



# Rutland County Council

Catmose Oakham Rutland LE15 6HP.

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Minutes of the **MEETING of the GROWTH, INFRASTRUCTURE AND RESOURCES SCRUTINY PANEL** held in the Council Chamber, Catmose, Oakham on Thursday, 13th September, 2018 at 7.00 pm

**PRESENT:** Mr B Callaghan (Chair)  
Mr E Baines  
Mr O Bird  
Mr W Cross  
Mr J Dale  
Mrs J Fox

**APOLOGIES:** Mr A Mann

<b>OFFICERS PRESENT:</b>	Mr S Della Rocca	Strategic Director for Resources
	Mr S Ingram	Interim Strategic Director for Places
	Mrs A Grinney	Revenues and Benefits Manager
	Mr A Merry	Finance Manager
	Mr K Silcock	Governance Officer
	Mrs N Taylor	Governance Manager (for part of the meeting)

<b>IN ATTENDANCE:</b>	Mr O Hemsley	Leader and Portfolio Holder for Rutland One Public Estate & Growth, Tourism & Economic Development, Resources (other than Finance)
	Mr G Brown	Deputy Leader and Portfolio Holder for Regulatory Services, Waste Management, Planning Policy & Operations, Property Services, Finance including Revenues & Benefits and Internal Audit
	Mr C Wade	Independent Chair for the Oakham Town Task and Finish Group (for part of the meeting)

## **243 RECORD OF MEETING**

The minutes of the meetings of the Growth, Infrastructure and Resources Scrutiny Panel held on 12 April 2018 and 14 June 2018, copies of which had been previously circulated, were confirmed as a correct record and signed by the Chairman.

## **244 DECLARATIONS OF INTEREST**

No declarations of interest were received.

## **245 PETITIONS, DEPUTATIONS AND QUESTIONS**

No petitions, deputations or questions from members of the public had been received.

## **246 QUESTIONS WITH NOTICE FROM MEMBERS**

No questions were received from Members.

## **247 NOTICES OF MOTION FROM MEMBERS**

No notices of motion were received from Members.

## **248 CONSIDERATION OF ANY MATTER REFERRED TO THE PANEL FOR A DECISION IN RELATION TO CALL IN OF A DECISION**

No matter was referred to the Panel for a decision in relation to a call-in of a decision in accordance with Procedure Rule 206.

## **249 OAKHAM TOWN TASK AND FINISH GROUP UPDATE**

Report No. 172/2018 was received from the Independent Chair of the Oakham Town Task and Finish Group.

Mr Chris Wade, Independent Chair of the Oakham Town Task and Finish Group, introduced the report, the purpose of which was to provide a summary of the meetings held since the last update in June 2018 and update the Scrutiny Panel of progress made and next steps.

During discussion the following points were noted:

- i. Mr Cross noted that the project should not be rushed, and the investigation into the needs of the town should be thorough.
- ii. Mr Baines noted he had the opportunity to read through the research report that the Oakham Residents Group had produced from surveys regarding usage of Oakham town, and noted it was a superb piece of work and that the group should be commended.
- iii. Regarding the recommendation for Mr O Bird to fill the Rutland County Council vacancy, Mrs Fox opposed the proposal as she felt that most of the work of the group had been completed and there were only three meetings left. Mr Baines and Mr Cross supported the comments from Mrs Fox.
- iv. Mr Bird withdrew his expression of interest.
- v. Mrs Natasha Taylor, Governance Manager, noted that the panel could vote to leave the appointment as a vacancy. Within the RCC constitution, co-opted

members could not exceed the number of County Councillors on the group, and leaving the place vacant would not cause this.

## **RESOLVED**

A motion was proposed by Mr Bird and seconded by Mr Baines to change recommendation 1 of Report No. 172/2018 to leave the Rutland County Councillor vacancy on the Oakham Town Task and Finish Group vacant.

The Panel **AGREED** that the post be left vacant.

The Panel **NOTED** revisions to membership detailed in Paragraph 3.

The Panel **NOTED** the progress made in the meetings held in June, July and August 2018.

The Panel **ENDORSED** the direction of travel of the Oakham Town Task and Finish Group.

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The Chairman notified the panel that the remaining agenda items would be taken in the following order:

- i. Corporate Debt Policy
- ii. Quarter 1 Financial Management Report
- iii. Medium Term Financial Plan
- iv. Review of Forward Plan and Annual Work Plan 2018-2019

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## **250 CORPORATE DEBT POLICY**

Report No. 130/2018 was received from the Strategic Director for Resources.

Mr Della Rocca introduced the report, the purpose of which was to seek views and comments from the Panel for the revised Corporate Debt Policy detailed in Appendix A and for the adoption of the Council Tax Protocol detailed in Appendix B.

During discussion the following points were noted:

- i. Mr Della Rocca noted the need for people to get in contact with the Council if they require help with paying their Council debts.
- ii. Mr Bird asked whether the Council was looking out to support individuals in real difficulty before resorting to recovery methods that would add costs to their debt. Mr Della Rocca confirmed that everyone was encouraged to get in contact with the Council if they needed help but also that the Council had lots of information that can and is used to help support vulnerable people. The Council was there to help, the more the Council knew, the more the Council could do.
- iii. The Chair questioned whether guarantors should be considered as an option for debts. Mr Andrew Merry, Finance Manager, noted to look into the suggestion.

## **RESOLVED**

That the Panel **NOTED** the report.

### **251 QUARTER 1 FINANCE MANAGEMENT REPORT**

Report No. 135/2018 was received from the Strategic Director for Resources.

Mr Gordon Brown, Portfolio Holder for Corporate Finance, introduced the report, the purpose of which was to inform members of the full year forecast position at Quarter 1 for 2018/19 and to highlight issues that may impact on the Medium Term Financial Plan to enable them to maintain sound financial management of the Council's operations.

During discussion the following points were noted:

- i. There had been significant underspending within the People directorate as teams have managed to find ways of meeting all demands by using resources flexibly. There were however overspends within Places in respect of waste management.
- ii. Regarding the significant high cost of the disposal of paint, a number of suggestions were made as to how to cut the costs. Mr Brown noted the Council had been looking into the voluntary sector to take any paint they may wish to have. Mrs Fox suggested that a unit could be rented to store the paint for people to collect. The Chair was concerned with paint being placed within the black household rubbish bins. Mr Brown mentioned that the Council advises not to put paint in the black rubbish bins, however there is the option (if it is water based) to let it dry out, then place in the black bin.

## **RESOLVED**

That the Panel **NOTED** the report.

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Mr Bird and Mr Cross left the meeting and did not return.

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### **252 MEDIUM TERM FINANCIAL PLAN**

A presentation regarding the Medium Term Financial Plan (MTFP) was received from the Strategic Director for Resources.

During discussion the following points were noted:

- i. The Council had an MTFP that covered the next 5 years.
- ii. The MTFP showed the gap between spending plans and available funding.
- iii. The MTFP involved making lots of assumptions – the majority of which were outside the control of the Council.

- iv. The Council's key funding source was Council Tax. The Council received less government funding per head than other unitary councils.
- v. Future funding was under review and the position was uncertain.
- vi. The funding gap was estimated at between £1m – 3m but this was still uncertain.
- vii. Mr Brown noted the Council was looking to set a balanced budget in 19/20.
- viii. Mr Brown explained that the Council was looking at all options for increasing income and reducing costs that it could consider depending on the size of the gap.

## **253 REVIEW OF FORWARD PLAN AND ANNUAL WORK PLAN 2018-2019**

Mr Brown noted that Scrutiny could take a look at the Local Plan in November after it had gone for approval at Cabinet for the Regulation 19 consultation.

## **254 ANY OTHER URGENT BUSINESS**

## **255 DATE AND PREVIEW OF NEXT MEETING**

### Special Scrutiny Panel

St George's Barracks – Thursday 11 October 2018 at 7pm

### Normal Scrutiny Panel

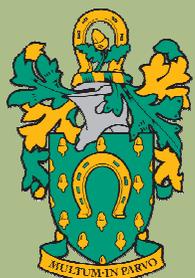
Thursday 15 November 2018 at 7pm

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Chairman closed the meeting at 9.16 pm.

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# Medium Term Financial Plan Update: September 2018

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# THE MTFP

WHAT IT TELLS US AND  
HOW IT WORKS



- 5 year view of the revenue funding and indicative revenue spending plans of the Council
- It tells us whether we are self-sufficient i.e. we can live within our means **or** whether we have a problem to tackle
- It is derived from a variety of sources but is built around lots of assumptions
- It is one view of what our future could look like – but it can change quickly
- All Councils have a version of it – it is a key part of financial governance

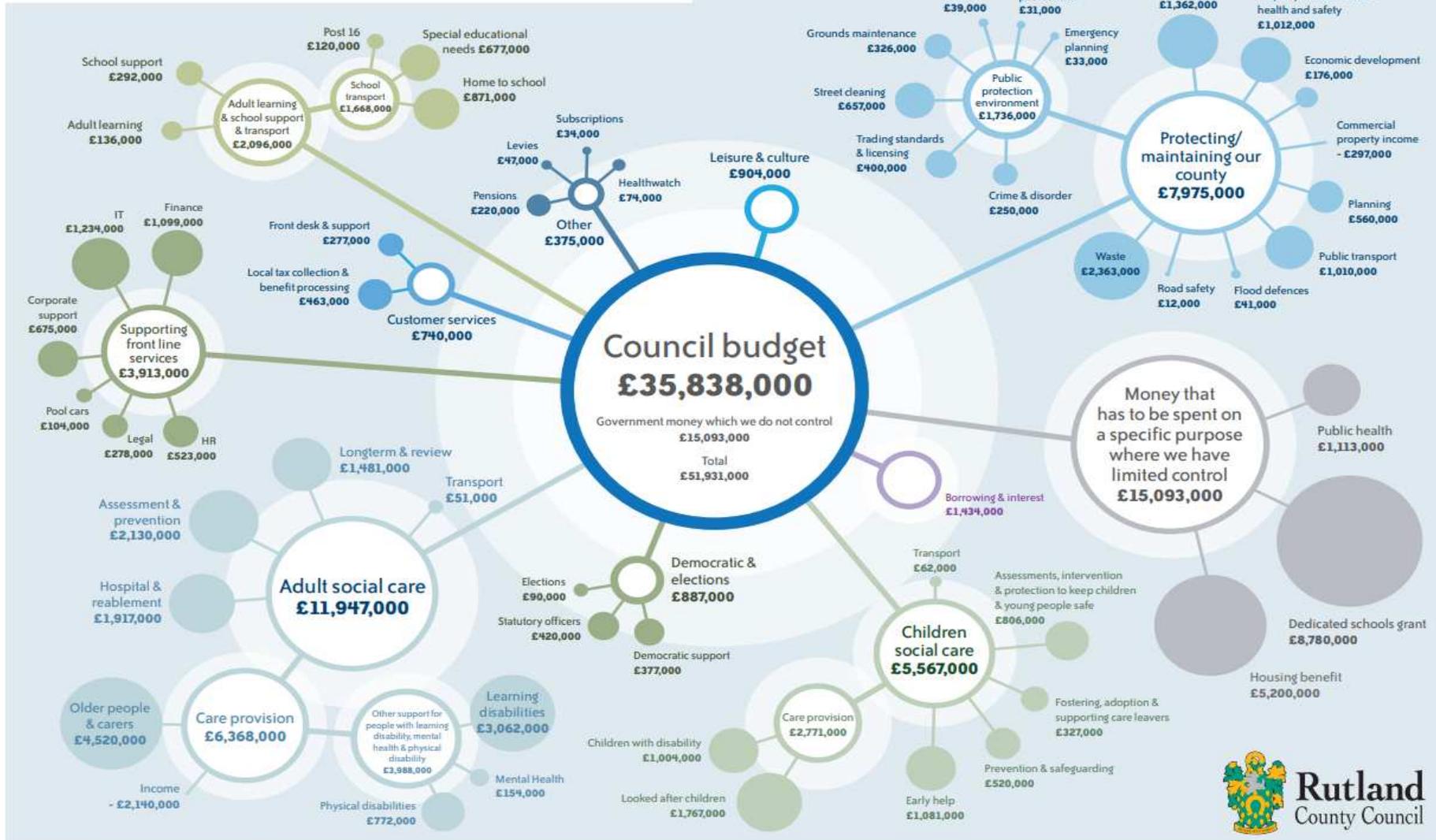


- **National political context** - policy, funding, responsibilities
- **Local political decision making** - council tax, policy, spending plans
- **The economy** - interest rates, business rates, jobs, inflation
- **The market** – local provision, competition, contract costs
- **The community** – demographics, needs, preferences





## Rutland County Council expenditure





- MTFP assumes spending plans based on current year plus known changes
- Inflation is added to spending plans – different rates for different items
- Pay inflation is built into plans at 2% - this is not in our control
- Pension contribution rates are set by the Pension Fund until 20/21 but estimated after that
- Borrowing charge and interest payments are known

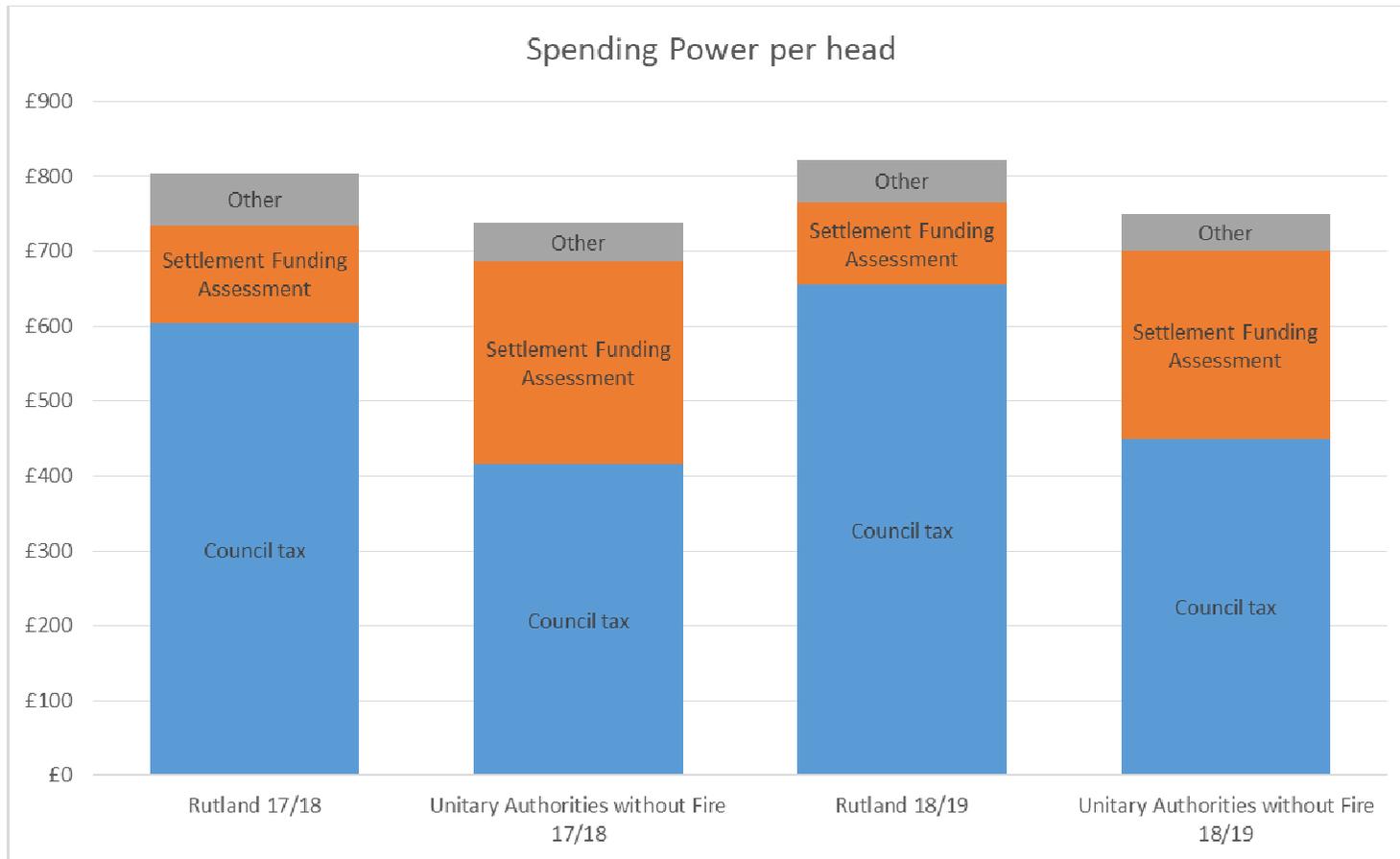


- NEW: Estimates of demand for social care are built in
- NEW: As new houses are built (in accordance with Local Plan numbers) from 20/21, an allowance for additional cost of delivering services is built in
- No speculative savings are built into plans.....yet

**There are lots of assumptions built into the above plans...more on these later**



## Core spending power per head – shown by source of funding



\*Some Unitary authorities incorporate Fire authorities within their costs. These are excluded for comparative purposes. Police authorities are funded separately and are excluded from the analysis.



- **Council tax** - built in at maximum levels (2.99%) set by Government but it is an annual decision for Members
- **Adult social care precept** - assume it will continue at 2% but ASC Green Paper is pending
- **New Homes Bonus** - a c£9k 'bonus' per new addition to the council tax list. Rumours Government might change this
- **Government funding** - assumed that we keep c£6m p.a. over life of MTFP (no growth) but rates we keep could go up or down as it is under Government review (Fair Funding review)
- **Non core grants** - assumed to continue at current level
- **Ring fenced grants** – not available for general spending, assumed to continue at current level unless known



- Spending and funding projections are dominated by assumptions
- There is a lot of uncertainty
- Deriving assumptions is a difficult game and is getting harder
- We draw on the following:
  - Ministerial announcements
  - History
  - Experience
  - Views of external bodies - LGA/Financial advisors/Bank of England



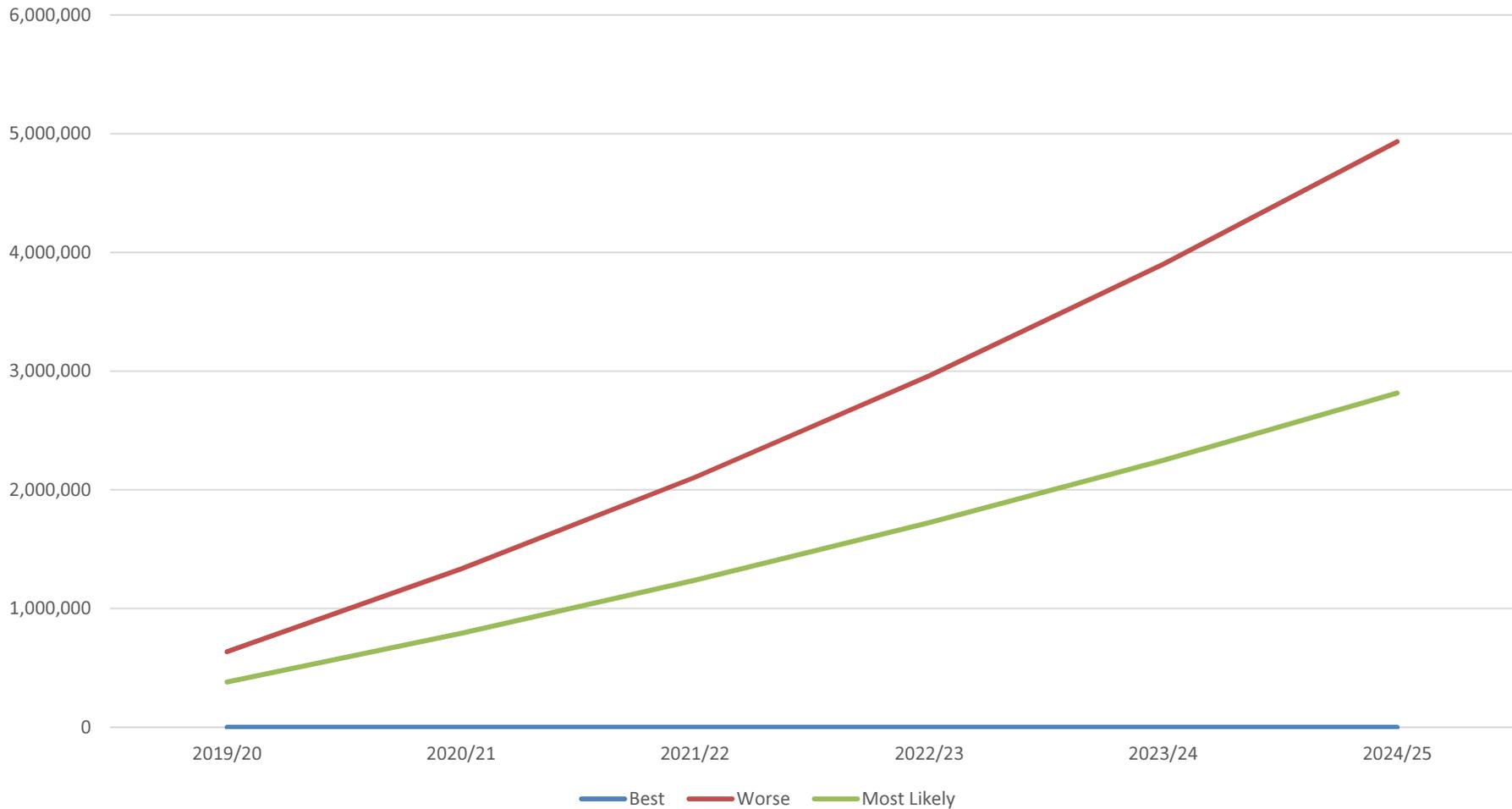
Variables we control	Variables under Government or other control		
Collection rates	Pay levels	Funding levels	Business failure
House numbers (per Local Plan)	Pension contribution rates	Employer National Insurances rates	Local council tax support claimants
Council tax: Members	Council tax: Government rules	Demand for social care	Interest rates
Spending plans	Unemployment	Supplier pressures	Policy changes
Savings	Insurance premium tax	Inflation	New Homes Bonus rules



# Assumptions – Increased costs of demand at 0%, 3% and 5%

Additional costs from increased need in demand led areas

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# OUR MTFP

# THE RUTLAND REALITY



- Best Case – everything is better than we thought e.g. more funding, no demand etc
- Worst Case – everything is worse than expected e.g. less funding, demand is high etc
- Most likely – combination of the above

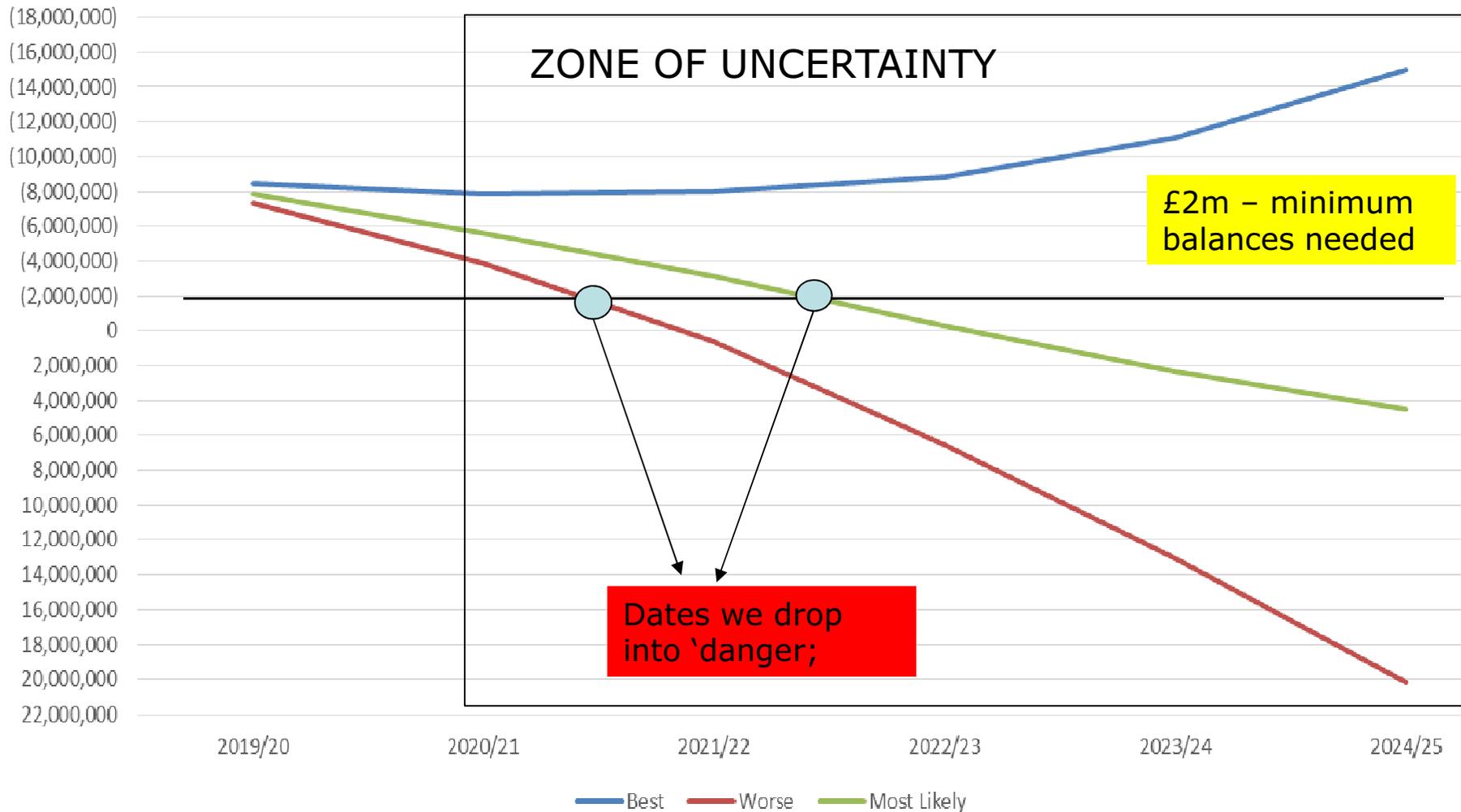


	2018/19	2019/20	2020/21	2021/22	2022/23
	Proposed	Proposed	Proposed	Proposed	Proposed
	£	£	£	£	£
People	18,135,900	18,132,300	19,671,800	20,101,900	20,557,300
Places	12,198,900	12,309,000	12,545,000	12,853,200	13,165,400
Resources	5,906,400	6,055,900	6,117,000	6,222,000	6,331,300
Pay Inflation Contingency	384,400	777,700	1,080,700	1,395,500	1,722,600
Housing growth costs		0	106,400	252,700	399,000
<b>Needs Management</b>		<b>240,600</b>	<b>569,500</b>	<b>966,400</b>	<b>1,331,800</b>
Adult Social Care Contingency	184,800	100,300	100,300	100,300	100,300
<b>Net Cost of Services</b>	<b>36,810,400</b>	<b>37,615,800</b>	<b>40,190,700</b>	<b>41,892,000</b>	<b>43,607,700</b>
Net spending	36,003,544	36,848,027	39,436,277	41,157,869	42,873,569
Other Income	(144,796)	(121,276)	(36,000)	(36,000)	(36,000)
<b>New Homes Bonus</b>	<b>(1,231,222)</b>	<b>(1,238,830)</b>	<b>(992,226)</b>	<b>(893,108)</b>	<b>(847,920)</b>
Better Care Fund	(2,306,000)	(2,214,800)	(2,138,100)	(2,138,100)	(2,138,100)
Social Care In Prisons	(74,128)	(74,128)	(74,128)	(74,128)	(74,128)
Rural Delivery Grant	(848,500)	(680,891)	0	0	0
Transition Grant/grant reductions	0	0	602,512	749,993	901,785
<b>Revenue Support Grant</b>	<b>0</b>	<b>958,318</b>	<b>0</b>	<b>0</b>	<b>0</b>
Retained Business Rates Funding	(4,963,252)	(5,139,043)	(6,520,766)	(6,677,915)	(6,835,414)
Government funding subtotal	(9,741,966)	(8,644,728)	(9,158,708)	(9,069,258)	(9,029,777)
<b>Council Tax/Social care precept</b>	<b>(24,870,222)</b>	<b>(26,419,918)</b>	<b>(27,726,542)</b>	<b>(29,127,128)</b>	<b>(30,630,239)</b>
Collection fund surplus	70,000	0	0	0	0
<b>Total available Resources</b>	<b>(34,542,189)</b>	<b>(35,064,645)</b>	<b>(36,885,251)</b>	<b>(38,196,386)</b>	<b>(39,660,016)</b>
Use of Earmarked Reserves	(1,215,300)	(517,500)	(145,200)	(134,600)	(74,600)
<b>Use of General Fund Balances</b>	<b>246,055</b>	<b>1,265,882</b>	<b>2,405,826</b>	<b>2,826,883</b>	<b>3,138,953</b>
<b>General Fund brought forward</b>	<b>(8,978,133)</b>	<b>(8,732,078)</b>	<b>(7,466,196)</b>	<b>(5,060,370)</b>	<b>(2,233,487)</b>
<b>General Fund carried forward</b>	<b>(8,732,078)</b>	<b>(7,466,196)</b>	<b>(5,060,370)</b>	<b>(2,233,487)</b>	<b>905,466</b>



# Scenarios and impact on balances – if we do nothing

Year end balances according to assumptions





If we do nothing.....



From 19/20 we might be spending  
£1m more than we have available

We will have run out of funds by  
22/23...

Our healthy reserves position means  
we have 2-3 years to tackle the issue...

If we do nothing we could be in the  
same position as other LA's



## Learning from others – Northants's CC

- Low reserves in 13/14 and reduced further to 17/18
- Had low reserves as a % of net expenditure
- Had a local taxation strategy to keep council tax low
- Had a reliance on “one off” resources to support the revenue account
- Regular shortfall in delivering planned savings
- History of overspending
- Inaccurate projection of service pressures in financial planning
- Disconnect between corporate priorities and the supporting MTFP
- Best Value Inspection said “living within budget constraints is not part of NCC culture”
- Lack of effective challenge of scrutiny



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# BUT HOW DID WE GET HERE?

## Some reminders



Funding



Demand  
and the  
market

Policy



- Changes to New Homes Bonus (18/19) costs us c£400-£600k pa
- From 15/16 CORE government funding available to all local authorities has reduced BUT Government includes council tax in its funding settlement. In Rutland loss is £9.4m to £5.5m
- Individual grants such as council tax freeze grant (c£200k)/council tax support (£1.4m) were "rolled into" our main funding, so the £5.5m 'includes' £200k and £1.4m not in our £9.4m. This is worth c£2m p.a outside of CORE funding.
- Only upside has been Better Care Fund of c£2.2m but we spend a third of this on Health

In total we are worse off from Government funding by about £4.5m per annum compared to 2015/16



- Responding to ASC needs means expenditure has increased 24% between 2011/12 to 2016/17
- Responding to Childrens Social Care needs means expenditure has increased 64% between 2011/12 and 2016/17
- Transport related costs have increased by 25% between 2011/12 to 2016/17
- In Waste, changes in the recycling market meant costs increased by c£250k between 16/17 and 17/18. The trend is getting worse
- Across a range of contracts pensions auto enrolment and national living wage have contributed to rise in prices



- Increase in Deprivation of Liberty (DoL) requests following Cheshire West judgement which changed the criteria and expanded the catchment from residential establishments and hospitals to the community. Costs increased by £150k pa
- We took on council tax benefit - 1 April 2013. The cost of £1.8m was originally paid for by Government but is now included in CORE funding.
- Government changed state pension contracted out arrangements ended in April 2016 resulting in an additional £174k cost to RCC
- Implementation of the Care Act led to an increase in responsibilities



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# WHAT NEXT?

## The plan



- Balance the books so we can live within our means
- Work towards reducing the annual loss until we are spending in line with funding
- Use the reserves we have available to help us address the challenge in a measured way – if we don't have reserves we have to do it all straight away
- Meet the challenge whilst still delivering for our community



- We don't know what the gap is for certain – but let's assume its c£2m by 20/21
- There are risks which means costs may increase further
- We are low cost in a lot of areas and have already made lots of savings
- There are statutory services we have to deliver
- Sometimes “savings” are not really savings at all – short term savings i.e. reducing costs of prevention can lead to long term costs



- It will be difficult to trim costs from all areas and keep doing everything we do
- We might be forced to think about stopping providing some services
- We might have to reduce the standards of services we offer
- There are some areas we must protect
- If we make savings there could be a negative impact on our community
- What happened in Northamptonshire could happen here if we as Members do not lead the Council in the right way



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What are we looking at

**EVERYTHING**



- Preparation for 19/20 budget underway
- Longer term savings options work is ongoing BUT
- ....waiting for clarity around funding before looking to make firm decisions on target savings

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