b>-126,200</b>	<b>1,354,500</b>
	<b>Early Intervention - SEND &amp; Inclusion</b>													
RC4265	SEN Staffing	304,800	100	0	400	117,500	0	0	-197,200	0	225,600	0	0	225,600
RC5352	Early Senco (0-3yrs support)	0	0	0	0	0	13,500	0	0	0	13,500	0	0	13,500
	<b>Early Intervention - SEND &amp; Inclusion</b>	<b>304,800</b>	<b>100</b>	<b>0</b>	<b>400</b>	<b>117,500</b>	<b>13,500</b>	<b>0</b>	<b>-197,200</b>	<b>0</b>	<b>239,100</b>	<b>0</b>	<b>0</b>	<b>239,100</b>
	<b>Early Intervention - Universal and Partnership</b>													
RC5291	Play For All	0	0	0	0	0	0	0	0	4,300	4,300	0	0	4,300
RC5268	Early Intervention Team Staffing	327,300	500	29,100	3,000	34,000	3,500	0	-20,000	0	377,400	0	0	377,400
RC5280	Rutland Youth Council	0	0	0	1,100	2,100	2,400	500	0	0	6,100	0	0	6,100
	<b>Early Intervention - Universal and Partnership</b>	<b>327,300</b>	<b>500</b>	<b>29,100</b>	<b>4,100</b>	<b>36,100</b>	<b>5,900</b>	<b>500</b>	<b>-20,000</b>	<b>4,300</b>	<b>387,800</b>	<b>0</b>	<b>0</b>	<b>387,800</b>

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	2018/19 Budget
		Employees Pay	Other Expenses											
		£	£	£	£	£	£	£	£	£	£	£	£	£
	<b>Schools and Early Years</b>													
RC5000	Primary Schools	0	0	0	0	0	0	0	0	221,500	221,500	0	0	221,500
RC5242	Personal Education Allowance for LAC	0	0	0	0	5,200	11,100	0	0	0	16,300	0	0	16,300
RC5438	UIFSM (free school meals)	0	0	0	0	0	0	0	0	0	0	0	0	0
RC5297	Rural Fund	0	0	0	0	0	0	0	0	0	0	0	0	0
RC5325	Governor Training	0	0	0	0	3,500	0	0	0	0	3,500	0	0	3,500
RC5336	School Officer	110,100	0	0	0	0	0	0	0	0	110,100	0	0	110,100
RC5360	School Improvement Consultancy	0	0	0	0	54,800	1,500	0	0	0	56,300	0	0	56,300
RC5395	Early Years Training	0	0	1,000	0	49,400	0	0	0	0	50,400	0	0	50,400
														0
														0
	<b>Schools and Early Years</b>	<b>110,100</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>112,900</b>	<b>12,600</b>	<b>0</b>	<b>0</b>	<b>221,500</b>	<b>458,100</b>	<b>0</b>	<b>0</b>	<b>458,100</b>
	<b>Rutland Adult Learning and Skills Service (RALSS)</b>													
RC5129	Community Learning	258,600	0	28,200	0	27,600	11,000	0	21,300	0	346,700	-33,000	-263,900	49,800
RC1013	New Apprenticeships	0	0	0	0	0	0	0	0	0	0	0	0	0
RC5202	Post Oct 2014 Rutland Adult Skills Budget	0	0	0	0	7,500	321,400	0	0	0	328,900	-8,000	-370,700	-49,800
	<b>Rutland Adult Learning and Skills Service (RALSS)</b>	<b>258,600</b>	<b>0</b>	<b>28,200</b>	<b>0</b>	<b>35,100</b>	<b>332,400</b>	<b>0</b>	<b>21,300</b>	<b>0</b>	<b>675,600</b>	<b>-41,000</b>	<b>-634,600</b>	<b>0</b>
		<b>7,901,500</b>	<b>25,100</b>	<b>120,400</b>	<b>81,200</b>	<b>1,213,100</b>	<b>12,241,200</b>	<b>1,065,900</b>	<b>-98,300</b>	<b>260,900</b>	<b>22,811,000</b>	<b>-2,434,300</b>	<b>-2,240,800</b>	<b>18,135,900</b>

## Appendix 4.1: Places Directorate Budget 2018/19

This Appendix gives the detailed movement in cost centre budgets from the Approved 2017/18 Budget at Q1 to the proposed budget for 2018/19.

The reversal of one off entries represents the removal of budgets such as one off transfers from earmarked reserves and budget carry forwards approved for 2017/18 but not required within the 2018/19 budget. Transfers are where functions have moved from one directorate to another since Q1 such as the Housing and Crime Prevention service and also includes the realignment of budgets between functions within the Directorate, and Adjustments are other movements in budgets such as an adjustment to the depreciation charge and for staff joining the superannuation scheme.

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

Use of Grant Income and Ringfenced funding shows where budgets have been temporarily increased by utilising one off grant funding or previously unspent ringfenced funding such as Public Health and Better Care Fund

Cost Centre	Cost Centre Description	2017/18 Q1 Budget £	Reversals/ Transfers & Adjustments £	Savings £	New Pressures & Use of Earmarked Reserves £	Use of Grant Income & Ringfenced Funding £	Inflation £	2018/19 Budget £	Increase/ (Decrease) £
73	<b>Directorate Management Costs</b>								
3605	Operational Director - Places Asset Management	99,400	0	0	0	0	700	100,100	700
3606	Operational Director - Places Operations	98,800	0	0	0	0	2,700	101,500	2,700
	Directorate Restructure	0	0	0	130,000	0	0	130,000	130,000
	<b>Total Directorate Management Costs</b>	<b>198,200</b>	<b>0</b>	<b>0</b>	<b>130,000</b>	<b>0</b>	<b>3,400</b>	<b>331,600</b>	<b>133,400</b>
	<b>Development Control</b>								
1400	Building & Development Control Support	135,900	21,900	0	0	0	6,200	164,000	28,100
1401	Development Control	37,900	-60,000	-3,300	0	0	4,000	-21,400	-59,300
3350	Land Charges	10,900	-200	0	0	0	0	10,700	-200
	<b>Total Development Control</b>	<b>184,700</b>	<b>-38,300</b>	<b>-3,300</b>	<b>0</b>	<b>0</b>	<b>10,200</b>	<b>153,300</b>	<b>-31,400</b>
	<b>Total Drainage &amp; Structures</b>								
1502	Drainage and Jetting	155,700	0	0	0	0	3,100	158,800	3,100
1503	Bridges and Culverts	20,500	0	0	0	0	400	20,900	400
1528	Sustainable Drainage	0	0	0	0	0	0	0	0
1530	Structural Services - Bridges	14,900	0	0	0	0	300	15,200	300
	<b>Total Drainage &amp; Structures</b>	<b>191,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,800</b>	<b>194,900</b>	<b>3,800</b>
	<b>Emergency Planning</b>								
2985	Emergency Planning	29,700	0	0	0	0	600	30,300	600
	<b>Total Emergency Planning</b>	<b>29,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>600</b>	<b>30,300</b>	<b>600</b>
	<b>Environmental Maintenance</b>								
1524	Environmental Maintenance	185,800	0	0	0	0	3,700	189,500	3,700
2002	Environmental Services	282,000	-82,300	0	0	0	7,100	206,800	-75,200

Cost Centre	Cost Centre Description	2017/18 Q1 Budget £	Reversals/ Transfers & Adjustemts £	Savings £	New Pressures & Use of Earmarked Reserves £	Use of Grant Income & Ringfenced Funding £	Inflation £	2018/19 Budget £	Increase/ (Decrease) £
2530	Street Cleaning	586,200	0	0	0	0	11,800	598,000	11,800
2613	Cemeteries	-2,000	0	0	0	0	300	-1,700	300
2615	Closed Churchyards	26,900	0	0	0	0	600	27,500	600
2690	Amenity Grass (Urban Grass & Public Open Spaces)	74,800	0	0	0	0	1,500	76,300	1,500
	<b>Total Environmental Maintenance</b>	<b>1,153,700</b>	<b>-82,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25,000</b>	<b>1,096,400</b>	<b>-57,300</b>
	<b>Forestry Maintenance</b>								
1526	Forestry Maintenance	117,000	0	0	0	0	2,300	119,300	2,300
	<b>Total Forestry Maintenance</b>	<b>117,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,300</b>	<b>119,300</b>	<b>2,300</b>
	<b>Highways Capital Charges</b>								
1812	Highways Capital Charges	1,332,300	199,400	0	0	0	0	1,531,700	199,400
	<b>Total Highways Capital Charges</b>	<b>1,332,300</b>	<b>199,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,531,700</b>	<b>199,400</b>
	<b>Highways Management</b>								
1515	Highways Management	216,100	0	-25,000	0	0	1,500	192,600	-23,500
	Highways Saving	0	0	-300,000	0	0	0	-300,000	-300,000
1527	Highways S38 Income	-35,800	0	0	0	0	0	-35,800	0
	<b>Total Highways Management</b>	<b>180,300</b>	<b>0</b>	<b>-325,000</b>	<b>0</b>	<b>0</b>	<b>1,500</b>	<b>-143,200</b>	<b>-323,500</b>
	<b>Commissioned Transport</b>								
1005	Looked After Children Transport	21,100	39,000	0	0	0	400	60,500	39,400
1520	Home to School Transport	572,300	0	-25,000	0	0	11,400	558,700	-13,600
1521	Post 16 Transport	114,400	0	0	0	0	2,300	116,700	2,300
4103	Adult Social Services Transport	87,100	-39,000	0	0	0	1,700	49,800	-37,300
4680	Transport Fleet	298,400	-14,700	0	63,400	0	7,000	354,100	55,700
5377	SEN Transport	370,900	14,700	0	25,000	0	7,200	417,800	46,900
	<b>Total Commissioned Transport</b>	<b>1,464,200</b>	<b>0</b>	<b>-25,000</b>	<b>88,400</b>	<b>0</b>	<b>30,000</b>	<b>1,557,600</b>	<b>93,400</b>
	<b>Lighting &amp; Safety Barriers and Traffic Signals</b>								
1506	Street Lighting	94,000	0	0	0	0	4,200	98,200	4,200
1507	Barriers	15,600	0	0	0	0	300	15,900	300
1536	Traffic Signal Maintenance	24,800	0	0	0	0	500	25,300	500
	<b>Total Lighting &amp; Safety Barriers and Traffice Signals</b>	<b>134,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>139,400</b>	<b>5,000</b>
	<b>Parking</b>								
1600	Parking	-350,000	4,300	0	0	0	6,300	-339,400	10,600
	<b>Total Parking</b>	<b>-350,000</b>	<b>4,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,300</b>	<b>-339,400</b>	<b>10,600</b>
	<b>Pool Cars and Car Hire</b>								
1537	Pool Cars and Car Hire	97,200	0	0	0	0	4,200	101,400	4,200
	<b>Total Pool Cars &amp; Car Hire</b>	<b>97,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,200</b>	<b>101,400</b>	<b>4,200</b>

Cost Centre	Cost Centre Description	2017/18 Q1 Budget £	Reversals/ Transfers & Adjustemts £	Savings £	New Pressures & Use of Earmarked Reserves £	Use of Grant Income & Ringfenced Funding £	Inflation £	2018/19 Budget £	Increase/ (Decrease) £
	<b>Public Protection</b>								
1408	Warm Homes for Rutland	22,000	-22,000	0	0	0	0	0	-22,000
2003	Env & Trading Standards	425,200	0	0	0	0	8,500	433,700	8,500
2542	Environmental Protection Act	-3,000	0	0	0	0	-100	-3,100	-100
2590	Dog Warden & Pest Control Services	27,400	0	0	0	0	500	27,900	500
2810	Licenses	-61,300	0	0	0	0	-1,200	-62,500	-1,200
	<b>Total Public Protection</b>	<b>410,300</b>	<b>-22,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,700</b>	<b>396,000</b>	<b>-14,300</b>
	<b>Public Rights of Way</b>								
1505	Public Rights of Way	90,400	1,400	0	0	0	1,800	93,600	3,200
	<b>Total Public Rights of Way</b>	<b>90,400</b>	<b>1,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,800</b>	<b>93,600</b>	<b>3,200</b>
	<b>Public Transport</b>								
1518	Public Transport	442,700	-26,000	-44,000	17,000	0	8,400	398,100	-44,600
1519	Concessionary Travel	326,500	0	0	0	0	6,500	333,000	6,500
5963	Community Vehicle	19,600	0	0	0	0	400	20,000	400
	<b>Total Public Transport</b>	<b>788,800</b>	<b>-26,000</b>	<b>-44,000</b>	<b>17,000</b>	<b>0</b>	<b>15,300</b>	<b>751,100</b>	<b>-37,700</b>
	<b>Road Maintenance</b>								
1501	Safety	100,000	0	0	0	0	2,300	102,300	2,300
1508	Carriageway Patching	354,200	0	0	0	0	6,200	360,400	6,200
1509	Footway Patching	40,200	0	0	0	0	800	41,000	800
1510	Minor Repairs	98,600	0	0	0	0	2,900	101,500	2,900
1511	Fixed Contract Costs	283,800	0	0	0	0	5,700	289,500	5,700
1532	Scanner Survey	22,500	0	0	0	0	500	23,000	500
	<b>Total Road Maintenance</b>	<b>899,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,400</b>	<b>917,700</b>	<b>18,400</b>
	<b>Transport Management</b>								
1516	Transport Strategy	250,800	-23,000	0	0	0	5,200	233,000	-17,800
1517	Transport Management	146,600	0	0	0	0	1,600	148,200	1,600
1535	Local Transport Plan	2,000	-2,000	0	0	0	0	0	-2,000
1538	Total Transport Fund	33,000	-33,000	0	0	0	0	0	-33,000
1540	Traffic Analysis & Data Collection	2,000	-2,000	0	0	0	0	0	-2,000
1541	Safety Partnership Arrangement	59,200	-48,000	0	0	0	200	11,400	-47,800
1542	Travel4Rutland	0	0	0	0	0	0	0	0
	<b>Total Transport Management</b>	<b>493,600</b>	<b>-108,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,000</b>	<b>392,600</b>	<b>-101,000</b>
	<b>Waste Management</b>								
2490	Refuse Collection	1,008,100	0	-209,000	0	0	20,400	819,500	-188,600
2500	Waste Management	1,361,500	-5,200	0	0	0	30,700	1,387,000	25,500
1014	Green Waste Collections	0	0	-10,600	0	0	0	-10,600	-10,600

Cost Centre	Cost Centre Description	2017/18 Q1 Budget £	Reversals/ Transfers & Adjustemts £	Savings £	New Pressures & Use of Earmarked Reserves £	Use of Grant Income & Ringfenced Funding £	Inflation £	2018/19 Budget £	Increase/ (Decrease) £
	<b>Total Waste Management</b>	<b>2,369,600</b>	<b>-5,200</b>	<b>-219,600</b>	<b>0</b>	<b>0</b>	<b>51,100</b>	<b>2,195,900</b>	<b>-173,700</b>
	<b>Winter Maintenance</b>								
1504	Winter Maintenance	267,500	0	0	0	0	5,400	272,900	5,400
	<b>Total Winter Maintenance</b>	<b>267,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,400</b>	<b>272,900</b>	<b>5,400</b>
	<b>Planning Policy</b>								
1403	Planning Policy	257,000	39,900	0	10,400	6,000	5,700	319,000	62,000
1405	Planning Delivery Grant	0	40,000	0	0	60,000	0	100,000	100,000
1409	Neighbourhood Planning	123,000	-162,900	0	0	39,900	0	0	-123,000
	<b>Total Planning Policy</b>	<b>380,000</b>	<b>-83,000</b>	<b>0</b>	<b>10,400</b>	<b>105,900</b>	<b>5,700</b>	<b>419,000</b>	<b>39,000</b>
	<b>Tourism</b>								
5846	Tourism (Anglian Water)	14,600	0	0	0	7,700	300	22,600	8,000
	<b>Total Tourism</b>	<b>14,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,700</b>	<b>300</b>	<b>22,600</b>	<b>8,000</b>
	<b>Health &amp; Safety</b>								
2100	Health & Safety	38,100	0	0	0	0	300	38,400	300
	<b>Total Health &amp; Safety</b>	<b>38,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>300</b>	<b>38,400</b>	<b>300</b>
	<b>Property Services</b>								
2600	Public Conveniences	17,300	500	0	0	0	300	18,100	800
2900	Admin Buildings	387,800	2,100	0	46,000	0	12,300	448,200	60,400
3500	Central Maintenance	172,200	0	0	20,000	0	3,400	195,600	23,400
3504	Barleythorpe Campus	40,000	-40,000	0	0	0	0	0	-40,000
3850	Property Services	297,600	0	-5,900	0	0	11,700	303,400	5,800
3855	Central Furniture and Equipment	5,800	0	0	0	0	100	5,900	100
5823	Oakham Bus Station	18,400	4,800	0	0	0	400	23,600	5,200
	<b>Total Property Services</b>	<b>939,100</b>	<b>-32,600</b>	<b>-5,900</b>	<b>66,000</b>	<b>0</b>	<b>28,200</b>	<b>994,800</b>	<b>55,700</b>
	<b>Building Control</b>								
1402	Building Control	-48,100	0	0	0	0	-1,000	-49,100	-1,000
	<b>Total Building Control</b>	<b>-48,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,000</b>	<b>-49,100</b>	<b>-1,000</b>
	<b>Commercial &amp; Industrial Properties</b>								
5817	Oakham Enterprise Park	-200,300	0	-29,200	0	0	9,600	-219,900	-19,600
1015	Kings Centre	0	0	-15,000	0	0	0	-15,000	-15,000
5820	Pit Lane	-38,300	-1,400	0	0	0	200	-39,500	-1,200
5821	Ashwell Road Business Units	3,200	2,300	0	0	0	600	6,100	2,900
5822	No 7 Church Passage	-5,000	0	0	0	0	0	-5,000	0
5824	Residential Garages	-20,000	0	0	0	0	0	-20,000	0
	<b>Commercial &amp; Industrial Properties</b>	<b>-260,400</b>	<b>900</b>	<b>-44,200</b>	<b>0</b>	<b>0</b>	<b>10,400</b>	<b>-293,300</b>	<b>-32,900</b>

Cost Centre	Cost Centre Description	2017/18 Q1 Budget £	Reversals/ Transfers & Adjustemts £	Savings £	New Pressures & Use of Earmarked Reserves £	Use of Grant Income & Ringfenced Funding £	Inflation £	2018/19 Budget £	Increase/ (Decrease) £
	<b>Total Economic Development</b>								
3702	Digital Rutland	66,800	-20,000	0	0	0	1,000	47,800	-19,000
5810	Economic Development	152,600	-17,300	0	0	0	900	136,200	-16,400
5815	Welland Market Towns	18,000	-18,000	0	0	0	0	0	-18,000
	<b>Total Economic Development</b>	<b>237,400</b>	<b>-55,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,900</b>	<b>184,000</b>	<b>-53,400</b>
	<b>Culture &amp; Registration Services</b>								
3420	Registration Service	-26,600	0	0	0	0	700	-25,900	700
5710	Arts Development	10,000	0	0	0	0	200	10,200	200
5842	Culture and Leisure	100,300	0	0	0	0	2,500	102,800	2,500
	<b>Total Culture &amp; Registration Services</b>	<b>83,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,400</b>	<b>87,100</b>	<b>3,400</b>
	<b>Libraries</b>								
5700	Libraries	491,800	-86,100	-5,000	0	0	4,800	405,500	-86,300
5703	Mobile Library	44,000	0	0	0	0	500	44,500	500
5718	Prison Library Service - Stocken	-6,600	0	0	0	0	3,000	-3,600	3,000
	<b>Total Libraries</b>	<b>529,200</b>	<b>-86,100</b>	<b>-5,000</b>	<b>0</b>	<b>0</b>	<b>8,300</b>	<b>446,400</b>	<b>-82,800</b>
	<b>Museums Service</b>								
5704	Museums Service	243,000	18,800	0	0	0	8,100	269,900	26,900
5705	Oakham Castle	50,400	3,900	0	0	0	200	54,500	4,100
5706	Records Office	52,100	0	0	0	0	1,000	53,100	1,000
5707	Museum Trading Account	-4,300	0	0	0	0	0	-4,300	0
5715	Learning And Outreach	11,400	-11,400	0	0	0	0	0	-11,400
5721	Heritage Grants	0	0	0	0	0	0	0	0
	<b>Total Museum Services</b>	<b>352,600</b>	<b>11,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,300</b>	<b>373,200</b>	<b>20,600</b>
	<b>Sports &amp; Leisure Services</b>								
5711	Recreation and Leisure	6,500	-7,700	0	0	0	5,400	4,200	-2,300
5714	Local Sports Alliance	0	0	0	0	0	0	0	0
5722	Active Rutland Hub	-5,900	15,600	0	0	0	400	10,100	16,000
5875	School Sports/Games	0	0	0	0	0	2,600	2,600	2,600
	<b>Total Sports &amp; Leisure Services</b>	<b>600</b>	<b>7,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,400</b>	<b>16,900</b>	<b>16,300</b>
	<b>Total Places</b>	<b>12,319,100</b>	<b>-313,600</b>	<b>-672,000</b>	<b>311,800</b>	<b>113,600</b>	<b>274,200</b>	<b>12,033,100</b>	<b>-286,000</b>

Appendix 4.2: Places Directorate Budget 2018/19

Cost Centre	Cost Centre Description	Employees		Premises £	Transport £	Supplies & Services £	Third Party Payments £	Transfer Payments £	Recharges £	Capital Financing £	Total Expenditure £	Other Income £	Income from Gov't Grants £	2018/19 Budget £
		Employees Pay £	Other Expenses £											
	<b>Directorate Management Costs</b>													
3605	Director - Places (Development and Economy)	99,200	0	0	700	200	0	0	0	0	100,100	0	0	100,100
3606	Director - Places (Environment, Planning & Transport)	101,200	0	0	200	100	0	0	0	0	101,500	0	0	101,500
	Directorate Restructure	130,000	0	0	0	0	0	0	0	0	130,000	0	0	130,000
	<b>Directorate Management Costs</b>	<b>330,400</b>	<b>0</b>	<b>0</b>	<b>900</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>331,600</b>	<b>0</b>	<b>0</b>	<b>331,600</b>
	<b>Development Control</b>													
1400	Building & Development Control Support	162,700	0	0	0	1,300	0	0	0	0	164,000	0	0	164,000
1401	Development Control	313,800	1,500	0	400	32,800	38,100	0	0	0	386,600	-408,000	0	-21,400
3350	Land Charges	77,900	0	0	0	1,400	0	0	0	0	79,300	-68,600	0	10,700
	<b>Development Control</b>	<b>554,400</b>	<b>1,500</b>	<b>0</b>	<b>400</b>	<b>35,500</b>	<b>38,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>629,900</b>	<b>-476,600</b>	<b>0</b>	<b>153,300</b>
	<b>Drainage &amp; Structures</b>													
1502	Drainage and Jetting	0	0	0	0	0	158,800	0	0	0	158,800	0	0	158,800
1503	Bridges and Culverts	0	0	0	0	0	20,900	0	0	0	20,900	0	0	20,900
1528	Sustainable Drainage	0	0	0	0	0	0	0	0	0	0	0	0	0
1530	Structural Services - Bridges	0	0	0	0	15,200	0	0	0	0	15,200	0	0	15,200
	<b>Drainage &amp; Structures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,200</b>	<b>179,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>194,900</b>	<b>0</b>	<b>0</b>	<b>194,900</b>
	<b>Emergency Planning</b>													
2985	Emergency Planning	0	0	0	0	0	30,300	0	0	0	30,300	0	0	30,300
	<b>Emergency Planning</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,300</b>	<b>0</b>	<b>0</b>	<b>30,300</b>
	<b>Environmental Maintenance</b>													
1524	Environmental Maintenance	0	0	189,500	0	0	0	0	0	0	189,500	0	0	189,500
2002	Environmental Services	204,700	0	0	1,800	300	0	0	0	0	206,800	0	0	206,800
2530	Street Cleaning	0	0	0	0	3,100	594,900	0	0	0	598,000	0	0	598,000
2613	Cemeteries	0	0	10,400	0	0	6,200	0	0	0	16,600	-18,300	0	-1,700
2615	Closed Churchyards	0	0	27,500	0	0	0	0	0	0	27,500	0	0	27,500
2690	Amenity Grass (Urban Grass & Public Open Spaces)	0	0	71,400	0	4,900	0	0	0	0	76,300	0	0	76,300
	<b>Environmental Maintenance</b>	<b>204,700</b>	<b>0</b>	<b>298,800</b>	<b>1,800</b>	<b>8,300</b>	<b>601,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,114,700</b>	<b>-18,300</b>	<b>0</b>	<b>1,096,400</b>
	<b>Forestry Maintenance</b>													
1526	Forestry Maintenance	0	0	0	0	0	119,300	0	0	0	119,300	0	0	119,300
	<b>Forestry Maintenance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>119,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>119,300</b>	<b>0</b>	<b>0</b>	<b>119,300</b>
	<b>Highways Capital Charges</b>													
1812	Highways Capital Charges	0	0	0	0	0	0	0	0	1,531,700	1,531,700	0	0	1,531,700
	<b>Highways Capital Charges</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,531,700</b>	<b>1,531,700</b>	<b>0</b>	<b>0</b>	<b>1,531,700</b>
	<b>Highways Management</b>													
1515	Highways Management	378,100	0	0	3,800	24,100	0	0	-113,800	0	292,200	-99,600	0	192,600
	Highways Saving	0	0	0	0	0	-300,000	0	0	0	-300,000	0	0	-300,000
1527	Highways S38 Income	0	0	0	0	0	0	0	0	0	0	-35,800	0	-35,800
	<b>Highways Management</b>	<b>378,100</b>	<b>0</b>	<b>0</b>	<b>3,800</b>	<b>24,100</b>	<b>-300,000</b>	<b>0</b>	<b>-113,800</b>	<b>0</b>	<b>-7,800</b>	<b>-135,400</b>	<b>0</b>	<b>-143,200</b>
	<b>Commissioned Transport</b>													
1005	Looked After Children Transport	0	0	0	60,500	0	0	0	0	0	60,500	0	0	60,500
1520	Home to School Transport	0	0	0	596,000	0	0	0	0	0	596,000	-37,300	0	558,700
1521	Post 16 Transport	0	0	0	161,500	0	0	0	0	0	161,500	-44,800	0	116,700
4103	Adult Social Services Transport	0	0	0	49,800	0	0	0	0	0	49,800	0	0	49,800
4680	Transport Fleet	255,100	0	16,800	96,800	100	0	0	-14,700	0	354,100	0	0	354,100
5377	SEN Transport	0	0	0	403,100	0	0	0	14,700	0	417,800	0	0	417,800



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	2018/19 Budget
		Employees Pay	Other Expenses											
		£	£	£	£	£	£	£	£	£	£	£	£	£
1504	Winter Maintenance	0	0	0	0	0	272,900	0	0	0	272,900	0	0	272,900
	<b>Winter Maintenance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>272,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>272,900</b>	<b>0</b>	<b>0</b>	<b>272,900</b>
	<b>Planning Policy</b>													
1403	Planning Policy	313,900	300	0	1,200	23,900	24,500	0	-16,000	0	347,800	-28,800	0	319,000
1405	Planning Delivery Grant	0	0	0	0	100,000	0	0	0	0	100,000	0	0	100,000
1409	Neighbourhood Planning	0	0	0	0	66,000	0	0	9,000	0	75,000	0	-75,000	0
	<b>Planning Policy</b>	<b>313,900</b>	<b>300</b>	<b>0</b>	<b>1,200</b>	<b>189,900</b>	<b>24,500</b>	<b>0</b>	<b>-7,000</b>	<b>0</b>	<b>522,800</b>	<b>-28,800</b>	<b>-75,000</b>	<b>419,000</b>
	<b>Tourism</b>													
5846	Tourism (Anglian Water)	12,400	0	0	0	21,000	0	0	0	0	33,400	-10,800	0	22,600
	<b>Tourism</b>	<b>12,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33,400</b>	<b>-10,800</b>	<b>0</b>	<b>22,600</b>
	<b>Health &amp; Safety</b>													
2100	Health & Safety	0	0	0	0	38,400	0	0	0	0	38,400	0	0	38,400
	<b>Health &amp; Safety</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38,400</b>	<b>0</b>	<b>0</b>	<b>38,400</b>
	<b>Property Services</b>													
2600	Public Conveniences	0	0	13,700	0	0	0	0	0	4,400	18,100	0	0	18,100
2900	Admin Buildings	109,600	0	271,500	300	14,800	0	0	0	62,500	458,700	-10,500	0	448,200
3500	Central Maintenance	0	0	195,600	0	0	0	0	0	0	195,600	0	0	195,600
3504	Barleythorpe Campus	0	0	0	0	0	0	0	0	0	0	0	0	0
3850	Property Services	390,200	0	0	1,200	900	0	0	-67,900	0	324,400	-21,000	0	303,400
3855	Central Furniture and Equipment	0	0	0	0	5,900	0	0	0	0	5,900	0	0	5,900
5823	Oakham Bus Station	0	0	18,800	0	0	0	0	0	4,800	23,600	0	0	23,600
	<b>Property Services</b>	<b>499,800</b>	<b>0</b>	<b>499,600</b>	<b>1,500</b>	<b>21,600</b>	<b>0</b>	<b>0</b>	<b>-67,900</b>	<b>71,700</b>	<b>1,026,300</b>	<b>-31,500</b>	<b>0</b>	<b>994,800</b>
	<b>Building Control</b>													
1402	Building Control	0	0	0	0	146,500	0	0	0	0	146,500	-195,600	0	-49,100
	<b>Building Control</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>146,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>146,500</b>	<b>-195,600</b>	<b>0</b>	<b>-49,100</b>
	<b>Commercial &amp; Industrial Properties</b>													
5817	Oakham Enterprise Park	24,800	200	303,500	500	106,700	0	0	0	0	435,700	-655,600	0	-219,900
1015	Kings Centre	30,300	0	64,700	0	21,300	0	5,900	0	0	122,200	-137,200	0	-15,000
5820	Pit Lane	0	0	6,500	0	6,400	2,000	0	0	3,600	18,500	-58,000	0	-39,500
5821	Ashwell Road Business Units	0	0	24,800	0	3,200	0	0	0	2,300	30,300	-24,200	0	6,100
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
	<b>Commercial &amp; Industrial Properties</b>	<b>55,100</b>	<b>200</b>	<b>404,500</b>	<b>500</b>	<b>137,600</b>	<b>2,000</b>	<b>5,900</b>	<b>0</b>	<b>5,900</b>	<b>611,700</b>	<b>-905,000</b>	<b>0</b>	<b>-293,300</b>
	<b>Economic Development</b>													
3702	Digital Rutland	27,000	0	0	0	20,800	0	0	0	0	47,800	0	0	47,800
5810	Economic Development	86,100	0	0	200	11,000	0	0	0	38,900	136,200	0	0	136,200
	<b>Economic Development</b>	<b>113,100</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>31,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38,900</b>	<b>184,000</b>	<b>0</b>	<b>0</b>	<b>184,000</b>
	<b>Culture &amp; Registration Services</b>													
3420	Registration Service	135,800	0	0	1,500	500	0	0	0	0	137,800	-163,700	0	-25,900
5710	Arts Development	0	0	0	0	7,200	3,000	0	0	0	10,200	0	0	10,200
5842	Culture and Leisure	102,400	0	0	200	200	0	0	0	0	102,800	0	0	102,800
	<b>Culture &amp; Registration Services</b>	<b>238,200</b>	<b>0</b>	<b>0</b>	<b>1,700</b>	<b>7,900</b>	<b>3,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250,800</b>	<b>-163,700</b>	<b>0</b>	<b>87,100</b>
	<b>Libraries</b>													
5700	Libraries	245,100	300	56,800	4,800	88,800	4,500	0	-12,000	41,700	430,000	-24,500	0	405,500
5703	Mobile Library	23,400	0	0	9,100	500	0	0	0	11,500	44,500	0	0	44,500
5718	Prison Library Service - Stocken	58,700	100	0	500	18,800	0	0	7,000	0	85,100	-88,700	0	-3,600
	<b>Libraries</b>	<b>327,200</b>	<b>400</b>	<b>56,800</b>	<b>14,400</b>	<b>108,100</b>	<b>4,500</b>	<b>0</b>	<b>-5,000</b>	<b>53,200</b>	<b>559,600</b>	<b>-113,200</b>	<b>0</b>	<b>446,400</b>
	<b>Museum Services</b>													
5704	Museums Service	169,000	0	54,500	1,300	11,400	0	0	-36,300	74,300	274,200	-4,300	0	269,900
5705	Oakham Castle	0	0	27,000	0	2,100	0	0	36,300	20,100	85,500	-31,000	0	54,500

Cost Centre	Cost Centre Description	Employees		Premises	Transport	Supplies & Services	Third Party Payments	Transfer Payments	Recharges	Capital Financing	Total Expenditure	Other Income	Income from Gov't Grants	2018/19 Budget
		Employees Pay	Other Expenses											
		£	£	£	£	£	£	£	£	£	£	£	£	£
5706	Records Office	0	0	0	0	0	53,100	0	0	0	53,100	0	0	53,100
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	0	0	0	0	0	0	0	0	0	0	0	0	0
5721	Heritage Grants	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>Museum Services</b>	<b>169,000</b>	<b>0</b>	<b>81,500</b>	<b>1,300</b>	<b>19,600</b>	<b>53,100</b>	<b>0</b>	<b>0</b>	<b>94,400</b>	<b>418,900</b>	<b>-45,700</b>	<b>0</b>	<b>373,200</b>
	<b>Sports &amp; Leisure Services</b>													
5711	Recreation and Leisure	77,100	100	0	2,000	22,800	10,000	0	-108,000	10,200	14,200	-10,000	0	4,200
5722	Active Rutland Hub	0	0	49,200	0	2,300	0	6,400	-19,000	15,600	54,500	-44,400	0	10,100
5875	School Sports/Games	45,800	0	0	500	0	0	0	100	0	46,400	-43,800	0	2,600
	<b>Sports &amp; Leisure Services</b>	<b>122,900</b>	<b>100</b>	<b>49,200</b>	<b>2,500</b>	<b>25,100</b>	<b>10,000</b>	<b>6,400</b>	<b>-126,900</b>	<b>25,800</b>	<b>115,100</b>	<b>-98,200</b>	<b>0</b>	<b>16,900</b>
		<b>4,172,700</b>	<b>10,500</b>	<b>1,573,100</b>	<b>1,501,200</b>	<b>1,006,300</b>	<b>5,427,200</b>	<b>331,000</b>	<b>-330,300</b>	<b>1,829,300</b>	<b>15,521,000</b>	<b>-3,399,700</b>	<b>-88,200</b>	<b>12,033,100</b>

1503700      1508300      947200  
69,400      (7,100)      59,100



Cost Centre	Cost Centre Description	2017/18 Q1 Budget	Reversals/ Transfers & Adjustemts	Savings	New Pressures & Use of Earmarked Reserves	Use of Grant Income & Ringfenced Funding	Inflation	2018/19 Budget	Increase/ (Decrease)
		£	£	£	£	£	£	£	£
3720	External Audit & Inspection	76,500	0	0	0	0	1,500	78,000	1,500
3730	Internal Audit RCC Share	89,000	0	0	0	0	1,800	90,800	1,800
	<b>Total Audit Services</b>	<b>165,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,300</b>	<b>168,800</b>	<b>3,300</b>
	<b>Insurance</b>								
3458	Corporate Insurance	240,200	0	0	0	0	9,700	249,900	9,700
	<b>Total Insurance</b>	<b>240,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,700</b>	<b>249,900</b>	<b>9,700</b>
	<b>Accountancy &amp; Finance</b>								
3103	Finance	625,700	-54,400	0	0	0	9,100	580,400	-45,300
3813	Corporate Financial Expenses	59,500	0	-13,000	5,100		1,300	52,900	-6,600
	<b>Total Accountancy &amp; Finance</b>	<b>685,200</b>	<b>-54,400</b>	<b>-13,000</b>	<b>5,100</b>	<b>0</b>	<b>10,400</b>	<b>633,300</b>	<b>-51,900</b>
	<b>Information Technology</b>								
3102	Head of IT and Customer Services	75,400	0	0	0	0	2,400	77,800	2,400
1004	Customer Services Improvements	100,000	-100,000	0	0	0	0	0	-100,000
3700	Information Technology Dept	238,000	40,100	0	0	0	6,900	285,000	47,000
5845	Communication	147,700	-47,000	0	79,100		3,300	183,100	35,400
3820	IT Operational Support	771,100	150,800	-18,000	0	0	31,300	935,200	164,100
3821	Mobile Phones	27,900	0	0	0	0	600	28,500	600
3822	Telecommunications	67,600	-15,600	0	0	0	1,100	53,100	-14,500
	<b>Total Information Technology</b>	<b>1,427,700</b>	<b>28,300</b>	<b>-18,000</b>	<b>79,100</b>	<b>0</b>	<b>45,600</b>	<b>1,562,700</b>	<b>135,000</b>
	<b>Corporate Support Services</b>								
3108	Corporate Support Services	285,300	36,900	0	0	0	4,900	327,100	41,800
3716	Reprographics & Post	147,400	0	0	0	0	2,800	150,200	2,800
4422	Blue Badge Scheme	25,500	0	0	0	0	300	25,800	300
5350	Performance & Application Support	76,700	-77,000	0	0	0	300	0	-76,700
	<b>Total Corporate Support Services</b>	<b>534,900</b>	<b>-40,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,300</b>	<b>503,100</b>	<b>-31,800</b>
	<b>Members Services</b>								
3107	Members Training	5,000	0	0	0	0	0	5,000	0
3710	Members Services	195,800	0	0	0	0	3,900	199,700	3,900
3715	Civic Expenses	6,000	0	0	0	0	100	6,100	100
	<b>Total Members Services</b>	<b>206,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,000</b>	<b>210,800</b>	<b>4,000</b>
	<b>Customer Services Team</b>								
3450	Customer Services Team	190,600	6,800	0	0	0	2,200	199,600	9,000
4508	Information Administration	45,000	0	0	0	0	500	45,500	500
	<b>Total Customer Services Team</b>	<b>235,600</b>	<b>6,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,700</b>	<b>245,100</b>	<b>9,500</b>
	<b>Elections</b>								
3040	Elections - Administration	128,600	-73,000	0	0	32,000	1,400	89,000	-39,600

Cost Centre	Cost Centre Description	2017/18 Q1 Budget £	Reversals/ Transfers & Adjustemts £	Savings £	New Pressures & Use of Earmarked Reserves £	Use of Grant Income & Ringfenced Funding £	Inflation £	2018/19 Budget £	Increase/ (Decrease) £
3041	Elections - Local	0	0	0	0	0	0	0	0
3042	Elections - European	0	0	0	0	0	0	0	0
	<b>Total Elections</b>	<b>128,600</b>	<b>-73,000</b>	<b>0</b>	<b>0</b>	<b>32,000</b>	<b>1,400</b>	<b>89,000</b>	<b>-39,600</b>
	<b>Legal &amp; Governance</b>								
3105	Head of Corporate Governance	77,100	0	0	0	0	600	77,700	600
3840	Legal Services	329,200	-81,000	0	0	0	5,000	253,200	-76,000
	<b>Total Legal &amp; Governance</b>	<b>406,300</b>	<b>-81,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,600</b>	<b>330,900</b>	<b>-75,400</b>
	<b>Human Resources</b>								
3711	Human Resources	317,900	0	-2,600	0	0	6,700	322,000	4,100
3718	Training, Confs & Seminars	166,300	-34,000	0	0	0	2,600	134,900	-31,400
	<b>Total Human Resources</b>	<b>484,200</b>	<b>-34,000</b>	<b>-2,600</b>	<b>0</b>	<b>0</b>	<b>9,300</b>	<b>456,900</b>	<b>-27,300</b>
	<b>Revenues and Benefits</b>								
3000	Revenues	139,300	92,000	0	0	0	3,700	235,000	95,700
3001	AllPay	12,500	0	0	0	0	300	12,800	300
3010	Counter Fraud Section	8,100	0	0	0	0	200	8,300	200
3015	Benefit Processing	103,300	-97,300	0	0	0	3,200	9,200	-94,100
3020	Housing Benefit Payments	46,300	0	0	0	0	0	46,300	0
3250	Community Care Finance	89,300	-700	0	0	0	1,400	90,000	700
	<b>Total Revenues and Benefits</b>	<b>398,800</b>	<b>-6,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,800</b>	<b>401,600</b>	<b>2,800</b>
	<b>Financial Support</b>								
3002	Financial Crisis Support	25,000	0	0	0	0	0	25,000	0
3025	Discretionary Hardship Fund	25,000	0	0	0	0	0	25,000	0
	<b>Total Financial Support</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,000</b>	<b>0</b>
	<b>Total Resources</b>	<b>6,048,600</b>	<b>-353,400</b>	<b>-33,600</b>	<b>84,200</b>	<b>32,000</b>	<b>128,600</b>	<b>5,906,400</b>	<b>-142,200</b>

Appendix 5.2: Resources Directorate Budget 2018-19

Cost Centre	Cost Centre Description	Employees		Premises £	Transport £	Supplies & Services £	Third Party Payments £	Transfer Payments £	Recharges £	Capital Financing £	Total Expenditure £	Other Income £	Income from Gov't Grants £	2018-19 Budget £
		Employees Pay £	Other Expenses £											
	<b>Chief Executives Office</b>													
3700	Chief Executive	205,100	59,900	0	1,500	7,600	2,000	0	0	0	276,100	0	0	276,100
	<b>Chief Executives Office</b>	<b>205,100</b>	<b>59,900</b>	<b>0</b>	<b>1,500</b>	<b>7,600</b>	<b>2,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>276,100</b>	<b>0</b>	<b>0</b>	<b>276,100</b>
	<b>Directorate Management Costs</b>													
3104	Assistant Director of Finance	103,100	0	0	400	300	0	0	0	0	103,800	0	0	103,800
3109	Corporate Projects	70,500	0	0	0	0	0	0	0	0	70,500	0	0	70,500
3603	Director of Resources	116,800	0	0	300	1,600	0	0	0	0	118,700	0	0	118,700
	<b>Directorate Management Costs</b>	<b>290,400</b>	<b>0</b>	<b>0</b>	<b>700</b>	<b>1,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>293,000</b>	<b>0</b>	<b>0</b>	<b>293,000</b>
	<b>Corporate Costs</b>													
3106	Coroner	0	0	0	0	0	39,300	0	0	0	39,300	0	0	39,300
3701	Welland Procurement	0	0	0	0	0	34,100	0	0	0	34,100	0	0	34,100
3714	Corporate Subscriptions	0	0	0	0	34,000	0	0	0	0	34,000	0	0	34,000
3719	Standards of Conduct	0	0	0	0	6,000	0	0	0	0	6,000	0	0	6,000
3721	External Levies	0	0	0	0	0	93,400	0	0	0	93,400	0	0	93,400
3722	Stationery	0	0	0	0	8,400	0	0	0	0	8,400	0	0	8,400
	<b>Corporate Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48,400</b>	<b>166,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>215,200</b>	<b>0</b>	<b>0</b>	<b>215,200</b>
	<b>Pensions</b>													
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
	<b>Pensions</b>	<b>0</b>	<b>220,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>220,000</b>	<b>0</b>	<b>0</b>	<b>220,000</b>
	<b>Audit Services</b>													
3720	External Audit & Inspection	0	0	0	0	78,000	0	0	0	0	78,000	0	0	78,000
3730	Internal Audit RCC Share	0	0	0	0	90,800	0	0	0	0	90,800	0	0	90,800
	<b>Audit Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>168,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>168,800</b>	<b>0</b>	<b>0</b>	<b>168,800</b>
	<b>Insurance</b>													
3458	Corporate Insurance	0	262,100	0	0	10,400	0	0	0	0	272,500	-22,600	0	249,900
	<b>Insurance</b>	<b>0</b>	<b>262,100</b>	<b>0</b>	<b>0</b>	<b>10,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>272,500</b>	<b>-22,600</b>	<b>0</b>	<b>249,900</b>
	<b>Accountancy &amp; Finance</b>													
3103	Finance	585,000	700	0	2,100	1,600	0	0	-9,000	0	580,400	0	0	580,400
3813	Corporate Financial Expenses	0	0	0	0	52,900	0	0	0	0	52,900	0	0	52,900
	<b>Accountancy &amp; Finance</b>	<b>585,000</b>	<b>700</b>	<b>0</b>	<b>2,100</b>	<b>54,500</b>	<b>0</b>	<b>0</b>	<b>-9,000</b>	<b>0</b>	<b>633,300</b>	<b>0</b>	<b>0</b>	<b>633,300</b>
	<b>Information Technology</b>													
3102	Head of IT and Customer Services	77,200	0	0	500	100	0	0	0	0	77,800	0	0	77,800
3740	Information Technology Dept	283,800	0	0	600	600	0	0	0	0	285,000	0	0	285,000
5845	Communication	165,200	0	0	0	17,900	0	0	0	0	183,100	0	0	183,100
3820	IT Operational Support	0	0	0	0	784,400	0	0	0	150,800	935,200	0	0	935,200
3821	Mobile Phones	0	0	0	0	30,200	0	0	-1,700	0	28,500	0	0	28,500
3822	Telecommunications	0	0	0	0	53,100	0	0	0	0	53,100	0	0	53,100
	<b>Information Technology</b>	<b>526,200</b>	<b>0</b>	<b>0</b>	<b>1,100</b>	<b>886,300</b>	<b>0</b>	<b>0</b>	<b>-1,700</b>	<b>150,800</b>	<b>1,562,700</b>	<b>0</b>	<b>0</b>	<b>1,562,700</b>
	<b>Corporate Support Services</b>													
3108	Corporate Support Services	327,800	0	0	400	1,900	0	0	0	0	330,100	0	-3,000	327,100
3716	Reprographics & Post	0	0	0	0	150,200	0	0	0	0	150,200	0	0	150,200
4422	Blue Badge Scheme	31,400	0	0	0	0	0	0	0	0	31,400	-5,600	0	25,800
5350	Performance & Application Support	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>Corporate Support Services</b>	<b>359,200</b>	<b>0</b>	<b>0</b>	<b>400</b>	<b>152,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>511,700</b>	<b>-5,600</b>	<b>-3,000</b>	<b>503,100</b>
	<b>Members Services</b>													
3107	Members Training	0	5,100	0	0	0	0	0	0	0	5,100	0	0	5,100

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	2018-19 Budget
		Employees Pay £	Other Expenses £											
3710	Members Services	5,000	0	0	500	194,100	0	0	0	0	199,600	0	0	199,600
3715	Civic Expenses	0	0	0	0	6,100	0	0	0	0	6,100	0	0	6,100
	<b>Members Services</b>	<b>5,000</b>	<b>5,100</b>	<b>0</b>	<b>500</b>	<b>200,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>210,800</b>	<b>0</b>	<b>0</b>	<b>210,800</b>
	<b>Customer Services Team</b>													
3450	Customer Services Team	197,900	200	0	0	500	1,000	0	0	0	199,600	0	0	199,600
4508	Information Administration	33,100	0	0	0	12,400	0	0	0	0	45,500	0	0	45,500
	<b>Customer Services Team</b>	<b>231,000</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>12,900</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>245,100</b>	<b>0</b>	<b>0</b>	<b>245,100</b>
	<b>Elections</b>													
3040	Elections - Administration	81,900	0	0	0	7,100	0	0	0	0	89,000	0	0	89,000
	<b>Elections</b>	<b>81,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>89,000</b>	<b>0</b>	<b>0</b>	<b>89,000</b>
	<b>Legal &amp; Governance</b>													
3105	Head of Corporate Governance	77,500	0	0	200	0	0	0	0	0	77,700	0	0	77,700
3840	Legal Services	0	0	0	0	52,400	219,000	0	0	0	271,400	-18,200	0	253,200
	<b>Legal &amp; Governance</b>	<b>77,500</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>52,400</b>	<b>219,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>349,100</b>	<b>-18,200</b>	<b>0</b>	<b>330,900</b>
	<b>Human Resources</b>													
3711	Human Resources	273,800	16,000	0	0	40,600	0	0	-3,700	0	326,700	-4,700	0	322,000
3718	Training, Confs & Seminars	0	10,400	0	0	124,500	0	0	0	0	134,900	0	0	134,900
	<b>Human Resources</b>	<b>273,800</b>	<b>26,400</b>	<b>0</b>	<b>0</b>	<b>165,100</b>	<b>0</b>	<b>0</b>	<b>-3,700</b>	<b>0</b>	<b>461,600</b>	<b>-4,700</b>	<b>0</b>	<b>456,900</b>
	<b>Revenues and Benefits</b>													
3000	Revenues	294,500	0	0	600	31,400	0	0	7,000	0	333,500	-98,500	0	235,000
3001	AllPay	0	0	0	0	12,800	0	0	0	0	12,800	0	0	12,800
3010	Counter Fraud Section	0	0	0	0	10,400	0	0	0	0	10,400	-2,100	0	8,300
3015	Benefit Processing	108,000	0	0	500	200	0	0	0	0	108,700	0	-94,500	14,200
3021	Housing Benefit Payments	0	0	0	0	0	0	5,238,200	0	0	5,238,200	0	-5,196,900	41,300
3250	Community Care Finance	92,800	0	0	100	1,300	0	0	0	0	94,200	-4,200	0	90,000
	<b>Revenues and Benefits</b>	<b>495,300</b>	<b>0</b>	<b>0</b>	<b>1,200</b>	<b>56,100</b>	<b>0</b>	<b>5,238,200</b>	<b>7,000</b>	<b>0</b>	<b>5,797,800</b>	<b>-104,800</b>	<b>-5,291,400</b>	<b>401,600</b>
	<b>Financial Support</b>													
3002	Financial Crisis Support	0	0	0	0	25,000	0	0	0	0	25,000	0	0	25,000
3025	Discretionary Hardship Fund	0	0	0	0	0	0	25,000	0	0	25,000	0	0	25,000
	<b>Financial Support</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25,000</b>	<b>0</b>	<b>25,000</b>	<b>0</b>	<b>0</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>50,000</b>
		<b>3,130,400</b>	<b>574,400</b>	<b>0</b>	<b>7,700</b>	<b>1,848,800</b>	<b>388,800</b>	<b>5,263,200</b>	<b>-7,400</b>	<b>150,800</b>	<b>11,356,700</b>	<b>-155,900</b>	<b>-5,294,400</b>	<b>5,906,400</b>

## Appendix 6: 2018/19 Savings Analysis

Cost Centre	Cost Centre Description	Total Savings £	Description of Saving
	<b>People Directorate</b>		
RC4260	Residential & Nursing - Learning Disabilities	(100,000)	The Council is expecting a saving in residential placement costs anticipated as a result of a transformation capital bid to purchase property to provide supported living places in Rutland. For example, one existing out of county placement costs £2,393 a week. The cost of using our own in-house day provision, Bright ways or outreach service for this user in a new property would be c£1,350 per week. The amount of saving realised will depend on the needs of individual users and will be confirmed in due course
	<b>People Directorate - Support &amp; Review - Residential &amp; Nursing</b>	<b>(100,000)</b>	
	<b>Total People Directorate</b>	<b>(100,000)</b>	
	<b>Places Directorate</b>		
	<b>Highways Management</b>		
	Highways Management	(25,000)	New charges for A board and street furniture licences are expected to yield additional income. There are also several new or revised fees proposed for Road Closures and Traffic Management. These will bring Rutland's fees in line with charges in neighbouring authorities and help increase income received.
	Highways Programme	(300,000)	Reviewing highways budgets to identify efficiency savings through process review.
	<b>Total Highways Management</b>	<b>(325,000)</b>	
	<b>Commissioned Transport</b>		
	Home to School Transport and SEN Transport	(25,000)	The saving in Home to School Transport is due to route optimisation enabling the cancellation of 2 school buses from September 2017 as service brought in house. The cost of the contracts in house is £43k compared to an external cost of £62k per contract.
	<b>Total Commissioned Transport</b>	<b>(25,000)</b>	

Cost Centre	Cost Centre Description	Total Savings £	Description of Saving
	<b>Public Transport</b>		
RC1518	Public Transport	(44,000)	Changes were made to the Oakham Hopper in 2017/18 to help the service achieve greater sustainability in the future. This was delivered through reducing the service's core hours from 7am to 7pm to 9.30am to 3.30pm Monday to Saturday.
	<b>Public Transport</b>	<b>(44,000)</b>	
	<b>Commercial &amp; Industrial Properties</b>		
RC5817	Oakham Enterprise Park	(29,200)	Saving represents increase in surplus, in line with 10 year business plan allowing for rent reviews and new units coming on line eg Unit 21.
RC1015	Kings Centre	(20,900)	This will be the first 12 month operating period for the new business centre generating a projected net surplus assuming 65% occupancy. As of November 2017, leases are being drawn up for 54% of lettable floor space so the surplus may increase if year 1 occupancy targets are exceeded which is likely based on early sign-up. However, the running costs have had to be estimated and will not be known for certain until the facility has operated for the first year.
	<b>Total Commercial &amp; Industrial Properties</b>	<b>(50,100)</b>	
	<b>Libraries</b>		
RC5700	Libraries	(5,000)	Reduction in book purchases.
	<b>Total Libraries</b>	<b>(5,000)</b>	
	<b>Waste Management</b>		
RC1014	Green Waste	(219,600)	The introduction of the Green Waste charge net of operating costs represents a saving for the Council of c£220k.
	<b>Total Waste Management</b>	<b>(219,600)</b>	
	<b>Development Control</b>		
RC1401	Development Control	(3,300)	Reduced professional fees requirement.
	<b>Development Control</b>	<b>(3,300)</b>	
	<b>Total Places</b>	<b>(672,000)</b>	
	<b>Resources Directorate</b>		
	<b>Human Resources</b>		
RC3711	Human Resources	(2,600)	End of protected salary period for a member of staff
	<b>Total Human Resources</b>	<b>(2,600)</b>	
	<b>Accountancy &amp; Finance</b>		
3722	Corporate Finance	(13,000)	Banking savings from change of banking supplier
	<b>Total Accountancy &amp; Finance</b>	<b>(13,000)</b>	
	<b>Information Technology</b>		
3103	IT Operational Support	(18,000)	Extension and renegotiation of the Revenues IT system has realised annual savings
	<b>Total Information Technology</b>	<b>(18,000)</b>	
	<b>Total Resources</b>	<b>(33,600)</b>	
	<b>Total Savings</b>	<b>(805,600)</b>	

## Appendix 7: 2018/19 Pressure Analysis

Cost Centre	Cost Centre Description	Pressures to be Funded £	Pressures Funded by Earmarked Reserves £	Total Pressures 2018/19 £	Description of Pressure
	<b>People Directorate</b>				
	<b>Directorate</b>				
RC5324	Directorate Management	5,000		5,000	Reduction in DSG retained duties grant contribution due to changes in the School Funding formula
	<b>Directorate</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>	
	<b>Savings</b>				
RC3908 68	Peoples Directorate Savings		90,000	90,000	The budget assumed that Placement savings would be made with the Council employing a consultant to review our approach to commissioning and to assess whether we were VFM and could make savings. External consultants found the Council to be achieving good value for money and the budget has been restored to its previous level.
	<b>Savings</b>	<b>0</b>	<b>90,000</b>	<b>90,000</b>	
	<b>Public Health</b>				
	<b>Early Intervention - Targeted Intervention</b>				
RC4207	Children with Disabilities	83,000	115,700	198,700	Additional care package requirements for children with disabilities has resulted in the need for increased budget in future years. The increase in budget requirement is unlikely to decrease in the short term.
	<b>Early Intervention - Targeted Intervention</b>	<b>83,000</b>	<b>115,700</b>	<b>198,700</b>	

Cost Centre	Cost Centre Description	Pressures to be Funded £	Pressures Funded by Earmarked Reserves £	Total Pressures 2018/19 £	Description of Pressure
RC4211	<b>Fostering, Adoption &amp; Care Leaver Service</b> Placements	100,900	222,800	323,700	At the time of setting the budget for 2017/18, it was unclear as to whether the pressures being experienced in Fostering were a short term issue or not. Therefore, the MTFP was adjusted to reduce the pressure in future years. The actual situation is that the pressure on the budget has increased due to the continuation of some specialist placements and continued increased demand. Therefore, the assumptions in the MTFP have been revised.
06	<b>Fostering, Adoption &amp; Care Leaver Service</b>	<b>100,900</b>	<b>222,800</b>	<b>323,700</b>	
	<b>Total People Directorate</b>	<b>188,900</b>	<b>428,500</b>	<b>617,400</b>	

Cost Centre	Cost Centre Description	Pressures to be Funded £	Pressures Funded by Earmarked Reserves £	Total Pressures 2018/19 £	Description of Pressure
	<b>Places Directorate</b>				
	<b>Property Services</b>				
RC2900	Admin Buildings	46,000		46,000	Delay in putting in place the facilities management contract mean that savings anticipated in 17/18 are unlikely to be realised in 2018/19.
RC3500	Central Maintenance	20,000		20,000	Due to an ageing property portfolio there is a pressure brought about by routine and reactive maintenance and repairs. In particular we have pressures over essential works in Graveyards, building roofs and general Mechanical and Electrical repairs required as a result of statutory inspections.
91					
	<b>Total Property Services</b>	<b>66,000</b>	<b>0</b>	<b>66,000</b>	
	<b>Commissioned Transport</b>				
RC4680	Transport Fleet	63,400		63,400	The pressure in Commissioned Transport is due to several cases which have increased in need and risk, so additional measures have been taken. This has resulted in the requirement for specialised vehicles and additional Passenger Assistant staff to support the drivers. The Transport Fleet pressure also includes £11k for vehicle maintenance as the Council now has 10 vehicles and the current budget of £7k isn't sufficient to cover the annual checks and maintenance required as standard.
RC5377	SEN Transport	25,000		25,000	
	<b>Total Commissioned Transport</b>	<b>88,400</b>	<b>0</b>	<b>88,400</b>	

Cost Centre	Cost Centre Description	Pressures to be Funded £	Pressures Funded by Earmarked Reserves £	Total Pressures 2018/19 £	Description of Pressure
	<b>Public Transport</b>				
RC1518	Public Transport	17,000	0	17,000	Agreement has been reached with Leicestershire to continue supporting the 747 (A47) bus service (emergency funding was initially provided in December 2016) while both council's review passenger transport policy. Funding has been provided for a further year.
	<b>Total Public Transport</b>	<b>17,000</b>	<b>0</b>	<b>17,000</b>	
	<b>Planning Policy</b>				
RC1403	Planning Policy	10,400		10,400	S106 Monitoring Fees no longer collectable following a High Court judgement in a planning law case where it was decided that there was nothing in statute or national planning policy which entitled any Council to levy monitoring and administration charges.
92					
	<b>Total Waste Management</b>	<b>10,400</b>	<b>0</b>	<b>10,400</b>	
	<b>Places Directorate Restructure</b>				
	Restructure	130,000		130,000	Potential costs associated with changes to the Places Directorate management structure.
	<b>Places Directorate</b>	<b>130,000</b>	<b>0</b>	<b>130,000</b>	
	<b>Total Places Directorate</b>	<b>311,800</b>	<b>0</b>	<b>311,800</b>	

Cost Centre	Cost Centre Description	Pressures to be Funded £	Pressures Funded by Earmarked Reserves £	Total Pressures 2018/19 £	Description of Pressure
	<b>Resources Directorate</b>				
	<b>Accountancy &amp; Finance</b>				
	Corporate Finance Expenses	5,100	0	5,100	Corporate Finance no longer receiving credit card fees
	<b>Accountancy &amp; Finance</b>	<b>5,100</b>	<b>0</b>	<b>5,100</b>	
	<b>Information Technology</b>				
	Communications	29,100	0	29,100	Due to the workloads for the Communications team, it is proposed to make permanent the one year fixed term post agreed last financial year
03	Communications	50,000		50,000	An external review has highlighted an under investment in communications. Investment is needed to enable a more pro-active and strategic model of communication. The additional budget will be used to expand the team and the Council's reach into the community as well as the development of a strategic communications delivery plan focused on the priorities of the council. The budget also include support t for the administration of the website.
	<b>Information Technology</b>	<b>79,100</b>	<b>0</b>	<b>79,100</b>	
	<b>Total Resources Directorate</b>	<b>84,200</b>	<b>0</b>	<b>84,200</b>	
	<b>Total Pressures</b>	<b>584,900</b>	<b>428,500</b>	<b>1,013,400</b>	

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**Earmarked Reserves**

<b>Reserve (ceiling)</b>	<b>Balance at 01 April 2017 £000</b>	<b>Balance at 31 March 2018 £000</b>	<b>Proposed Use in 2018/19 £000</b>	<b>Required?</b>	<b>To be used in 2019/20 and beyond?</b>
<b>Invest to Save (£500k)</b>	420	176	26	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.					
<b>Planning Grant (current balance)</b>	149	117	(117)	Yes	No
Reserve held to support continued development of Local Planning Framework					
<b>Welfare Reserve (£150k)</b>	118	132	(25)	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.					
<b>Training (£80k)</b>	70	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.					
<b>Highways (£300k)</b>	353	327	(60)	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.					
<b>Extreme Weather (£100k)</b>	100	100	0	Yes	Yes
Within the Highways reserve was the Winter Maintenance reserve. Members approved the change of name to the Extreme Weather reserve as part of the Revenue and Capital Outturn 2016/17 report (No. 111/2017)					
<b>Audit Reserve (£20k)</b>	20	20	0	Yes	Yes
Now that the Welland Audit service has been disbanded, it was agreed that this					

## Appendix 8

Reserve (ceiling)	Balance at 01 April 2017 £000	Balance at 31 March 2018 £000	Proposed Use in 2018/19 £000	Required?	To be used in 2019/20 and beyond?
reserve be re-designated as an Audit reserve and that £20k was transferred into the reserve for future use.					
<b>Tourism (limited to available funding)</b>	35	33	(15)	Yes	Yes
Continued funding of tourism initiatives from Anglian Water funding.					
<b>SEN/SEND Grant (£grant received)</b>	126	76	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.					
<b>Travel4Rutland (current balance)</b>	26	0	0	No	No
This is the revenue generated by the ShoreLink and WorkLink services during the first 18 months of operations.					
<b>Insurance and Legal (£200k)</b>	170	150	0	Yes	Yes
A new reserve set up to meet any additional costs from claims, appeals or other legal claims.					
<b>Digital Rutland (£current balance)</b>	48	1	0	No	No
As agreed by Cabinet, amount set aside for completion of Digital Rutland works, a substantial amount is to be used in 16/17.					
<b>Social Care (£1,000)</b>	1,000	925	(413)	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 external support to help try and reduce placement costs.					
<b>Pressure (£1,000k)</b>	500	475	(150)	Yes	Yes
As part of the Revenue and Capital Budget report (44/2017), Members agreed to					

## Appendix 8

Reserve (ceiling)	Balance at 01 April 2017 £000	Balance at 31 March 2018 £000	Proposed Use in 2018/19 £000	Required?	To be used in 2019/20 and beyond?
create a pressure reserve with a contribution of £500k.					
<b>Other Reserves</b>	840	255	(32)	Yes	Yes
‘Other’ Reserves includes those set up for Budget Carry Forwards which have been identified at Q2 as being required in 2018/19 and beyond. £32k of Election grant is proposed to be used to fund the additional Elections Officer post. The remaining requests for carry forward will be discussed in the outturn report for 2017/18.					
<b>Earmarked reserves sub total</b>	<b>3,975</b>	<b>2,857</b>	<b>(786)</b>		
<b>Public Health (unlimited)</b>	414	344	(266)	Yes	Yes
Ring fenced reserve which must be spent on public health objectives					
<b>Better Care Fund (unlimited)</b>	135	278	(84)	Yes	Yes
Ring fenced reserve which must be spent on BCF schemes					
<b>Total</b>	<b>4,524</b>	<b>3,479</b>	<b>(1,136)</b>		

## Detailed Capital Programme

Project Description	Index	Budget at Q2	Approval since Q2	With-drawn Projects Since Q2	Approval Sought		Total Project Budget	Estimate Outturn			Project Over (Under) Spend
					Ring Fenced Grants	Non-Ring Fenced Grant		Up to 31 <sup>st</sup> March 2018	2018/19 onwards	Total Projects	
Devolved Formula	4.3.1	32	0	0	18	0	50	32	18	50	0
Disabled Facilities Grants	4.3.2	210	0	0	221	0	431	210	221	431	0
SEND	4.4.3	0	0	0	0	500	500	0	500	500	0
Autism Innovation		19	0	0	0	0	19	19	0	19	0
ASC System Replace		590	0	0	0	0	590	596	0	596	6
Transforming Care Grant	4.2.7	0	395	0	0	0	395	0	395	395	0
Rutland Hub – Feasibility Study		0	40	0	0	0	40	40	0	40	0
Catmose College – Phase 2		130	0	0	0	0	130	0	130	130	0
Catmose College – Phase 3		1,950	0	0	0	0	1,950	0	1,950	1,950	0
Barlborough Primary (Cont)		200	0	0	0	0	200	0	200	200	0
Oakham C of E		651	0	0	0	0	651	33	618	651	0
Uppingham C of E		200	0	0	0	0	200	0	200	200	0
SEN – Increase Capacity		200	0	0	0	0	200	0	200	200	0
English Martyrs Primary		133	0	0	0	0	133	133	0	133	0
Uppingham College		74	0	0	0	0	74	74	0	74	0
Integrated Transport Block		360	0	0	0	0	360	360	0	360	0
Oakham Castle Restoration	4.2.4	2,400	0	0	0	0	2,400	2,160	240	2,400	0
Digital Rutland	4.2.2	2,378	0	0	0	0	2,378	2,378	0	2,378	0
Digital Rutland Phase 3	4.2.2	905	0	0	0	0	905	0	905	905	0
Greetham Play Area		28	0	0	0	0	28	28	0	28	0
Sports Grants		500	0	0	0	0	500	348	152	500	0
Planning Software (IDOX)		50	0	0	0	0	50	50	0	50	0
IT Project - Smart Boards		9	0	0	0	0	9	9	0	9	0

## Appendix 9

Project Description	Index	Budget at Q2	Approval since Q2	With-drawn Projects Since Q2	Approval Sought		Total Project Budget	Estimate Outturn			Project Over (Under) Spend
					Ring Fenced Grants	Non-Ring Fenced Grant		Up to 31 <sup>st</sup> March 2018	2018/19 onwards	Total Projects	
IT Project - Disaster Recovery		25	0	0	0	0	25	25	0	25	0
IT Project - Office 365 Migration		12	0	0	0	0	12	0	12	12	0
IT Project - Idox Data Migration		8	0	0	0	0	8	0	8	5	0
IT Project – Wireless		15	0	0	0	0	15	15	0	15	0
IT Project – Chamber AV		20	0	0	0	0	20	20	0	20	0
IT Project – DIP (Revs & Bens)		15	0	0	0	104	150	15	0	15	0
IT Project		46	0	0	0	34	150	46	104	150	0
Active Rutland Hub		769	0	0	0	0	769	769	0	768	(1)
Oakham Enterprise Park		6	0	0	0	0	6	6	0	6	0
Oakham Enterprise Park- P2	4.4.4	0	0	0	0	2,200	2,200	0	2,200	2,200	0
Oakham Town Centre	4.2.6	528	0	0	0	0	528	328	200	528	0
<b>Total Strategic Aims and Priorities</b>		<b>12,461</b>	<b>434</b>	<b>0</b>	<b>239</b>	<b>2,804</b>	<b>15,938</b>	<b>7,711</b>	<b>8,232</b>	<b>15,943</b>	<b>5</b>
King Centre		200	0	0	0	0	200	200	0	200	0
Investment Properties	4.4.5	0	0	0	0	10,000	10,000	0	10,000	10,000	0
<b>Total Commercialisation</b>		<b>200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,000</b>	<b>10,200</b>	<b>200</b>	<b>10,000</b>	<b>10,200</b>	<b>0</b>
Schools Maintenance	4.2.3	455	0	0	0	0	455	114	341	455	0
Highways Capital Projects	4.4.2	2,147	0	0	0	1,209	3,356	2,147	1,209	3,356	0
Oakham Library & Children C		989	0	0	0	0	989	997	0	997	8
<b>Total Asset Management Requirements</b>		<b>3,591</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,209</b>	<b>4,800</b>	<b>3,258</b>	<b>1,550</b>	<b>4,808</b>	<b>8</b>
<b>Total Capital Programme</b>		<b>16,252</b>	<b>434</b>	<b>0</b>	<b>239</b>	<b>14,013</b>	<b>30,938</b>	<b>11,169</b>	<b>19,783</b>	<b>30,952</b>	<b>13</b>

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## CABINET

**16 January 2018**

### **TREASURY MANAGEMENT STRATEGY AND CAPITAL INVESTMENT STRATEGY 2018/19**

#### **Report of the Director for Resources**

Strategic Aim:	Sound Financial and Workforce Planning	
Key Decision: Yes	Forward Plan Reference: FP/180817	
Cabinet Member(s) Responsible:	Councillor O Hemsley, Acting Leader	
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:

- a) the Treasury Management Strategy in Appendix 1 including the Investment Strategy, Borrowing strategy, Minimum Revenue Provision statement and Capital Expenditure Prudential indicators.
- b) the Capital Investment Strategy in Appendix 2.
- c) the establishment of a £10m fund for commercial investments to be used in accordance with Commercial Investment Policy in Appendix 2, Annexe B1
- d) an increase in the Authorised Borrowing Limit to £33m (previously £28m) and the Operational Boundary to £28m (previously £23m).
- e) use of £50k as a start-up fund from the Invest to Save reserve (as required) to fund any pre acquisition costs associated with potential investments.

#### **1 PURPOSE OF THE REPORT**

- 1.1 This report sets out the expected treasury and capital investment operations for 2018/19, linked to the Council's Budget, Medium Term Financial Strategy and

Capital Programme. It delivers on key legislative requirements:

- The Treasury Management Strategy (TMS) 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.
- 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 treasury 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 Capital Investment Strategy including policy on commercial investments as required by the revised Prudential Code.
- 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 Updated guidance**

2.1.1 As local authorities have seen a significant drop in local government funding, there has been increased investments in assets – often outside the local authority area – in a bid to generate revenue and balance the books.

2.1.2 Some of the deals that local authorities have entered into, often funded by significant borrowing, have raised concerns with the property deals being much bigger than core Council business such that a crash in property markets could effectively render some Council's 'bankrupt'.

2.1.3 On the back of this activity, updated guidance has been produced:

- Prudential Code for Capital Finance in Local Authorities (2011) (Prudential Code) - this has been updated and introduces a formal requirement for a capital strategy to be approved by Council including "the authority's approach to investments and commercial activities including processes, due diligence and defining the authorities risk appetite in respect of these including proportionality in respect of overall resources".
- Treasury Management: Code of Practice and Cross-Sectoral Guidance Notes (Treasury Management Code) - this has been updated and again requires more explicit reference to how non treasury investments are managed – "It is critical that due diligence processes and procedures reflect

the additional risk an organisation is taking on. Due diligence procedures should ensure effective scrutiny of proposed investments, identification of risk to both capital and returns, any external underwriting of those risks, and the potential impact on the financial sustainability of the organisation if those risks come to pass”.

- Minimum Revenue Provision - Guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003. This prevents various practices such as spreading the MRP charge over a period longer than 50 years or making retrospective changes which give rise to a credit – “Changing the method used to calculate MRP can never give rise to an overpayment, and should not result in a LA making a charge of £nil for the accounting period in which the change is made”.
- Guidance on Local Authority investments - Issued under section 15(1)(a) of the Local Government Act 2003. This guidance is consistent with the Codes described above.

2.2 Both Strategies have been prepared in accordance with the guidance above which is still in draft.

### 2.3 Coverage

2.3.1 The two key strategies cover a range of issues as set out below:

<b>Treasury Management Strategy (TMS)</b>	<b>Capital Investment Strategy (CIS)</b>
Treasury Management Requirements	Capital Investment Strategy objectives
Capital Prudential Indicators	Capitalisation policy
Borrowing	Objectives and priorities
Annual Investment Strategy	Resourcing strategy
MRP Statement	Indicative plans and available funding
Investment selection criteria	Appraisal process for Capital Investment
Economic outlook	Commercial Investment Policy (objectives, rules, assessment process, governance and reporting)
	Reporting requirements
	Performance Indicators

### 2.4 Treasury Management Strategy

2.4.1 The TMS outlines that the Council’s approach to treasury investment is largely

unchanged.

- 2.4.2 Our focus is on deposits for up to 12 month period given uncertainty in the markets.
- 2.4.3 The Council will continue to look at longer term options (Government bonds, Property Funds etc) but existing preference is to use available funds to focus on commercial investments as set out in the Commercial Investment Policy.
- 2.4.4 There are no changes proposed from last year's TMS in terms of the Council's approach to borrowing. The Council will look to repay borrowing if there is a financial business case. It will also only borrow where that borrowing is likely to deliver a positive revenue impact. In order to implement the new Commercial Investment Policy in Appendix A, the Council is asked to approve changes to the following Prudential Indicators:
- increase the Authorised Borrowing Limit from £28m to £33m
  - increase the Operational Boundary from £23m to £28m

## 2.5 **MRP**

- 2.5.1 In November, Cabinet took a report (192/2017) proposing a change in the calculation of an element of MRP (that relating to historic debt) to make more prudent provision for the repayment of debt in the Revenue Account. The change means that debt will be charged to the Revenue Account on a straight line rather than reducing balance basis over a 50 year period.
- 2.5.2 MRP consultation is ongoing and the Council is still awaiting the final outcome of the consultation. The Council's proposed policy change is not believed to be effected by any proposed changes so Cabinet is asked to formally recommend that policy to Council as part of approving the TMS.

## 2.6 **Capital Investment Strategy**

- 2.6.1 This is required per the guidance set out in 2.1. Much of the content is not new but is presented in a way that brings together different elements of the Council's approach to Capital Investment in one document. The key points to note are:
- The Council incurs capital expenditure/makes capital investment to deliver on its aims and priorities including statutory objectives
  - It has indicative plans which are approved as part of the budget and updated throughout the year
  - It holds funds which are available to meet spending plans and can supplement these funds with borrowing if required
  - Capital appraisal processes are set out in the Financial Procedure Rules
  - Capital investment/expenditure has traditionally focused on what are called "service investments" – investment in assets held primarily for the delivery of operational services

- The Council has a priority to be more commercial and the Capital Strategy sets out a policy for “commercial investment” – those taken for mainly financial reasons.

## 2.7 Commercial Investment Policy

2.7.1 As indicated above, the Council has a priority to be more commercial as one way of meeting the gap in the Medium Term Financial Plan (MTFP). Alongside capital investment to meet statutory and service requirements, the Council therefore wishes to a) get a better return on its treasury investments and b) make commercial capital investments that yield revenue savings for the MTFP.

2.7.2 The TMS allows for treasury investment in property funds, corporate bonds alongside short term deposits. The Commercial Investment Policy allows for capital investments in property etc that yield a positive net return for the Revenue Account to help subsidise the provision of other Council services. The Policy is set out in Appendix 2, Annexe B2 but key elements are summarised below:

	<b>Key principles</b>
<b>Objective</b>	Increase revenue streams (general, council tax, business rates etc) to subsidise other Council services e.g. social care, transport
<b>Governance</b>	
Business Case	Yes, prepared by Strategic Director (Places)
Due diligence	Legal due diligence Valuation of Asset Condition Survey Market assessment
Decision Maker	Cabinet/Council in line with existing Financial Procedure Rules
Reporting performance	Quarterly Finance Reports and Treasury reports
<b>Criteria</b>	
Scope	Maximum £10m total fund
Source of funding	Prudential borrowing
Maximum Individual Purchase	£3m (unless Council approves otherwise)
Target investment	Not restricted but typically property or land for commercial use
Yield	Rental, Council tax, Business rates
Net minimum yield required	5% plus base rate of purchase price/total capital investment Payback period and speed of positive return (i.e. when the investment delivers a net positive impact) also considered
Risk assessment	Yes, Investment appraisal tool covering: i) security of income ii) asset condition iii) location/sector iv) capital appreciation

	<b>Key principles</b>
Location	Areas benefitting Rutland residents
<b>Financial assumptions</b>	
MRP	50 years land and 40 years building or life of asset
Interest costs	New borrowing rates
Stamp duty, other purchase costs and alterations	Part of purchase price

2.7.3 The above policy mirrors the approach adopted by many Council's but all elements can be varied to meet local requirements. The Policy will be subject to annual review so any learning from operating the Policy in Year 1 can feed into any future revisions.

### **3 CONSULTATION**

3.1 No formal consultation is required. However, CIPFA guidance encourages Councils to use Scrutiny to review proposals prior to approval by Council.

### **4 ALTERNATIVE OPTIONS**

4.1 Option 1. To approve the Capital Strategy and Treasury Management Strategy as presented. This is the recommended option.

4.2 Option 2. Not to accept the 2018/19 Treasury Management Strategy and Capital 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 Strategies with any revisions.

### **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). The only changes to the MTFP from any of the decisions arising from this strategy relates to MRP. PWLB loans will be monitored and if it is advantageous for the Council, then repayment or restructuring will be considered.

5.2 The implementation of the Commercial Investment Policy aims to deliver Revenue Income and a net return for the Revenue Account but this is not included in the MTFP at this time. The net target (after costs) from a £10m investment is c£500k per annum. When the Policy is implemented i.e. assets are purchased then the MTFP will be updated accordingly.

5.3 The Council will require an initial fund to be used to meet the costs of pursuing opportunities including undertaken relevant due diligence work. It is proposed that up to £50k is financed from the Invest to Save earmarked reserve.

### **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. As indicated in 2.1 above, there have been various amendments.

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;
- 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.

6.3 The Council's strategies explain how it complies with this legal framework.

6.4 As per Article 4 of the Council's Constitution the Treasury Management Strategy and Capital Strategy form 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 / to an existing policy or service that has an impact on any particular group.

## **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 and Capital Strategy.
- 10.2 Investment interest rates are expected to remain low in the short term and in order to maximise the returns available, various changes have been recommended including approval of a Capital Investment Policy for Non Treasury investments.
- 10.3 The Council is not planning to repay existing borrowing but is asked to approve increases in borrowing to fund investments which will yield a positive impact on the MTFP.

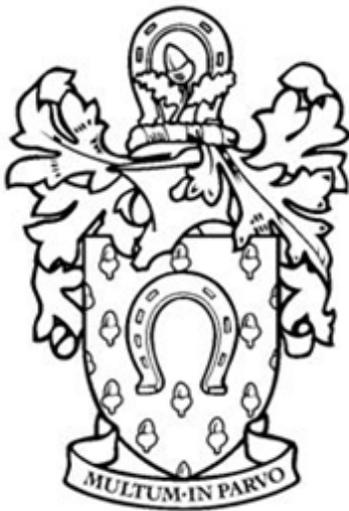
## **11 BACKGROUND PAPERS**

None

## **12 APPENDICES**

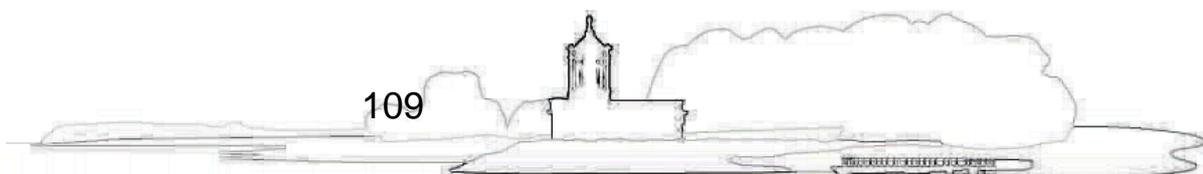
Appendix 1	Treasury Management Strategy
Appendix 2	Capital Investment Strategy

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



# Rutland County Council

## **Treasury Management Strategy 2018 - 19**



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# **1 INTRODUCTION**

## **1.1 Background to Treasury Management**

- 1.1.1 The Council is required to operate a balanced budget, which means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed to meet day-to-day running costs and planned capital expenditure. Any surplus monies are invested in counterparties or instruments commensurate with the Council's risk appetite, providing adequate liquidity initially before considering investment return.
- 1.1.2 The second main function of the treasury management service is the funding of the Council's capital plans as set out in the Budget and Capital Investment Strategy (CIS). These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.1.3 CIPFA defines treasury management as "...The management of the local authority'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 Reporting Requirements**

- 1.2.1 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.
- 1.2.2 The Treasury Management Strategy should be read in conjunction with the Council's CIS which covers:
- what is capital expenditure/investment and why we incur it;
  - the Council's overall capital objectives, priorities and plans;
  - how the Council's capital expenditure/investment will be funded/resourced;
  - how the Council's capital expenditure/investment plans will be appraised including the Council's commercial investment policy;
  - how capital plans will be approved, monitored and reported upon; and

- the skills and knowledge required to deliver the capital plans.

1.2.3 **Prudential and treasury indicators and treasury strategy** (this report) -  
The first and most important report covers:

- the capital plans (including prudential indicators) as derived through the budget and CIS;
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy for treasury investments (the parameters on how investments are to be managed).

1.2.4 **A 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. In addition, this Council will receive an update on investment returns.

1.2.5 **An 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.

1.2.6 **Scrutiny** - The above reports are required to be adequately scrutinised before being recommended to Council. This role is undertaken by Cabinet and reports are also made available to Scrutiny Panels.

1.3 **Treasury Management Strategy for 2018/19**

1.3.1 The strategy for 2018/19 covers two main areas.

**Capital Issues**

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

**Treasury Management Issues**

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;

- the investment strategy (for treasury investments);
  - creditworthiness policy; and
  - the policy on use of external service providers.
- 1.3.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.
- 1.4 Training**
- 1.4.1 The CIPFA Code requires the s151 Officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. Training from the Council's external treasury advisors was offered previously to Scrutiny when the Strategy was discussed in 2015/16. Further training will be arranged as required.
- 1.4.2 The training needs of treasury management officers and members are periodically reviewed.
- 1.5 Treasury Management Consultants**
- 1.5.1 The Council uses Link Asset Services Treasury Solutions (during the current planning period Capita Asset Service has been transferred to The Link Group) as its external treasury management advisors.
- 1.5.2 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.
- 1.5.3 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 THE CAPITAL PRUDENTIAL INDICATORS 2018/19 – 2020/21

### 2.1 Capital Expenditure

2.1.1 The Council's capital expenditure plans as set out in the budget are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1.2 The capital expenditure prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. As at 1 April 2018 the Council estimates that it will have capital projects approved of £30.938m. The details of this are shown in Budget Report (Report No: 214/2017)

2.1.3 The table below shows the indicative spend profile of approved capital projects, completed capital projects in 2016/17 and projects included in the 2018/19 Budget. Whilst the Council may have approved a project in 18/19 spending may not occur until 19/20. Members are asked to approve the capital expenditure forecasts:

Estimated Capital Programme	Actuals 2016/17	Projects 2017/18	Projects 2018/19	Projects 2019/20	Projects 2020/21
	£000	£000	£000	£000	£000
<b>Total Projects</b>	<b>5,338</b>	<b>10,924</b>	<b>14,252</b>	<b>5,713</b>	<b>2,806</b>

2.1.4 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Estimated Capital Programme	Actuals 2016/17	Projects 2017/18	Projects 2018/19	Projects 2019/20	Projects 2020/21
	£000	£000	£000	£000	£000
Grant	(3,781)	(8,983)	(1,948)	(3,497)	(2,041)
Prudential Borrowing	(508)	(602)	(11,600)	0	0
Salix Loan	(420)	0	0	0	0
Capital Receipts	(274)	(438)	(504)	(872)	(306)
RCCO	(186)	0	0	0	0
Oakhams North	(1)	(256)	(200)	0	0
S106/CIL	(168)	(645)	0	(1,344)	(459)
<b>Total Funding</b>	<b>(5,338)</b>	<b>(10,924)</b>	<b>(14,252)</b>	<b>(5,713)</b>	<b>(2,806)</b>

### 2.2 The Council's Borrowing Need (the Capital Financing Requirement)

2.2.1 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and its underlying borrowing need. Any capital expenditure above, which has not

immediately been paid for, will increase the CFR.

2.2.2 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

2.2.3 The Council is asked to approve the CFR projections below:

	2016/17 Actual £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000
<b>Capital Financing Requirement</b>					
<b>CFR – 1 Apr</b>	22,723	22,335	22,040	33,011	32,382
<b>Movement in Year</b>	(388)	(295)	10,971	(629)	(629)
<b>CFR – 31Mar</b>	22,335	22,040	33,011	32,382	31,753
Movement in CFR represented by					
Net financing need for the year (above)	928	602	11,600	-	-
Less MRP/VRP and other financing movements	(1,316)	(897)	(629)	(629)	(629)
<b>Movement in CFR</b>	<b>(388)</b>	<b>(295)</b>	<b>10,971</b>	<b>(629)</b>	<b>(629)</b>

### 2.3 Core Funds and Expected Investment Balances

2.3.1 The application of resources (capital receipts, reserves etc) to either finance capital expenditure or to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc). Detailed below are estimates of the year-end balances for each resource and anticipated cash flow balances.

Year End Resources	2016/17 Actual £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000
Fund balances / reserves	25,241	23,989	20,685	18,347	17,294
Capital receipts	1,570	1,346	1,011	295	38
Provisions	265	265	265	265	265
<b>Total core funds</b>	<b>27,076</b>	<b>25,600</b>	<b>21,961</b>	<b>18,907</b>	<b>17,597</b>
Working capital*	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
New external borrowing**	-	-	(5,000)		
<b>Expected investments</b>	<b>25,076</b>	<b>23,600</b>	<b>14,961</b>	<b>16,907</b>	<b>15,597</b>

\*Working capital balances shown are estimated year-end; these may be higher mid-year

\*\*Prudential borrowing in line with CIS.

### **3 BORROWING**

#### **3.1 Borrowing objectives**

3.1.1 Councils 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.

- Borrowing to fund a scheme that will reduce the Council's ongoing revenue costs in future years, or avoid increased costs in future years.
- Borrowing to fund the purchase of essential vehicles plant and equipment in order to maintain Council functions.
- Borrowing in advance of anticipated receipts to enable the Council to invest in capital expenditure before it has the income to fund the investment.
- Borrowing to enable the Council to fund a larger capital programme than it is able to do using Government grant and self-financed borrowing.
- 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.
- 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.
- 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. The Council's objectives are to:

- avoid external borrowing as far as possible (i.e. use other sources of funding first where possible) unless that borrowing yields income or deliver savings beyond the cost of borrowing;
- 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; and
- work within prudential indicator limits.

#### **3.2 Current borrowing portfolio**

3.2.1 The Council currently has loans outstanding of £22.436m of which £21.386m

are long term loans with the Public Works Loans Board (PWLB). 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. Included within the £21.386m is £8.232m of debt that was inherited from Leicestershire in the Local Government Re-organisation in 1997.

- 3.2.2 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.
- 3.2.3 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.
- 3.2.4 The external debt projections are shown below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

<b>Year End Resources</b>	<b>2016/17 Actual £000</b>	<b>2017/18 Estimate £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>
<b>External Debt</b>					
Debt - 1 April	22,016	22,436	22,394	27,310	27,226
Expected Change in Debt	420	(42)	4,916	(84)	(84)
Actual Gross Debt 31 March	22,436	22,394	27,310	27,226	27,142
Capital Financing Requirement	22,335	22,040	32,571	31,942	31,313
Under / (Over) Borrowing*	(101)	(354)	5,261	4,716	4,171

\*Under Borrowing Position explained in Treasury Management Strategy 2017/18 (41/2017)

- 3.2.5 A key prudential indicator is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR. This indicator compares debt to the underlying need to borrow (measured by the CFR) to show that the borrowing is being used only to finance capital expenditure.
- 3.2.6 The s151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

### 3.3 Treasury Indicators: Limits to Borrowing Activity

3.3.1 **The operational boundary** - This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

<b>Operational boundary</b>	<b>2017/18 Estimate £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>
Debt	23,000	28,000	28,000	28,000
Other long term liabilities	-	-	-	-
Total	23,000	28,000	28,000	28,000

3.3.2 The table above shows that Council are being asked to approve an operational boundary of £28.0m. This has been calculated by taking the existing debt level (£22m) and allowing head room for additional borrowing in line with the CIS.

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

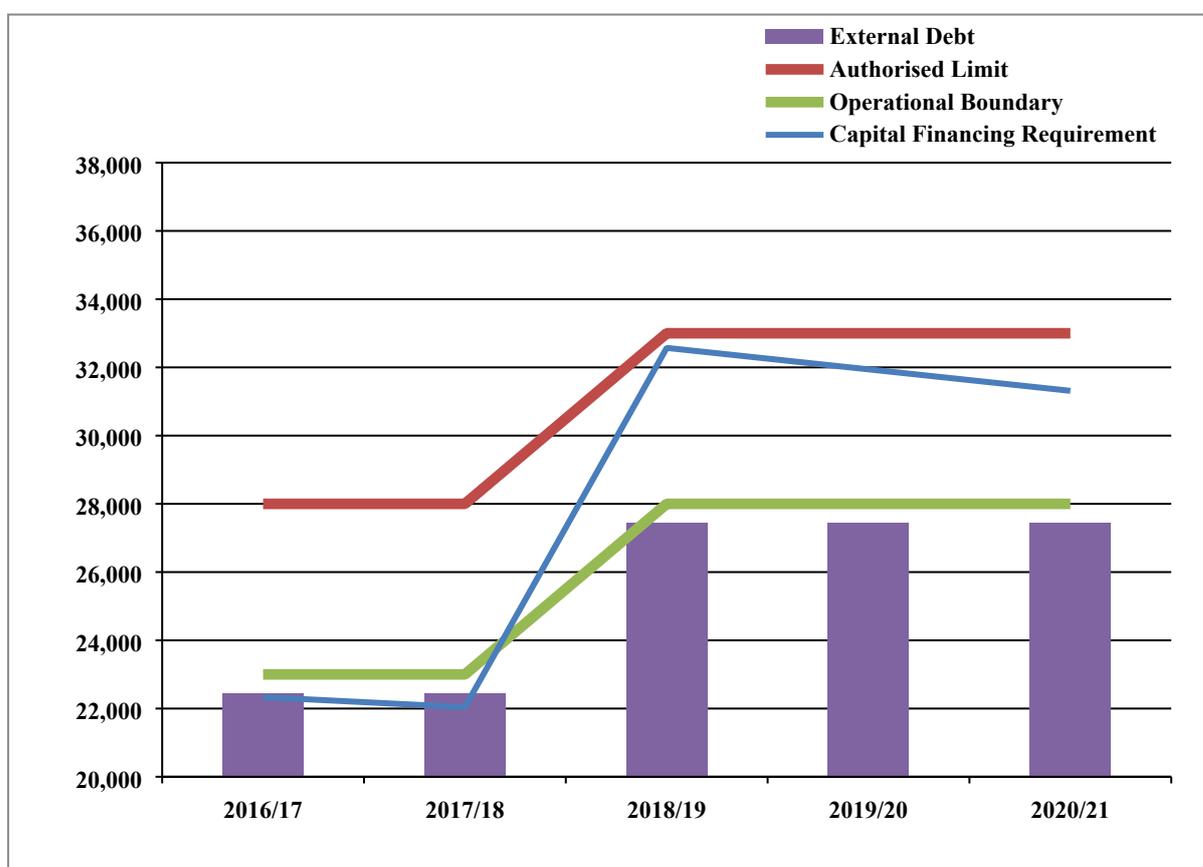
3.3.4 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

3.3.5 The Council is asked to approve the following authorised limit:

<b>Authorised limit</b>	<b>2017/18 Estimate £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>
Debt	28,000	33,000	33,000	33,000
Other long term liabilities	-	-	-	-
Total	28,000	33,000	33,000	33,000

3.3.6 The authorised limit has been increased to facilitate delivery of the CIS and other major projects in the pipeline and to support temporary cash flows which may, in the short term, push the Council above the operational boundary.

3.3.7 The graph below shows where we currently are against all of the borrowing prudential indicators.



### 3.4 Prospects for Interest Rates – Commentary By Link Asset Services

3.4.1 Link Asset Services have provided a view on interest rates as per the table below.

	Dec 2017 %	Mar 2018 %	Jun 2018 %	Sep 2018 %	Dec 2018 %	Mar 2019 %	Jun 2019 %	Sep 2019 %	Dec 2019 %	Mar 2020 %
Bank Rate	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00
3 Month LIBID	0.40	0.40	0.40	0.40	0.60	0.60	0.60	0.70	0.90	0.90
6 Month LIBID	0.45	0.50	0.50	0.60	0.80	0.80	0.80	0.90	1.00	1.00
12 Month LIBID	0.65	0.80	0.80	0.90	1.00	1.00	1.10	1.10	1.30	1.30
5 Yr PWLB	1.50	1.60	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.10
10 Yr PWLB	2.10	2.20	2.30	2.40	2.40	2.50	2.60	2.60	2.70	2.70
25 Yr PWLB	2.80	2.90	3.00	3.00	3.10	3.10	3.20	3.20	3.30	3.40
50 Yr PWLB	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.00	3.10	3.20

Interest rate forecast provided by Link Asset Services on 8 November 2017

- 3.4.2 As expected, the Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00%. The Link Asset Services forecast as above includes increases in Bank Rate of 0.25% in November 2018, November 2019 and August 2020.
- 3.4.3 The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected, that at some point, there would be a more protracted move from bonds to equities after a historic long-term trend, over about the last 25 years, of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial Quantitative Easing, added further impetus to this downward trend in bond yields and rising bond prices. Quantitative Easing has also directly led to a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election in November 2016 has called into question whether the previous trend may go into reverse, especially now the Fed. has taken the lead in reversing monetary policy by starting, in October 2017, a policy of not fully reinvesting proceeds from bonds that it holds when they mature.
- 3.4.4 Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as stronger economic growth becomes more firmly established. The Fed. has started raising interest rates and this trend is expected to continue during 2018 and 2019. These increases will make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US are likely to exert some upward pressure on bond yields in the UK and other developed economies. However, the degree of that upward pressure is likely to be dampened by how strong or weak the prospects for economic growth and rising inflation are in each country, and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures.
- 3.4.5 From time to time, gilt yields – and therefore PWLB rates - can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis and emerging market developments. Such volatility could occur at any time during the forecast period.
- 3.4.6 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.
- 3.4.7 The overall balance of risks to economic recovery in the UK is probably to

the downside, particularly with the current level of uncertainty over the final terms of Brexit. Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.
- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system.
- Weak capitalisation of some European banks.
- The result of the October 2017 Austrian general election is likely to result in a strongly anti-immigrant coalition government. In addition, the new Czech prime minister is expected to be Andrej Babis who is strongly against EU migrant quotas and refugee policies. Both developments could provide major impetus to other, particularly former Communist bloc countries, to coalesce to create a major block to progress on EU integration and centralisation of EU policy. This, in turn, could spill over into impacting the Euro, EU financial policy and financial markets.
- Rising protectionism under President Trump
- A sharp Chinese downturn and its impact on emerging market countries

3.4.8 The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.
- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of Quantitative Easing, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.

### 3.4.9 Investment and borrowing rates

- Investment returns are likely to remain low during 2018/19 but to be on a gently rising trend over the next few years.
- Borrowing interest rates increased sharply after the result of the general election in June and then also after the September MPC meeting when financial markets reacted by accelerating their expectations for the timing of Bank Rate increases. Apart from that, there has been little general trend in rates during the current financial year. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.

### 3.5 **Borrowing Strategy**

- 3.5.1 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.
- 3.5.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2018/19 treasury operations. The Assistant Director - Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- 3.5.3 If the Council were to borrow then the Assistant Director – Finance would monitor the market to ensure that the borrowing was undertaken at the optimum time for the Council. If the Assistant Director thought rates would fall then they may choose to hold off long term borrowing. If they thought rates would rise then they may choose to borrow in advance of need (see section 3.6) to ensure borrowing is secured at a lower rate.
- 3.5.4 Any decisions will be reported to the appropriate decision making body at the next available opportunity.

### 3.6 **Policy on Borrowing in Advance of Need**

- 3.6.1 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. 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.

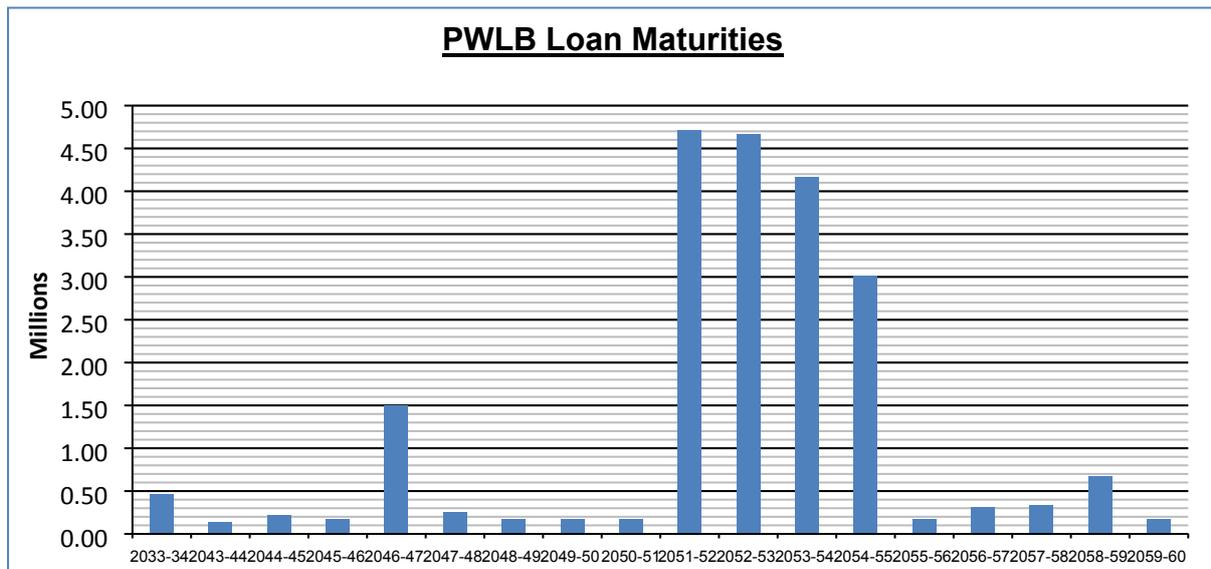
3.6.2 Borrowing in advance will be made within the constraints that:

- It will be limited to no more than 50% of the expected increase in borrowing need (CFR) over the three year planning period; and
- The authority would not look to borrow more than 18 months in advance of need.

3.6.3 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### 3.7 Debt Repayment and rescheduling

3.7.1 The table below demonstrates when PWLB debt is due to be repaid.



3.7.2 As short-term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long-term debt to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

3.7.3 The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;

- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
- 3.7.4 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
- 3.7.5 All rescheduling will be reported to the Cabinet at the earliest meeting following its action.
- 3.8 **Municipal Bond Agency**
- 3.8.1 It is possible that the Municipal Bond Agency will be offering loans to local authorities in the future. The Agency hopes that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). The Council may make use of this new source of borrowing as and when appropriate.

## 4 ANNUAL INVESTMENT STRATEGY

### 4.1 Investment overview

4.1.1 The Council receives substantial 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.

4.1.2 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.

	2017/18 Actual £000	2017/18 Forecast £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000
Total Investments at Quarter 2	31,014		18,000	12,100	8,500
Total Investments at 31 March		25,000	13,500	8,200	6,100

4.1.3 The Council will invest surplus money in various ways to get a return on balances thus generating extra income.

### 4.2 Investment policy objectives

4.2.1 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

4.2.2 This policy only covers treasury investments. The objectives of non-treasury investments are covered in the CIS.

4.2.3 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.

4.2.4 These objectives filter through this strategy.

#### 4.3 **Investment rules**

4.3.1 In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

4.3.2 The Council engages with its advisors to monitor markets to support the ratings systems which ensures the Council is aware of the standing of the bank / building society.

4.3.3 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

#### 4.4 **Creditworthiness policy**

4.4.1 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.

4.4.2 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.

4.4.3 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.

4.4.4 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.

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

	Money and / or % Limit	Time Limit
Banks & Rated Building Societies (Upper Limit)	£5m	3 yrs
Banks & Rated Building Societies (Middle)	£5m	364 Days
Banks (Council Banker)	£5m*	3 yrs*
Debt Management Account Deposit Facility managed by the DMO (Debt Management Office)	£5m	364 Days
Local authorities	£5m	364 Days
Central Government Issued Gilts & Bonds	£5m	3 years
Building Societies (not on rating list)	£1m	6 months
Money Market Funds	£5m	364 Days
Property Funds	£2m	**

\*Limits will align to those of the banks

\*\* No time limit as investment would need to be left to mature to ensure no loss on investments.

4.4.6 **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 the table above. In addition to this:

- 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.

4.4.7 **Economic Investment Considerations** - Expectations on shorter-term interest rates, on which investment decisions are based, show likelihood of the current 0.50% 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.

4.4.8 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.

#### 4.5 Investment approach

4.5.1 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.

4.5.2 The Council’s approach is influenced by numerous issues:

- Cash flow – when will the Council need the funds to pay general running costs of the Council or fund capital investment activity
- The vehicles allowed for investment as outlined in this strategy
- The rate of return on offer - Bank Rate is forecast to stay flat at 0.50% until quarter 4 2018 and not to rise above 1.25% by Quarter 1 2021.

4.5.3 Our focus is on traditional investments e.g. deposits for up to 12 month period – this is in line with the advice from our consultants (Link Asset Services). We will also consider longer term options (Government bonds, Property Funds etc) once the position on Commercial Investments is clear. For example, placing funds in long term investments may not be an option depending on capital expenditure and investment plans.

#### 4.6 Investment returns expectations and benchmarking

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

2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
220	210	170	155	155

4.6.2 Security - The Council’s maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 0.10% historic risk of default when compared to the whole portfolio.

4.6.3 Liquidity – in respect of this area the Council seeks to maintain:

- Bank overdraft - £0m

- Liquid short term deposits of at least £1m available with a week's notice.
- 4.6.4 Yield - local measures of yield benchmarks
- Investments – internal returns above the 6 month LIBOR rate
- 4.7 **End of Year Investment Report**
- 4.7.1 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

## 5 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2018/19 – 2020/21 AND MRP STATEMENT

### 5.1 Capital Expenditure

5.1.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital Expenditure	2016/17 Actual £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000
<b>Total</b>	5,338	10,924	14,252	5,713	2,806

### 5.2 Minimum Revenue Provision Policy

5.2.1 Minimum revenue provision (MRP) policy statement - The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

5.2.2 CLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement

- For capital expenditure incurred before 1 April 2008 The Council will reduce on a straight line basis over 50 years.
- From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be (either / and):
  - a) Asset life method – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction);
  - b) Depreciation method – MRP will follow standard depreciation accounting procedures.

5.2.3 These options provide for a reduction in the borrowing need over approximately the asset's life.

### 5.3 Affordability Prudential Indicators

5.3.1 The previous sections cover 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:

- 5.3.2 **Ratio of Financing Costs to Net Revenue Stream** - This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	£000	
Capital Financing Costs	1.644	
Interest Receivable	(0.210)	
	1.434	A
<b>Revenue Stream</b>		
Government Grants	4.269	
Retained Business Rates	4.958	
Council Tax	24.563	
	33.791	B
Ratio (A divided by B as a percentage)	4.24%	

- 5.3.3 The estimates of financing costs include current commitments and the proposals in the budget report.

- 5.3.4 **Incremental Impact of Capital Investment Decisions on Band D Council Tax.** This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period

	2016/17 Actual £	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £	2020/21 Estimate £
<b>Council Tax - Band D</b>	0.10%	0.34%	0.21%	3.84%	0.00%

- 5.3.5 **Treasury Indicators for Debt.** There are three debt related 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 any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities 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. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure 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

5.3.6 The Council is asked to approve the following treasury indicators and limits:

	2018/19	2020/21	2021/22
<b>Interest rate exposures</b>			
	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>
Limits on fixed interest rates	£25.000m	£25.000m	£25.000m
Limits on variable interest rates	£7.500m	£7.500m	£7.500m
<b>Maturity structure of fixed interest rate borrowing 2018/19</b>			
		<b>Upper</b>	<b>Lower</b>
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%	

## ANNEXE A1 - PUBLIC WORKS LOAN BOARD (PWLB) DEBT ANALYSIS

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.

<b>PWLB 2017-18 Loan Repayment Premiums as at 12-Dec-2017</b>					
<b>Loan Reference</b>	<b>Start Date</b>	<b>Maturity Date</b>	<b>Principal Balance</b>	<b>Interest Rate %</b>	<b>Premium</b>
461697	27-Mar-1987	31-Dec-2043	132,529.13	9.000	201,316
461698	27-Mar-1987	31-Dec-2044	212,550.13	9.000	332,610
461699	27-Mar-1987	31-Dec-2045	163,500.10	9.000	264,632
461700	27-Mar-1987	31-Dec-2046	196,200.12	9.000	327,207
476645	30-Nov-1995	28-Jul-2053	163,500.10	8.000	284,175
476646	30-Nov-1995	28-Jul-2054	163,500.10	8.000	291,943
476647	30-Nov-1995	28-Jul-2055	163,500.10	8.000	298,778
476842	21-Dec-1995	13-Dec-2052	163,500.10	7.875	273,245
476843	21-Dec-1995	13-Dec-2051	163,500.10	7.875	265,695
476844	21-Dec-1995	13-Dec-2050	163,500.10	7.875	258,982
477672	05-Aug-1996	08-May-2048	163,500.10	8.375	259,006
477673	05-Aug-1996	08-May-2049	163,500.10	8.375	267,042
478210	26-Sep-1996	25-Sep-2047	217,138.76	8.125	325,907
478211	26-Sep-1996	25-Sep-2056	163,500.10	8.125	313,485
478214	26-Sep-1996	25-Sep-2047	28,111.39	8.125	42,193
479404	21-May-1997	08-May-2057	327,000.20	7.125	539,884
479405	21-May-1997	08-May-2056	147,150.09	7.125	236,735
481709	13-Oct-1998	25-Sep-2058	163,500.10	4.625	153,876
482002	14-Jan-1999	25-Sep-2058	320,460.20	4.375	277,314
482386	30-Mar-1999	25-Mar-2059	23,271.98	4.625	22,208
482875	08-Nov-1999	25-Mar-2059	163,500.10	4.500	149,764
483562	18-Nov-1999	25-Sep-2059	163,500.10	4.250	139,204
491043	19-Jan-2006	19-Jan-2034	465,521.00	4.000	161,903
491501	05-Mar-2006	03-Nov-2051	2,689,694.00	4.400	1,934,019
491580	19-May-2006	19-Nov-2046	1,303,000.00	4.250	752,847
492151	20-Sep-2006	20-Mar-2052	1,856,434.00	4.200	1,255,676
492927	19-Feb-2007	19-Aug-2052	2,000,000.00	4.400	1,478,377
492928	19-Feb-2007	19-Aug-2053	2,000,000.00	4.400	1,525,777
492929	19-Feb-2007	19-Aug-2054	1,427,410.00	4.400	1,123,138
493087	03-Aug-2007	19-Aug-2052	2,500,000.00	4.250	1,748,618
493088	03-Aug-2007	19-Aug-2053	2,000,000.00	4.250	1,444,330
493089	03-Aug-2007	19-Aug-2054	1,414,351.00	4.250	1,053,877
			<b>21,386,323.30</b>		<b>18,003,763</b>

## ANNEXE A2 TREASURY MANAGEMENT GLOSSARY OF TERMS

<p><b>Authorised Limit (Also known as the Affordable Limit):</b></p> <p>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).</p>
<p><b>Balances and Reserves:</b></p> <p>Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.</p>
<p><b>Bank Rate:</b></p> <p>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'.</p>
<p><b>Basis Point:</b></p> <p>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%.</p>
<p><b>Bond:</b></p> <p>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.</p>
<p><b>Capital Expenditure:</b></p> <p>Expenditure on the acquisition, creation or enhancement of capital assets.</p>
<p><b>Capital Financing Requirement (CFR):</b></p> <p>The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.</p>
<p><b>Capital Receipts:</b></p> <p>Money obtained on the sale of a capital asset.</p>
<p><b>Credit Rating:</b></p> <p>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.</p>
<p><b>Counterparty List:</b></p> <p>List of approved financial institutions with which the Council can place investments with.</p>
<p><b>Debt Management Office (DMO):</b></p>

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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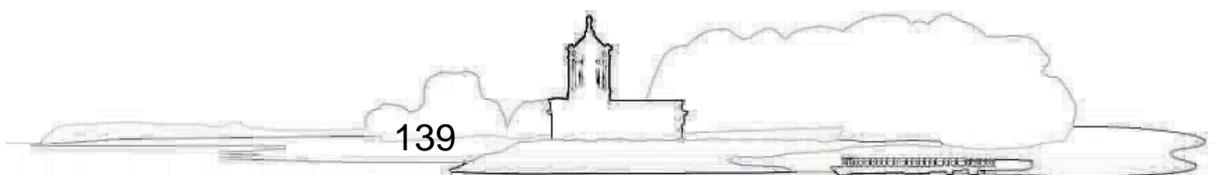
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# **Capital Investment Strategy 2018 - 19**



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# 1 OVERVIEW OF STRATEGY

## 1.1 Background

- 1.1.1 The Prudential Code plays a key role in capital finance in local authorities. Local authorities determine their own programmes for capital investment and the Prudential Code was developed by CIPFA to support local authorities in taking their decisions. Local authorities are required by Regulation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003.
- 1.1.2 The overall aim of the Council, with respect to capital expenditure and investment, is to achieve council objectives and priorities whilst ensuring that capital plans are affordable, prudent and sustainable.

## 1.2 Aims and Principles

- 1.2.1 The Capital Investment Strategy (CIS) provides a framework that allows that objective to be achieved. It sets out:
- what is capital expenditure/investment and why we incur it (section 2);
  - the Council's overall capital objectives, priorities and plans (section 3);
  - how the Council's capital expenditure/investment will be funded/ resourced (section 4);
  - how the Council's capital expenditure/investment plans will be appraised (section 5) including the Council's commercial investment policy (Annexe B1);
  - how capital plans will be approved (section 6), monitored and reported upon (Section 7); and
  - the skills and knowledge required to deliver the capital plans (section 8).
- 1.2.2 The CIS should be read in conjunction with the Council's Treasury Management Strategy which covers the Council's treasury investment policy, debt and borrowing policies and MRP policy. The Council's debt and MRP policy are directly impacted by capital plans.
- 1.2.3 The key principles of the CIS are as follows:

<b>Principle 1 – Focus capital investment on delivery of council objectives and priorities</b>
We will do this by:
<ul style="list-style-type: none"><li>• Being clear on objectives and priorities</li></ul>
<ul style="list-style-type: none"><li>• Appraising all investments in the context of objectives/priorities</li></ul>

<ul style="list-style-type: none"> <li>• Ensuring decision-makers are clear on the positive contribution capital investment makes to objectives</li> </ul>
<p><b>Principle 2 – Maximise and promote best use of available funds</b></p>
<p>We will do this by:</p>
<ul style="list-style-type: none"> <li>• Bidding for external funds where possible</li> </ul>
<ul style="list-style-type: none"> <li>• Taking advantage of increased freedom and flexibility afforded by the removal of ring fencing from funding allocations</li> </ul>
<ul style="list-style-type: none"> <li>• Generate funding, where possible, from the rationalisation of existing assets</li> </ul>
<p><b>Principle 3 – Ensure strong governance over decision-making</b></p>
<p>We will do this by:</p>
<ul style="list-style-type: none"> <li>• Ensuring that all projects have an officer and lead member sponsor</li> </ul>
<ul style="list-style-type: none"> <li>• Ensuring that proposals demonstrate that a rigorous process of options appraisal has been followed, requiring evidence of need, cost, risk, outcomes and methods of financing.</li> </ul>
<ul style="list-style-type: none"> <li>• Ensuring all decisions are approved in line with the Constitution and the CIS</li> </ul>
<p><b>Principle 4 – Ensure plans are affordable, prudent and sustainable</b></p>
<p>We will do this by:</p>
<ul style="list-style-type: none"> <li>• Ensuring capital investment decisions do not place additional pressure on Council Tax or our Medium Term Financial Plan</li> </ul>
<ul style="list-style-type: none"> <li>• Promoting capital investment which allows either invest to save outcomes or generates a revenue and/or capital return and/or generates additional New Homes Bonus or Business Rates income</li> </ul>
<ul style="list-style-type: none"> <li>• Minimizing borrowing requirements by putting the first call on grants/internal resources</li> </ul>

## **2 CAPITAL EXPENDITURE AND INVESTMENT**

### **2.1 Capital expenditure and investment**

2.1.1 The Local Government Act 2003, which includes the legislation for the capital finance system, does not specify what precisely constitutes capital expenditure. Instead it:

- Refers to “expenditure of the authority which falls to be capitalised in accordance with proper practices”;
- Enables the Secretary of State to prescribe by regulation which local authority expenditure shall be treated as capital expenditure and which shall not be treated as capital expenditure; and
- Enables the Secretary of State to prescribe by regulation that the spending of a particular local authority shall, or shall not, be treated as capital expenditure.

2.1.2 We define capital expenditure/investment as “Expenditure on the acquisition, creation, or enhancement of non-current assets”. Non-current assets include those items of land, property and plant/equipment which have a useful life of more than one year.

2.1.3 The Council will set a de-minimis limit of £10,000 for expenditure to be considered for capitalisation. The following categories of expenditure will require capital resources to fund their purposes:

- The acquisition, reclamation, enhancement or laying out of land exclusive of roads, buildings or other structures
- The acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures
- The acquisition, installation or replacement of movable or immovable plant, machinery and apparatus and vehicles and vessels
- The making of advances, grants or other financial assistance towards expenditure or on the acquisition of investments
- The acquisition of share capital or loan capital
- The issue of loan instruments in respect of which not all repayments by the authority are due within 1 year of issue
- Works to increase substantially the thermal insulation of a building
- Works to increase substantially the extent to which a building can be used by a disabled or elderly person
- The acquisition of computer software, plus the in-house preparation of it, provided that the intention is to use the software for at least 1 year

2.1.4 The Council incurs capital expenditure for a number of reasons:

- to repair and maintain existing assets e.g. boiler at the Museum
- to deliver on council priorities e.g. Digital Rutland
- to meet statutory requirements/service priorities e.g. issuing disabilities facilities grants so householders can adapt homes and “stay put”
- to avoid unnecessary revenue costs e.g. investment in roads reducing reactive repairs

2.1.5 The Councils’ capital expenditure plans are therefore all linked to the Corporate Plan, priorities and service delivery aims.

### 3 THE COUNCIL'S CAPITAL PLANS

3.1 There are three key drivers of the Council's capital plans:

- Strategic aims and priorities
- Asset management requirements
- Commercialisation

#### 3.2 Aims and priorities

3.2.1 The vision for Rutland is that "Rutland is a great place to live, learn, work, play and visit". This vision is supported by the following strategic aims:

- Delivering **sustainable growth** in our County supported by appropriate – housing, employment, learning opportunities & supporting infrastructure (including other Public Services).
- **Safeguarding** the most vulnerable and support the health and well-being needs of our community
- Plan and support future population and economic growth in Rutland to allow our businesses, individuals, families and communities in **reaching their full potential**
- Ensuring we have a balanced **Medium Term Financial Plan** based on delivering the best possible value for the Rutland pound

3.2.2 These aims translate into a number of key relevant priorities:

- Ensuring there are adequate school places supported by appropriate transport and modern infrastructure
- Continue to maintain our road network as cost effectively as possible
- Review the Council's property portfolio to ensure we are making best use of our assets – this will include our Libraries, Rutland County Museum, Catmose, Oakham Enterprise Park and all other properties
- Work with Health colleagues to create Health and Social Care Hub for Rutland providing enhanced medical facilities and services for the Rutland Community
- Develop infrastructure to support growth in population
- Ensure our Market Towns are vibrant and attractive to both residents and visitors
- Drive efficiencies in back office support through improved use of technology

3.2.3 These priorities are a key driver for capital expenditure.

### 3.3 Asset Management requirements

- 3.3.1 The Council owns a small amount of land and property assets that make an important and positive contribution to achieving corporate objectives. The quality, condition, suitability and sustainability of our operational assets have a direct bearing on the quality and deliverability of front line services. It is therefore extremely important that these assets continue to be managed in a proactive and efficient way.
- 3.3.2 As at 31st March 2017, the Council had 51 'Operational Assets' including 29 'Operational assets with buildings', including primary and secondary schools. These are the assets that the council uses for service delivery purposes.
- 3.3.3 In addition, the Council has a range of Non-Operational assets; the assets within this category could be surplus, vacant or awaiting for disposal. The total number of 'Non-Operational Assets' at 31<sup>st</sup> March 2017 was 4.
- 3.3.4 The Council's aim is to manage the council's land and property assets effectively by providing:
- buildings that are fit for purpose, sustainable, providing access for all, meeting service needs and community expectations
  - assets that support economic and environmental regeneration of Rutland
  - real estate management, generating income, underpinning corporate priorities and delivering value for money.
- 3.3.5 The Council does have some assets that generate income and a positive return on the MTFP albeit none of these assets are run solely for commercial reasons. The table below shows the contribution made by these assets.

Asset	Based on Historical Cost		
	Capital cost GBV	Net returns 16/17	Return (%)
	£000	£000	
OEP	£3,549	£111	3
Pit Lane	£469	£41	9
Ashwell Business Units	£103	£11	11
Residential garages	£433	£21	5
No 7 Church Passage	£21	£4	19

- 3.3.6 The Council's Asset Management Plan (AMP) is being updated but the key asset management priorities are to:
- rationalise the current portfolio and to dispose of surplus assets where possible;
  - help deliver sustainable social, environmental and economic outcomes for local communities;
  - reduce running costs and maximise income; and

- ensure all assets meet health and safety and other regulatory requirements.

3.3.7 Each of the Council's key assets has an investment schedule which estimates future capital investment required giving consideration to expected building life and service requirements. This is being updated.

### **3.4 Commercialisation**

3.4.1 In its efficiency plan (Report 151/2016) approved by Council in September 2016, the Council noted that one of its strategies for reducing the gap in the MTFP was to make better use of assets/capital resources: "The Council recognises that investing in new assets or enhancing/making better use of existing assets can have a beneficial impact in terms of a revenue payback or reducing revenue costs. Officers have been asked to bring forward proposals to be considered".

3.4.2 Continued reductions in Government funding and reduced investment income from traditional Treasury Management investments are still anticipated reinforcing the need for the Council to maximise income from other sources or reduce costs where appropriate to support delivery of services.

3.4.3 Many Councils are now acquiring capital assets (property or other assets) to generate revenue income thereby reducing net costs or avoiding costs or making better use of existing assets as part of a commercialisation agenda. There are lots of examples including:

- Cheltenham – buying commercial property, leasing it out for a revenue return
- Chorley – bought a shopping centre which it has re-generated and gets an income stream from
- Mansfield – investing in rental properties in and out of district
- Medway – buying investment properties again in and out of district
- Portsmouth – invested in 10 commercial assets bringing in £m of rent pa

3.4.4 Activity aimed at "making money" is not without risk. The House of Commons "Committee of Public Accounts" undertook a review of the "Financial sustainability of local authorities" (published November 2016) and made various comments:

- *"There is growing activity among local authorities aimed at generating revenue income from capital investment in properties and businesses."*
- *"New and additional risks come from authorities purchasing properties to lease to businesses or developing houses for market rent, as authorities themselves recognise".*
- *"We are also concerned that some authorities might lack the necessary commercial skills and experience amongst both members and officers. If commercial decisions go wrong, council tax payers will end up footing the bill and other services will be under threat".*

3.4.5 The Council acknowledges these risks and, in line with the revised Prudential Code and Treasury Management Code, has developed a framework for the appraisal of commercial investment projects (set out in this Strategy) that will allow these risks to be identified, assessed and minimised as far as possible.

## 4 RESOURCING STRATEGY

### 4.1 Financial context

4.1.1 Whilst the aims and priorities will shape decisions around capital expenditure, there is recognition that the financial resources available to meet priorities are constrained in the current economic and political climate. The context for capital expenditure decisions is as follows:

- The Council does have capital resources and expects to receive more resources in the future (from Government, existing s106 agreements and CIL)
- The Council has limited capital assets which it could sell and use receipts to reinvest
- The Council expects housing growth – as set out in the Local Plan – and this growth will yield CIL which can be used to invest in infrastructure
- The Council is currently servicing debt of c£22m which has to be repaid in the future
- The Council's MTFP shows a funding gap of up to c£1.1m. At present, the Council is working to close the gap. Any additional capital expenditure which is not funded through capital resources will increase this gap unless that expenditure delivers revenue savings or income.

4.1.2 In light of the above context, it is imperative that capital expenditure plans are affordable, prudent and sustainable. Given the Council's MTFP position, the Council's aim is to minimise any impact on the Council's General Fund. Typically, the most expensive option for financing capital expenditure is externally borrowing so the Council will do what it can to avoid that **unless** that borrowing yields income or deliver savings beyond the cost of borrowing. This is a key objective for the Council.

### 4.2 Available resources

4.2.1 There are a range of potential funding sources which can be generated locally either by the Council itself or in partnership with others. The Council continues to seek new levels of external investment to match against its capital programme, this may be additional capital receipts from asset sales, funding from the LEP or other external bodies.

4.2.2 The Council current holds a number of resources that are not allocated to a capital project and also expects to receive other resources over the next 5 years. These are detailed in the table below:

4.2.3 The table below shows the estimated income that is likely to be received over the next 5 years.

	<b>Est Closing balance 31/03/18</b>	<b>Income 2018/19</b>	<b>Income 2019/20</b>	<b>Income 2020/21</b>	<b>Income 2021/22</b>	<b>Total Expected Income</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Total Grant	(2,012)	(2,752)	(2,584)	(2,490)	(2,179)	(12,017)
Section 106	(2,415)	(470)	(470)	(178)	(50)	(3,583)
Capital Receipts	(1,347)	(168)	(155)	(50)	(50)	(1,770)
CIL	(525)	(508)	(536)	(696)	(697)	(2,962)
Oakham North Agreement	(2,286)	(551)	(551)	0	0	(3,388)
Prudential Borrowing	0	(5,000)	0	0	0	(5,000)
<b>Total</b>	<b>(8,585)</b>	<b>(9,449)</b>	<b>(4,296)</b>	<b>(3,414)</b>	<b>(2,976)</b>	<b>(28,720)</b>

4.2.4 The Council has a number of options currently available for funding capital projects, including;

- Government Grants - Capital resources from Central Government can be split into two categories:
  - a) Non-ring fenced – resources which are delivered through grant that can be utilised on any project (albeit that there may be an expectation of use for a specific purpose). This now encompasses the vast majority of Government funding and the Council will initially allocate these resources to a general pool from which prioritised schemes can be financed.
  - b) Ring-fenced – resources which are ring fenced to particular areas and therefore have restricted uses.
- Non-Government Contributions - Where there is a requirement to make an application to an external agency to receive external funding, which could also commit Council resources as matched funding to any bid for external resources.
- Prudential Borrowing - Councils can borrow money to pay for capital assets. This can take the form of the Council running down its own cash balances or undertaking a loan from another organisation such as Public Works Loan Board (PWLB) but there may be restrictions imposed by the Treasury on what loans can be used for.
- Capital Receipts – Capital Receipts come from the sale of the Council's assets. Where the sale of an asset leads to the requirement to repay grant, the capital receipt will be utilised for this purpose. Once this liability has been established and provided for, capital receipts will be available to support the capital programme as a corporate resource. Where the asset has been funded from prudential borrowing a review will be undertaken to determine

whether the most cost effective option is to utilise the receipt to repay debt, considering the balance sheet position of the authority.

- Revenue Contributions - 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.
- Section 106 / Community Infrastructure Levy (CIL) – Use of section 106 / CIL funds from planning developments can be used for capital or revenue. As the purpose of these receipts is to invest in infrastructure to support development then they tend to be used for capital purposes.
- Oakham North agreement – The Council has an agreement with a developer in lieu of receiving S106/CIL. This funding can be used for capital or revenue but has been earmarked for capital purposes.

### 4.3 Existing and indicative capital investment plans and funding

4.3.1 The Council’s illustrative capital expenditure plans are summarised below. Projects that make up the £30.938m are shown in Annexe A1. Plans include already approved projects or recurring projects such as investment in highways, disabled facilities grants etc.

Estimated Capital Programme	Projects 2018/19	Projects 2019/20	Projects 2020/21	Projects 2021/22	Projects 2022/23	Total Projects
	£000	£000	£000	£000	£000	£000
Education	4,088	18	18	0	0	4,124
Social Services	1,473	186	186	186	186	2,217
Highways & Transport	888	2,655	0	0	0	3,543
Culture & Leisure	3,697	0	0	0	0	3,697
Economic Development	5,489	0	0	0	0	5,489
Miscellaneous	304	450	0	0	0	754
Strategic Aims and Priorities	15,938	3,309	204	186	186	19,823
Investments	10,200	0	0	0	0	10,200
Commercialisation	10,200	0	0	0	0	10,200
Education	455	206	206	206	0	1,073
Highways & Transport	3,356	1,631	1,631	1,535	1,535	9,688
Culture & Leisure	989	0	0	0	0	989
Asset Maintenance	0	567	765	195	49	1,576
Asset Management Requirements	4,800	2,404	2,602	1,936	1,584	13,326
<b>Total Projects</b>	<b>30,938</b>	<b>5,713</b>	<b>2,806</b>	<b>2,122</b>	<b>1,770</b>	<b>43,350</b>

Estimated Capital Programme	Projects 2018/19	Projects 2019/20	Projects 2020/21	Projects 2021/22	Projects 2022/23	Total Projects
	£000	£000	£000	£000	£000	£000
Grant	(14,901)	(3,497)	(2,041)	(1,927)	(1,722)	(24,088)
Prudential Borrowing	(12,784)	0	0	0	0	(12,784)
Capital Receipts	(1,216)	(872)	(306)	(78)	(41)	(2,513)
RCCO	(274)	0	0	0	0	(274)
Oakham North	(586)	0	0	0	0	(586)
S106/CIL	(1,177)	(1,344)	(459)	(117)	(7)	(3,104)
<b>Total Funding</b>	<b>(30,938)</b>	<b>(5,713)</b>	<b>(2,806)</b>	<b>(2,122)</b>	<b>(1,770)</b>	<b>(43,350)</b>

4.3.2 The following table shows what capital funds available if the projects above are approved.

Unallocated Funding	Balance 31 <sup>st</sup> March 2019	Balance 31 <sup>st</sup> March 2020	Balance 31 <sup>st</sup> March 2021	Balance 31 <sup>st</sup> March 2022	Balance 31 <sup>st</sup> March 2023
	£000	£000	£000	£000	£000
	Grant	(2,816)	(1,903)	(2,351)	(2,603)
Capital Receipts	(1,011)	(295)	(38)	(10)	(19)
Oakham North Agreement	(2,637)	(3,187)	(3,188)	(3,188)	(3,188)
S106/CIL	(3,814)	(3,580)	(3,996)	(4,626)	(5,418)
<b>Total</b>	<b>(10,278)</b>	<b>(8,965)</b>	<b>(9,573)</b>	<b>(10,427)</b>	<b>(11,686)</b>

## 5 CAPITAL INVESTMENT APPRAISAL

### 5.1 Types of capital investment

- 5.1.1 The definition of an **investment** covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily to generate financial returns, such as investment property portfolios. This Strategy deals with non-financial assets only. Financial assets investments are covered in the Treasury Management Strategy.
- 5.1.2 There are various different types of capital investment projects. The Council has categorised them, in line with CIPFA guidance, as follows:

Type	Example(s)	How we will appraise
<b>Commercial investments</b> project where the primary objective is to “make a financial surplus for the organisation” and where capital expenditure would meet the test of an “investment asset”	Buying a hotel  Acquiring land for development  Buying a rental property	Commercial Investment Policy
<b>Service investments</b> are those made clearly and explicitly in the course of the provision, and for the purposes, of operational services	Development of business park  Moving out of Council office to another site  Provision of office space for start-up businesses  Replacing a boiler  Expanding an existing school  Building new SEN provision  Giving disabled facilities grant so people can “stay put”	Capital programme pro-forma as required by Financial Procedure Rules

### 5.2 Evaluation approach

- 5.2.1 Each type of Capital investment project carries with it different risks and the evaluation process must be tailored accordingly. The evaluation process has been designed to ensure that:

- The risks associated with each project are understood and assessed (and that independent expert advice is sourced where necessary)
- The legal basis for decisions is clear
- Projects are affordable in the context of available resources and the Medium Term Financial Plan
- Projects are deliverable and will achieve their intended outcomes (financial or otherwise)

5.2.2 It is proposed that Commercial Investments are made in accordance with the Commercial Investment Policy as set out in Annexe B1.

5.2.3 For service investments then Officers should following existing Finance Procedure Rules (para 5.7) whereby details of projects including cost, ongoing revenue implications, rationale for expenditure should be presented in the budget for approval by Cabinet/Council. Alternatively, Officers may submit separate reports as is currently the case for example for the Highways Capital programme. This is also the case where funding is ring fenced.

5.2.4 There will be some types of service investment e.g. development of Oakham Enterprise Park where financial return will be one of the drivers. Whilst no financial return target is set in these cases, the Council will still aim to be “commercial” and maximise returns wherever possible.

5.2.5 The commercial investment portfolio will be held separate from the Council’s operational property. There is potential for cross-over and operational assets could be reclassified as investment properties and will follow the same rules as set out in Annexe B1.

5.2.6 The Council can also make Treasury investments including overnight deposits, fixed term investment, money market funds, property funds and government bonds. These investments are made in accordance with the Treasury Management Strategy and are not covered by the CIS.

## **6 GOVERNANCE AND DECISION-MAKING**

### **6.1 Strategy**

- 6.1.1 The Prudential Code sets out a clear governance procedure for the setting and revising of a capital strategy and prudential indicators i.e. this should be done by the same body that takes the decisions for the local authority's budget – i.e. Full Council.
- 6.1.2 The Chief Finance Officer is responsible for ensuring that all matters required to be taken into account are reported to the decision-making body for consideration.

### **6.2 Capital expenditure/investment decisions**

- 6.2.1 The Prudential Code states that decisions around capital expenditure, investment and borrowing should align with the processes established for the setting and revising of the budget.
- 6.2.2 The Financial Procedure Rules (FPR) set out clear procedures for the approval of capital expenditure, including:
- approval of the capital programme – Full Council (FPRs para 5.5)
  - additions/changes to the capital programme – Cabinet/Council (FPRs para 5.7)
  - borrowing – Full Council (FPRs 5.5 – 5.7) with borrowing sourced by Chief Finance Officer.
- 6.2.3 The programme of meeting sets out the dates of Cabinet and Council meetings. Should the Council require decisions to be made quickly to respond to opportunities then the Constitution includes provision for emergency meetings.
- 6.2.4 The Capital Investment Strategy includes specific provisions for the approval of these type of investments.

### **6.3 Performance reporting**

- 6.3.1 Progress against delivery of the Capital Strategy/Programme will be reported quarterly in Finance Reports.
- 6.3.2 Performance against the Prudential indicators and other indicators (set out in Section 7) will be reported Mid-Year in the Treasury mid-year report and annual report.

## 7 PERFORMANCE MONITORING AND INDICATORS

### 7.1 Prudential Code requirements

7.1.1 The Prudential Code requires Councils to think about six things when it agrees its capital programme:

- Service objectives – are spending plans consistent with our aims and plans?
- Stewardship of assets – is capital investment being made on new assets at the cost of maintaining existing assets?
- Value for money – do benefits outweigh the cost?
- Prudence and sustainability – can the Council afford the borrowing now and in the future?
- Affordability – what are the implications for council tax?
- Practicality – can the Council deliver the programme?

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

7.1.3 These indicators are included in the Treasury Management Strategy but are based on the capital plans derived in accordance with this Strategy.

### 7.2 Prudential Indicators

7.2.1 The Prudential Code sets out various indicators which help answer some of the questions above.

Indicator	What it tells us
<b>Capital Prudential Indicators</b>	
Capital Expenditure Plans	Capital expenditure plans and how these plans are being financed by capital or revenue resources. It identifies shortfall of resources resulting in a borrowing need.
Capital Financing Requirements (CFR)	The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

Expected investment balances	Shows the amount available for Treasury investments over time. Reducing balances are indicative of Council's spending plans (revenue and capital) exceeding available resources hence using balances and reducing the amount available for investment.
<b>Borrowing indicator</b>	
Debt compared to Capital Financing Requirement (CFR)	Councils can only borrow to finance capital expenditure. This indicator compares debt to the underlying need to borrow (measured by the CFR) to show that the borrowing is being used only to finance capital expenditure.
Operational boundary	The maximum amount of money the Council expects to have in borrowings during the year. If it is breached during the year, net spending may be higher than budgeted.
Authorised Limit	The maximum amount a Council can borrow. This can be changed by Full Council.

7.2.2 CIPFA has removed the requirement for certain affordability prudential indicators but the Council is keeping these indicators as set out below.

Indicator	What it tells us
<b>Affordability local Indicators</b>	
Borrowing costs as a % of Net Revenue costs	It tells us how much of our key revenue streams we use to pay debt in the Revenue account. If that % is increasing then it could indicate that borrowing is not generating additional income to cover the cost of borrowing or that our revenue streams are falling.
Incremental impact of capital investment decisions on council tax	The amount we would have to increase Council tax by to finance the capital investment decisions made (e.g. additional borrowing).

### 7.3 Commercial Investment portfolio

7.3.1 Indicators to be used for the commercial investment portfolio are covered in Annexe B1.

## **9 SKILLS AND KNOWLEDGE**

### **9.1 In house resources**

9.1.1 The successful implementation of the Capital Strategy necessitates the availability of people with the necessary experience of:

- developing capital projects
- acquiring and selling properties
- commissioning partners to deliver the capital programme
- managing properties as a landlord
- sourcing suitable opportunities that match the criteria set under the adopted strategy.

9.1.2 The Council currently has in place a team in the Places Directorate which manages the current operational and non-operational asset portfolio. This team comprises:

- Head of Property Services
- Estates Surveyor x 2
- Building Surveyors, Inspectors and Estate Officers

9.1.3 The Council is reviewing the Places Structure and the new structure will include a new Director and a Head of Service with a commercial portfolio. The Director will be given responsibility to lead on the commercial investment strategy on a day to day basis.

### **9.2 Externally available resources**

9.2.1 The Council also makes use of external advice in developing projects or undertaking due diligence including external valuers, property condition experts, market appraisers etc. Other advice will be commissioned as and when required.

### **9.3 Members**

9.3.1 Members are familiar with the budget process and approve the Treasury Management Strategy and Budget. Any additional training requirements will be discussed with the Scrutiny Commission.

## Annexe A1: Long Term Capital Plans

Project Description	Budget at Q2	Approval since Q2	With-drawn Projects Since Q2	Approval Sought		Total Project Budget	Estimate Outturn			Project Over (Under) Spend
				Ring Fenced Grants	Non-Ring Fenced Grant		Up to 31 <sup>st</sup> March 2018	2018/19 onwards	Total Projects	
Devolved Formula	32	0	0	18	0	50	32	18	50	0
Disabled Facilities Grants	210	0	0	221	0	431	210	221	431	0
SEND	0	0	0	0	500	500	0	500	500	0
Autism Innovation	19	0	0	0	0	19	19	0	19	0
ASC System Replace	590	0	0	0	0	590	596	0	596	6
Transforming Care Grant	0	395	0	0	0	395	0	395	395	0
Rutland Hub – Feasibility Study	0	40	0	0	0	40	40	0	40	0
Catmose College – Phase 2	130	0	0	0	0	130	0	130	130	0
Catmose College – Phase 3	1,950	0	0	0	0	1,950	0	1,950	1,950	0
Backeythorpe Primary (Cont)	200	0	0	0	0	200	0	200	200	0
Oakham C of E	651	0	0	0	0	651	33	618	651	0
Uppingham C of E	200	0	0	0	0	200	0	200	200	0
SEN – Increase Capacity	200	0	0	0	0	200	0	200	200	0
English Martyrs Primary	133	0	0	0	0	133	133	0	133	0
Uppingham College	74	0	0	0	0	74	74	0	74	0
Integrated Transport Block	360	0	0	0	0	360	360	0	360	0
Oakham Castle Restoration	2,400	0	0	0	0	2,400	2,160	240	2,400	0
Digital Rutland	2,378	0	0	0	0	2,378	2,378	0	2,378	0
Digital Rutland Phase 3	905	0	0	0	0	905	0	905	905	0
Greetham Play Area	28	0	0	0	0	28	28	0	28	0
Sports Grants	500	0	0	0	0	500	348	152	500	0
Planning Software (IDOX)	50	0	0	0	0	50	50	0	50	0
IT Project - Smart Boards	9	0	0	0	0	9	9	0	9	0

Project Description	Budget at Q2	Approval since Q2	With-drawn Projects Since Q2	Approval Sought		Total Project Budget	Estimate Outturn			Project Over (Under) Spend
				Ring Fenced Grants	Non-Ring Fenced Grant		Up to 31 <sup>st</sup> March 2018	2018/19 onwards	Total Projects	
IT Project - Disaster Recovery	25	0	0	0	0	25	25	0	25	0
IT Project - Office 365 Migration	12	0	0	0	0	12	0	12	12	0
IT Project - Idox Data Migration	8	0	0	0	0	8	0	8	5	0
IT Project – Wireless	15	0	0	0	0	15	15	0	15	0
IT Project – Chamber AV	20	0	0	0	0	20	20	0	20	0
IT Project – DIP (Revs & Bens)	15	0	0	0	104	150	15	0	15	0
IT Project	46	0	0	0	34	150	46	104	150	0
Active Rutland Hub	769	0	0	0	0	769	769	0	768	(1)
Oakham Enterprise Park	6	0	0	0	0	6	6	0	6	0
Oakham Enterprise Park- P2	0	0	0	0	2,200	2,200	0	2,200	2,200	0
Oakham Town Centre	528	0	0	0	0	528	328	200	528	0
<b>Total Strategic Aims and Priorities</b>	<b>12,461</b>	<b>434</b>	<b>0</b>	<b>239</b>	<b>2,804</b>	<b>15,938</b>	<b>7,711</b>	<b>8,232</b>	<b>15,943</b>	<b>5</b>
King Centre	200	0	0	0	0	200	200	0	200	0
Investment Properties	0	0	0	0	10,000	10,000	0	10,000	10,000	0
<b>Total Commercialisation</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,000</b>	<b>10,200</b>	<b>200</b>	<b>10,000</b>	<b>10,200</b>	<b>0</b>
Schools Maintenance	455	0	0	0	0	455	114	341	455	0
Highways Capital Projects	2,147	0	0	0	1,209	3,356	2,147	1,209	3,356	0
Oakham Library & Children C	989	0	0	0	0	989	997	0	997	8
<b>Total Asset Management Requirements</b>	<b>3,591</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,209</b>	<b>4,800</b>	<b>3,258</b>	<b>1,550</b>	<b>4,808</b>	<b>8</b>
<b>Total Capital Programme</b>	<b>16,252</b>	<b>434</b>	<b>0</b>	<b>239</b>	<b>14,013</b>	<b>30,938</b>	<b>11,169</b>	<b>19,783</b>	<b>30,952</b>	<b>13</b>

## **Annexe B1: Commercial Investment Policy**

### **1. BACKGROUND**

The core function of the Council is to deliver statutory and other services to local residents. Reductions in government funding and reduced investment income from traditional Treasury Management investments, as detailed in the Medium Term Financial Plan (MTFP), reinforce the need for the Council to make better use of its available assets (land/property/cash) to deliver a financial return which will reduce the MTFP gap and allow the Council to meet the costs of service delivery. This can be achieved from investing in capital assets (property or other assets) to generate revenue income thereby reducing net costs or avoiding costs in the MTFP.

Under this policy, the Council may:

- purchase tenanted property and carry out landlord functions;
- build or develop property to be let to interested parties;
- acquire land to be develop or make available for development;
- undertake any other investments for which it has legal powers.

Activity aimed at “making money” is not without risk. The House of Commons “Committee of Public Accounts” undertook a review of the “Financial sustainability of local authorities” (published November 2016). It looked into the increasing commercial activity of local authorities and warned that authorities must understand the risks involved. CIPFA has, since that review, advised that a policy on non-treasury investments should be put in place that sets out a framework for investments and commercial activities.

Investments made in property funds, share capital, fixed term deposit, government bonds are classified as treasury investments and are not covered as part of this policy.

### **2. OBJECTIVES**

CIPFA recommends that the security and liquidity of investments should take priority over yield. This is reflected in policy objectives below and is reflected in the Council’s approach. The Council’s objectives are to:

- acquire investments that provide long term investment in line with corporate objectives re commercialism
- maximise return whilst minimising risk through prudential management processes as described in this document
- prioritise investments that yield optimal revenue streams and stable income to reduce the Council’s financial gap
- protect capital invested

### **3. FUNDING**

An initial fund of £10m will be set aside for investments.

The Council has access to various funding sources – government grants, CIL, s106, revenue and borrowing. The underlying assumption of this policy is that commercial investments will be funded from Prudential Borrowing (£5m external borrowing and £5m from existing funds). The Council’s borrowing strategy (approved as part of the Treasury management strategy) allows the Council “to borrow to fund a scheme that will reduce the Council’s ongoing revenue costs in future years, or avoid increased costs in future years”.

The rationale for the use of borrowing is that:

- Some funds received are ring fenced so must be used for an agreed purpose
- CIL and s106 must be used to mitigate the infrastructure needs arising from development
- Government grants will be reserved primarily for service investments, corporate priorities, statutory requirements and/or asset management requirements
- The Council does not hold and is not expecting significant capital receipts from the sale of assets

Fundamentally, if the Council was to tie up resources to deliver commercial investments it may compromise its ability to deliver on service and other corporate objectives hence the strategy to use borrowing.

While borrowing say from PWLB is relatively low cost, it should be noted that investments funded through externally borrowing will incur a greater cost than using balances and this will need to be considered as part of the rate of return calculation.

With a £10m investment, the Council will aim to surpass the rate of interest currently achieved on its balances and generate net income which will contribute towards the MTFP gap and help the Council sustain the current level of service delivery.

<b>Investment</b>	<b>Gap at 2020/21 £000</b>	<b>Net return £000</b>	<b>%</b>	<b>Revised gap £000</b>
£10m	£1,500	£500	5	1,000

On the basis that funding is undertaken through Prudential borrowing, the impact would be as follows assuming a net rate of return of 5%. Should investments yield no return then the maximum loss is estimated at £600k pa.

<b>Impact on revenue budget</b>	<b>£</b>	<b>Comment</b>
Interest costs	300,000	Based on existing rates of 1%. Rates are expected to increase over time. If external borrowing is undertaken then interest costs will be incurred.
Minimum Revenue Provision (MRP)	200,000	Represents the cost of borrowing over a 50 year period. There is no MRP cost if existing resources are used

<b>Impact on revenue budget</b>	<b>£</b>	<b>Comment</b>
Net income from investments	(£1,000,000)	Gross yield less running costs
<b>MTFP benefit</b>	<b>(£500,000)</b>	Represents 5% on initial investment
<b>MTFP loss if no income generated</b>	<b>£600,000</b>	Assumes interest and MRP costs plus 10% residual costs for maintaining assets (and no assets sold)

#### **4. APPROACH/SCOPE**

The Policy adopted should reflect a suitable balance between the risks inherent in the types of assets to be acquired/developed or projects to be undertaken and the financial rewards obtainable from those investments, limiting such risks appropriately.

Whilst each investment will be subject to a business case driven by a risk assessment tool (this is detailed in Annexe B5), the Council will ensure that the investment portfolio being acquired/developed will be diversified in order to spread risks via a balanced portfolio, such diversification principally being across geographical location, sectors and the type of assets held.

The key aspects of the Council's approach will be as follows:

- Capital investments to be appraised in line with criteria set out in Section 6;
- Capital investments that do not meet agreed criteria must be submitted to Full Council for approval;
- Capital investments to be approved in line with arrangements set out in Section 7;
- The investment portfolio is separate from the Council's operational asset portfolio and will be subject to annual review (i.e. to determine whether performance can be improved or whether investments should be sold or other action taken and any risks associated with each investment)
- The limit on any particular investment will be £3m. Any investments above this value, including any that take the total investment above £10m, will require Full Council approval.
- Investment activity will be delivered in Rutland or in neighbouring authorities where Rutland residents will benefit.
- Legal basis of all investments to be verified as part of the approval process as per Section 5.

- In assessing the merits of an investment, Officers will specifically exclude investments that involve the following activities:
  - Alcohol or tobacco production or sale
  - Animal exploitation
  - Armaments and nuclear weapons production or sale
  - Environmentally damaging practices
  - Gambling
  - Human Rights Abuse / Oppressive regimes

## **5. LEGAL**

The Council can make funds available for investments. The Council has the power to invest for the purpose of the prudent management of its financial affairs under the Local Government Act 2003.

In applying this policy, the Council is relying on the following legal powers:

- Section 120 of the Local Government Act 1972 gives councils the power to acquire property by agreement for the purpose of any of its functions or for the benefit, improvement or development of the area.
- Section 1 of the Localism Act 2011, known as the general power of competence, enables a local authority to do anything that an individual generally may do (subject to prohibitions, restrictions, and limitations in existing statute which are not applicable in the circumstances set out in the report). Further, that power enables the authority to do it anywhere in the United Kingdom or elsewhere, for a commercial purpose or otherwise for a charge, or without charge, and to do it for, or otherwise than for, the benefit of the authority, its area or persons resident or present in its area.

The strategy proposes new investment acquisitions inside of Rutland if the supply or quality of investments. In accordance with the Localism Act 2011 the Council has the power to acquire property or land investments outside the county boundaries.

DCLG issued guidance under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1 April 2018 stating that borrowing solely to invest in a yield bearing opportunity is borrowing in advance of need and not allowable. The Council's policy is to invest in Rutland so is never solely about yield returns given the additional benefits that will accrue.

As part of the evaluation of any potential capital investment, Officers must understand and present the legal basis for decisions prior to approval.

## **6. APPRAISING POTENTIAL INVESTMENTS - CRITERIA AND MINIMUM REQUIREMENTS (BUSINESS CASE AND RISK ASSESSMENT)**

An investment appraisal tool has been developed to facilitate an assessment of potential investments and derive a financial business case and risk assessment. The tool has been developed around the most likely type of investments – purchase of land/properties but can be tailored for other types as required.

Investments must generally pass two tests which are inextricably linked:

**Yield test** - Investments must demonstrate the best use of Council money: this is to be measured typically by generating a suitable rate of return (net savings/income) of at least the Bank of England base rate plus %.

The rate of return takes into account the gross yield/revenue/savings generated and deducts relevant costs (including capital financing and borrowing costs) to arrive at net income/savings.

The Council achieves less than 1% on its treasury investments e.g. cash deposits. Therefore, the net return from any commercial investment should exceed the comparable investment returns available on cash deposits, and be sufficiently greater to allow for any difference in risk between the two forms of investment, hence a target of Bank of England base rate plus 5%.

Whilst rate of return is the primary measure of whether an investment is viable, other factors that will be considered include:

- Payback - the period over which the initial outlay will be recouped. The shorter the payback the more attractive the investment.
- Expected date of positive net return - whilst an investment can have a rate of return over the life of an asset, it may not yield a positive net return in the early years. Given the MTFP objectives of reducing net costs, it is desirable for investments to generate a “surplus” sooner rather than later
- Capital appreciation - investments in assets may lead to a significant increase in asset value thereby making an investment attractive even if the rate of return is less than the target.

**Risk test** – investments must not expose the Council to an inappropriate level of risk and in particular the security and liquidity risks must be adequately managed as a priority.

Asset/property related investments invariably carry risks that treasury investments do not in relation to the property itself or the economy (e.g. risk that the Council will not get its investment back, that the rate of return is not guaranteed, that the Council will be faced with unknown costs, that asset values will decrease rather than increase).

The typical risks are shown in Annexe B2 with a description of how they are assessed through the Investment tool. The tool sets a “pass” mark of 40%. In order to complete the tests, various pieces of information will be needed as noted in Annexe B4. A summary version of the investment appraisal tool is included in Annexe B5.

## **7. GOVERNANCE**

Full Council agrees the Capital Strategy including this Commercial Investment Policy.

The Policy framework includes:

- A maximum fund of £10m investments;
- A framework for appraising investments; and
- A framework for decision-making.

A typical timetable for the purchase of commercial property could be a two to three weeks marketing period, followed by a week for submission of offers and confirmation by the seller of the preferred buyer and preparation of Heads of Terms, followed by a 4-6 weeks' period for due diligence investigations by the buyer and the buyer's solicitor prior to exchange of binding unconditional contracts on the purchase. Completion would usually follow within a further four weeks. Annex B3 details a typical process.

It is therefore proposed that the following decision making process be agreed:

- The Chief Executive may enter discussions regarding prospective acquisitions without formally committing the Council to any agreement
- The maximum purchase/project commitment of the Council will not exceed £10m and no single project will exceed £3m
- Each development project or property being considered would be assessed the Head of Property Services in conjunction with Finance and the Lead Director
- A Business case, including all costs, the risk assessment and recommendation to be prepared by Head of Property Services and Director presented to the Panel
- Business case to be reviewed by Cabinet and/or Council in accordance with existing Finance Procedure Rules.

For acquisitions:

- i) when a recommendation is accepted, a formal offer will be confirmed by Head of Property Services; property placed under offer, solicitors instructed and due diligence carried out.
  - ii) Head of Property Services advises Board of results of due diligence and, if satisfactory, final approval for sale/purchase given by the Board.
  - iii) Head of Property Services advised of decision and, if appropriate, contracts exchange.
- NB: For properties sold at Auction, Head of Property Services recommendation will take into consideration the "information pack" provided by the sellers.
  - For development projects, Head of Property Services will proceed to commission works.
  - Cabinet will be advised of developments or progress as part of the Finance quarterly update.

## **8. STAFFING**

The successful implementation of the proposal necessitates the availability of people with the necessary experience of acquiring and selling properties, developing capital

projects and managing properties in order to source suitable opportunities that match the criteria set under the policy.

The new Director for Places, supported by the Property and Finance team, will lead the day to day delivery of the Policy including:

- Sourcing new opportunities;
- Undertaking an evaluation and developing a business case for investment;
- Presenting opportunities for approval; and
- Undertaking a review and risk assessment of the portfolio and advising on any changes.

The Council will also make use of external advice including external valuers, property condition experts, market appraisers etc. Other advice will be commissioned as and when required.

## **9. PERFORMANCE INDICATORS**

Any analysis of the portfolio is in the context of the need to increase net revenue income to the Council. Indicators will therefore include:

- annual income for each asset/portfolio
- net yield (£ and %) for each asset/portfolio
- capital value (e.g. fair value) and liquidity assessment of each asset/portfolio
- expected v actual payback for each asset/portfolio
- risk assessment of each asset/portfolio

Ongoing review will consider:

- any measures required to improve performance and to protect/enhance existing assets
- the strategy for acquiring new assets
- whether changes need to be made including disposals.

Changes to poor performing assets will either improve performance or release reserves (through sales) for reuse to invest in other held assets or for acquiring new assets.

## **Annexe B2 – Typical investment risks and how they can be mitigated**

<b>Risk</b>	<b>How addressed through risk assessment</b>	<b>Details</b>	<b>Residual risk score</b>
Council purchases or develops property that cannot be leased	SECURITY OF INCOME	Council will aim to buy tenanted properties or will require a pre-let agreement in the event that it develops properties for let	Low
Council purchases a tenanted property but tenant leaves	SECURITY OF INCOME/ LOCATION AND SECTOR/ THE PROPERTY	Council will undertake due diligence around tenants. It will also try and acquire properties that are flexible (i.e. not bespoke) and in locations where there is demand	Low
Tenants default on payments	SECURITY OF INCOME	Provisions built into leases (as with OEP) to provide protection  Rent deposits considered as appropriate. Parent company guarantees may also be sought if applicable.	Low
Rental income dips in light of market conditions	SECURITY OF CAPITAL	For tenanted properties, Council will review lease length, rent review clauses etc to understand what protection is built in.  For new developments or new lets, financial assessment to reflect the risk of lower rents	Medium
Value of capital investment reduces because of market conditions	LOCATION AND SECTOR/ SECURITY OF CAPITAL	Council is not exempt from the impact of the wider economy but a) will commission market appraisal information b) will consider the location and sector and c) aims to hold assets for the long term so that it can “ride” out short term market impacts	Medium
Council purchases property requiring substantial repairs and maintenance	PROPERTY RISK	Property condition survey undertaken by qualified surveyors as part of due diligence and costs can be factored into financial assessment.	Low

<b>Risk</b>	<b>How addressed through risk assessment</b>	<b>Details</b>	<b>Residual risk score</b>
		Council will seek to agree a Full Repairing and Insuring (FRI) lease where appropriate - a lease which imposes full repairing and insuring obligations on the tenant, relieving the landlord from all liability for the cost of insurance and repairs.	

## Annexe B3 - Summary of the process for Property Acquisitions and Development

### Property Acquisition

<b>Acquisition of Property</b>				
	Heads of Terms	Opportunity Identified Appraisal with Investment Tool Conditional Offer Price Negotiation Terms Negotiation Agreement of Conditional Offer Agree Heads of Terms	<ul style="list-style-type: none"> <li>• Approval of Business Case by Cabinet if under £1m</li> <li>• Approval of Business Case by Council if over £1m or over allocation of £10m</li> <li>• Approval by Council if Investment fund allocation of £10m exceeded.</li> </ul>	
		Pre-Contract	Instruct Legal	
			Due Diligence which will include: <ul style="list-style-type: none"> <li>• Title Searches</li> <li>• Security of Covenant</li> <li>• Market Assessment/demand</li> <li>• Asset Condition</li> <li>• Future Liabilities and Costs</li> <li>• Access Issues</li> </ul>	
			Appraisal with Investment Tool	This is a final check to ensure taking into account anything identified during due diligence that the acquisition complies with the requirements of the investment policy
			Finalise Legal Agreement and obtain any necessary approvals	
	<b>Commitment to Purchase</b>			
	Contract Exchange	Pay a deposit if required		
Pre-Completion	Finalise drawdown of funds			
Completion	Transfer Funds			
	Assume Liability for the asset			
	Activate the necessary Insurances			
Post Completion	Land Registry			
	Portfolio Management			

<b>Advanced Let – Council Owned Land</b>				
	<b>Heads of Terms</b>	<ul style="list-style-type: none"> <li>Opportunity Identified</li> <li>Appraisal with Investment Tool</li> <li>Conditional Offer</li> <li>Price Negotiation</li> <li>Terms Negotiation</li> <li>Agreement of Conditional Offer</li> <li>Agree Heads of Terms</li> <li>Initial design work undertaken to inform the cost of the project. This will include design works and all statutory approvals</li> </ul>	<ul style="list-style-type: none"> <li>• Approval of Business Case by Cabinet if under £1m</li> <li>• Approval of Business Case by Council if over £1m or over allocation of £10m</li> <li>• Approval by Council if Investment fund allocation of £10m exceeded.</li> </ul>	
		<b>Pre-Contract</b>	Instruct Legal	
		Due Diligence which will include: <ul style="list-style-type: none"> <li>• Security of Covenant Assessment/demand</li> <li>• Future Liabilities and Costs</li> </ul>		
		Appraisal with Investment Tool	This is a final check to ensure taking into account anything identified during due diligence that the outcome complies with the requirements of the investment policy	
		Finalise Legal Agreement and obtain any necessary approvals		
		Agreement to lease finalised and approvals obtained (this will include the lease when all parties comply with the conditions imposed by the agreement to lease).		
	<b>Commitment to Lease</b>			
	Agreement to Lease Exchange	Other party pay deposit and transfer funds to RCC		
<b>Completion</b>				
Completion of agreement to lease	RCC undertakes works as required by the agreement to lease, Future tenants undertakes works as required by Agreement to lease			
Development works commence	This will consist of 'on-site' construction works by RCC and/or Tenant			
Completion of the lease	When works required by the agreement to lease are completed by both parties the lease is completed			

<b>Speculative Development</b>		
Justification  	Opportunity Identified	<ul style="list-style-type: none"> <li>• Approval of Business Case by Cabinet if under £1m</li> <li>• Approval of Business Case by Council if over £1m or over allocation of £10m</li> <li>• Approval by Council if Investment fund allocation of £10m exceeded.</li> </ul>
	Appraisal with Investment Tool	
	Market Assessment	
	Active marketing	
	Initial design work undertaken to inform the cost of the project. This will include design works and all statutory approvals	
	Appraisal with Investment Tool	
Physical Delivery	Works contracted and physically delivered.	

## **Annexe B4 - Information needed**

### **Summary**

Outcome of review of lease conditions/clauses etc  
Property condition survey  
Tenant due diligence  
Market appraisal  
Valuation

### **Details for cost purposes**

#### **Cost of investment**

- Acquisition cost (land/buildings)
- Stamp duty/other levys
- Solicitors/legal fees
- Other costs
- Development costs (e.g. refurbishment, construction)

#### **Income**

- Rental
- Other income e.g. service charges
- Sales
- Demand

#### **Running costs**

- Utilities (gas/electric/water)
- Business rates
- Staffing
- Repairs and maintenance
- Insurances
- Security
- Rent/lease costs

#### **Building/Land**

- Valuation
- Age/useful life
- Building condition information
- Maintenance profile
- Remediation costs
- Lease agreement
- Clawback clauses
- Land/building restrictions

## Annexe B5 – Financial and Risk Assessment

Criteria	Metrics	Detail	Value
<b>Measurement of Investment Performance</b>	<b>Cost of Investment</b>	Capital cost of investment (initial outlay and any further outlay required)	£67,000.00
	<b>Gross Yield</b>	Average income per annum	£7,700.00
	<b>Costs</b>	Average running costs including capital financing costs per annum	£1,670.00
	<b>Savings</b>	Annual savings generated through investment (savings may be cost already in MTFP or not included e.g. investment necessary to avoid cost)	

<b>Year in surplus</b>	Year by which the investment will yield a positive MTFP impact i.e a surplus	<b>1</b>
<b>Payback period</b>	Year by which any capital outlay will be recouped	<b>12</b>
<b>Net yield</b>	Average net income/saving per annum	<b>£6,030.00</b>
	Rate of Return %	<b>9%</b>
	Pass or Fail?	<b>Pass</b>

<b>Risk Category and weighting</b>	<b>Description</b>	<b>Investment Risk Indicators</b>	
Security of Income  50%	The income (or revenue savings) which are likely to be generated by the investment is the most important element. The security of the income will be governed by lots of factors – lease length/terms, rent review, quality of tenants, demand, vacancy risk, management cost etc	High Risk	No existing tenant or income source, savings not secured, no obvious market or demand, high turnover or tenant, lease lengths likely to be short, tenants financial standing unstable, void risk is high, management supervision is intense, limited capacity for rent increases/reviews, break clauses frequent
		Low Risk	Savings guaranteed and quantifiable, existing tenant or tenants, high demand, low turnover of tenants, long leases, good quality tenant with secure financial standing, void risk is low, limited management supervisions, lease obligations not onerous, rent reviews built in, limited break clauses.
Location of sector  15%	The investment should be in an area which is economically buoyant and has the potential for sustainable financial and economic growth. The quality of the location may depend on the sector. Office space in Oakham may score higher than office space in Lyddington for example	High Risk	Undesirable area with limited growth potential, niche sector
		Low Risk	Economically buoyant area and sector
The Property/Asset  20%	The tenure, age and construction of a building should be considered including the potential for alternative use, obsolescence, requirement for repairs/improvements. On the whole a modern, well constructed, energy efficient building with flexibility will score more. If the Council buys leasehold then fewer covenants are preferable	High Risk	Old building, high risk or repairs, high potential for obsolescence, inefficient and high cost, not adaptable for alternative use if needed
		Low Risk	New or modern building, low maintenance, well designed, flexible space for alternative uses

<b>Risk Category and weighting</b>	<b>Description</b>	<b>Investment Risk Indicators</b>	
Security of Capital  /Scope for capital appreciation  15%	An assessment should be made on the security of capital and the scope for capital appreciation in respect of the investment. Properties worth far more than their current value in x years time (e.g. a reversionary investment) will score higher than one likely to be worth less than their current value	High Risk	Value of Property / investment is likely to decrease
		Low Risk	Value of Property / investment is likely to increase

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