



# Rutland County Council

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Minutes of the **JOINT BUDGET MEETING of the ADULTS AND HEALTH SCRUTINY COMMITTEES** held via Zoom on Wednesday, 27th January, 2021 at 7.00 pm

**PRESENT:**

Mrs P Ainsley (Chair)  
Mrs S Harvey  
Mr E Baines  
Mr N Begy  
Mr K Bool  
Ms J Burrows

Mrs J Fox  
Mr I Razzell  
Ms G Waller  
Mrs S Webb

**OFFICERS  
PRESENT:**

Mr S Della Rocca  
Mrs D Godfrey  
Mr J Morley  
Mrs J Morley

Strategic Director for Finance  
Director of Children's Services  
Director of Adult Social Care and Health  
Governance Officer

**IN**

**ATTENDANCE:**

Mr A Walters  
  
Mr D Wilby  
  
Mr G Brown  
  
Mr O Hemsley  
  
Mr J Dale

Portfolio Holder for Safeguarding – Adults, Public Health, Health Commissioning & Community Safety  
Portfolio Holder for Children's Services and Education.  
Deputy Leader and Portfolio Holder for Planning and Finance  
Leader and Portfolio Holder for Rutland One Public Estate & Growth, Tourism & Economic Development, Communications, Resources (other than finance) and Property  
Councillor

**1 APOLOGIES**

No apologies were received.

**2 DECLARATIONS OF INTEREST**

No declarations of interest were received.

**3 PETITIONS, DEPUTATIONS AND QUESTIONS**

No petitions, deputations or questions had been received.

#### **4 QUESTIONS WITH NOTICE FROM MEMBERS**

No questions with notice had been received.

#### **5 REVENUE AND CAPITAL BUDGET 2021/22 AND MEDIUM TERM FINANCIAL PLAN**

Report No.08/2021 was received from the Strategic Director for Resources.

Mr Della Rocca, Strategic Director for Resources, introduced the report the purpose of which was to present a draft budget for consultation prior to the budget being formally set by Council in February 2021.

During the discussion the following points were noted:

Report No.08/2021 was received from the Strategic Director for Resources.

Mr Della Rocca, Strategic Director for Resources, introduced the report the purpose of which was to present a draft budget for consultation prior to the budget being formally set by Council in February 2021.

During the discussion the following points were noted:

- Councillors Waller and Powell had submitted questions directly to the section 151 officer before the meeting and it was agreed with the Chair that these questions and their answers would be appended to the minutes.
- Mr Della Rocca outlined the key points of the report in his presentation (appended to the minutes) and emphasised that using reserves to relieve the funding gap of circa £2.6million was not good financial practice and something he would have preferred not to do.
- In contrast to the Executive's proposal to increase the Adult Social Care (ASC) precept by only 1%, Mr Della Rocca had advised that the full 3% allowed by the Government should be used resulting in a total 5% increase to the Council tax instead of 3%. Not using the full, allowed ASC increase this year would have a cumulative impact over the next five years of c£4.5 million.
- The underspend of c£1million shown in Quarter 3 20/21 was an anomaly for this year only and was because the Council had received additional Covid funding from the Government. Going forward, the monies would be used to fund Covid issues that ran into the next financial year, for example the expected increase in demand for Adult and Children social care that had been forecast in Quarter 4 but, because of lockdown, would now likely be seen next year.
- Councillor Brown, the Portfolio Holder for Finance and Deputy Leader, together with the Leader of the Council, Cllr Hemsley, had met with Luke Hall, Minister of State for Regional Growth and Local Government to highlight the unacceptable funding disparity between Rutland and other councils. 80% of Rutland's spending came from Council Tax revenue as opposed to Government funding, whereas for most other councils this figure was c60%.
- The Minister was surprised how much of an impact the reduction in the New Homes Bonus had on small councils such as Rutland.

- The further business rates tariff of £1million that the Council had to pay to the Government had a greater impact on a small authority such as Rutland, as the £1m equated to 20% of business rates whereas in many other areas the £1m equated to, for example, only 10% of rates.
- Councillor Brown was frustrated by the lack of action on the Fairer Funding Review but RCC had been promised a seat at the table in 2022/23 to discuss this issue.
- Although he agreed with the Section 151 officer that it would be prudent to increase Council Tax by the full 5%, Councillor Brown had recommended to Cabinet only a 3% increase in recognition of the financial hardships felt by residents and also in support of local businesses as every pound taken out was a pound less spent in the local economy.
- Councillor Walters reminded Councillors that the Better Care Reserves were ring-fenced and could only be spent on specific needs with the agreement of health colleagues.
- Councilor Begy was sympathetic to the argument for opting for a 1% social care precept but felt that the approach could cause problems if suppliers increased their costs. John Morley, Director for Adult Social Care and Health, agreed that this was likely and broadened the question to include the Council's own adult services saying that for the last 2 years, 25% extra work coming through the Adult Duty Desk had been absorbed by the adult services team and managed because of internal efficiencies. Unfortunately, the trajectory of cases presenting themselves was still going up for similar reasons e.g a growing and ageing population. In addition due to the pandemic, hospital operations had been cancelled possibly storing up need for social care later on, mental health issues were increasing and there was the unknown pressures of long term Covid symptoms which would have an effect on carers and services. The expectation of a 7 day hospital discharge service was going to cost an increasing amount and Care homes too had also experienced greater expenditure during the Covid crisis, and it was likely that their costs, as well as those for domiciliary contracts, would have to be increased in order for their businesses to be sustainable.
- Councillor Burrows asked whether there was any risk that any Dedicated Schools Grant (DSG) overspend could be passed on to the Council but was reassured by Mrs Godfrey that the Government had indicated that overspends in the higher needs funding area would not need to be funded by the Council.
- Changing Lives funding (officially called Troubled Families by the Government) had been extended for a further year but officers were unsure of what would happen after that. The whole of the Children's Service offer was being looked at to cope with increasing financial pressures.
- Councillor Waller acknowledged the fact that Councillor Brown would soon be stepping down from the Cabinet and his role as Portfolio Holder for Finance, and asked that it be put on record that he would be very much missed.
- In response to a question from Councillor Waller on how much Council Tax would have to be raised in subsequent years if the full 3% ASC precept was not added this year, Councillor Brown stated that the 1% ASC increase and 3% overall Council Tax rise was the Cabinet's position and was a political decision which was taken to help mitigate the financial hardships that many families and businesses were experiencing because of the Covid pandemic. He acknowledged that it was a risk but one they were prepared to take. The number was reflected in the MTFP and considerable savings would have to be made going forward unless funding was increased.

- Councillor Waller also asked Councillor Walters, the Portfolio Holder for Adult Social Care how he could support only a 1% increase in the ASC precept knowing the pressure and risks to safeguarding that the service area was likely to be under. Councillor Walters echoed Councillor Brown's earlier sentiment and pointed out that there would be a full review of Adult Social Care which would look for further efficiencies.
- Councillor Brown confirmed that the Cabinet were proposing a 3% overall rise in Council Tax this year, 2021-22, made up of 2% + 1% ASC precept and for the following year, 2022-23 it would be 4% made up of 2% + 2% ASC precept which would make up the full 3% ASC precept allowed by the Government over a two year period. The Executive felt that the 3% overall rise was the right figure for this year but acknowledged that it could be split differently for each of the 2 years and Councillors would have the opportunity to put forward any alternative suggestions at the Budget Council meeting on 22 February.
- The Covid pandemic had necessitated services being delivered in a different way and Councillor Razzell suggested that service redesign post covid could adopt and build on many of these practices to deliver further efficiencies and savings.
- John Morley, Director for Adult Social Services expressed his preference for the Council Tax charge to be 'front loaded' as he feared that having to trim too hard might in fact prevent the Council becoming more efficient as there was a huge preventative opportunity that had arisen from the Covid tragedy. RCC and its community health and primary care network colleagues were committed to integration to bring about improvements and efficiencies but needed time to make these changes.

## **6 TREASURY MANAGEMENT STRATEGY AND CAPITAL INVESTMENT STRATEGY**

Report No.161/2020 was received from the Strategic Director for Resources, the purpose of which was to set out the statutory reports expected in relation to treasury and capital investment operations for 2021/22, linked to the Council's Budget, Medium Term Financial Strategy and Capital Programme.

During discussion the following points were noted:

- The Section 151 Officer stated that he was not planning to increase borrowing as the only borrowing he advocated was one that would return a net profit. Unfortunately a suitable investment opportunity had not yet materialised.

## **7 FEES AND CHARGES**

Report No.05/2021 was received from the Strategic Director for Resources, the purpose of which was to set out the proposals for fees and charges for services provided by the Council for the financial year 2021/22.

During discussion the following points were noted:

- Some fees and charges were mandated from Government but there were some that the Council had discretion over. Although all fees and charges would be

reviewed again as part of the line by line exercise, officers felt that currently they were in line with other Councils' charges and reflected accurately the real costs involved.

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Chairman closed the meeting at Time Not Specified.

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# Rutland County Council

## Budget: Scrutiny

## January 2021

## Budget messages

- Settlement was disappointing
- Our Spending Power increase (36.7m from 35.3m) assumes 5% council tax increases and an increase in tax base
- Draft budget is based on 3% council tax increases (2% general and 1% for social care) rather than 3% for social care allowable
- Pressures emerging from this budget – leisure, waste management, grounds maintenance mean position is worse than expected
- Budget gives current gap in 21/22 of c£2.6m – plugged by use of Reserves which is poor practice
- Minimum reserve level was £2m but risk profile means I am recommending we go to £3m

## Budget messages

- It is a 1 year settlement but “hope” that we will see a positive change in funding is unrealistic given national position
- So gap is £2.6m in 21/22 and continues at this rate in future years meaning we run out of general fund by 24/25
- Gap cannot be £2.6m in following budget year (22/23) – this would be a complete failure of financial governance and totally unacceptable
- **TARGETS**
- Reduce in year spending (21/22) to reduce dependency on reserves by at least £1m
- Budget for 22/23 must not use Reserves in excess of £1m

## What we need to do

- Commit to balancing the books (Members and Officers)
- Show that commitment through action/decision making
- Prioritise the financial challenge alongside Covid-19 (e.g. defer other work to create space)
- Remove other distractions
- Challenge everything we do
- Accept it will take time to do some things but other things can be done quickly
- Accept we will have to prioritise resources and do some things less

## Updates

- No signs of additional funding
- Business Rates return, projections indicate an extra £200k
- Local Tax Compensation scheme been reviewed – compensation for losses on business rates and NNDR
- Line by line review – work in progress
  - Some reductions we can take straight away
  - Some opportunities to use more ring fenced reserves
  - Some medium term opportunities
- Quarter 3 20/21 showing £980k underspend – into General Fund or use towards extra Covid-19 work carrying into 21/22
- Further work being done on future year tax base (impacts 23/24)

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### BUDGET 2021-22 Detailed Questions

Page number /section	Heading	Question	
3/1)	General Fund Budget of £42.4m of 2020/21 detailed in Section 3	Please highlight exactly where in Section 3 this figure is shown (presumably 2021-22 not 2020/21)	This is wrong it should read Section 5. In para 5.5.1. it should read £42.6m not £42.4m
3/1)	1% of Adult Social Care precept of 3% available	Any proposal to agree that balance will be included in 2022-23 CTax? Will this decision be made as part of 2022-23 budget?	MTFP 22/23 assumes a 4% rise, 2% for general council tax and 2% for adult social care. Technically, the Government have not told us what powers we have for 22/23 (other than say we can do 3% over 2 years), they normally confirm this in December and then we can make the decision in 22/23.
10/3.2.13	£211k funding in recognition of increased costs of providing local council tax support	Is this taken into account before the collection fund deficit of £160k appendix 1?	The two things are not related. The £160k relates to 20/21 deficit which is paid for by RCC in 21/22. The £211k relates to extra support we will get in 21/22 which we will use to fund additional support to new claimants for council tax support. Any deficit or surplus on the Collection Fund in 21/22 is paid for in 22/23.
14/7	Schools funding	Are absolutely all costs relating to education included in Dedicated Schools Fund? £176,600 in People's budget for Schools and Early years?	Those that we are allowed to charge to the DSG are charged. There are some that we can't charge. £76k is depreciation for maintained schools so not a real cost, some of it is our education officers who deal with school improvement, organising training.
15/8	Council tax base	For 21/22 budget approx. how many houses based on compared to 20/21? Bullet point 1	The tax base uses Band D equivalents. In 20/21, the number was 15,652.48. In 21/22, the number is 15,659.87
9/3.2.3	Total government funding 21/22 shown as £10,360,000. In MTFP shown as £10,479,803.	Comparing like with like?	We will amend the first table. There were last minute changes. The £10.479m includes lower tier services grant £44k, social care in prisons £74k, business rates figure is different by £34k.
11/3.2.17 17/11	Pay award 1% for 22/23. Then 2% Pay award 22/23 is 1%	Which is it? What is the basis for the pay inflation contingency in the MTFP? £100k in	It is 0.5% which is c£100k. This is to cover pay inflation for those on lower grades. This is still to be negotiated nationally but HR advice was that this would be between £70k and £100k,

		2021/22 and increasing significantly thereafter?	For 22/23 we go back to 2%.  The text is inconsistent as the assumptions changed a few times and we did not pick up all the references.
19/16	Needs management	Is this the explanation of the £273,900 in the budget for 2021/22? What is the basis for this figure and the exponential rises in this in future years? Is this in addition to £200k from earmarked reserves available every year?	Yes, it's effectively an inflation of 3% on certain cost centres where demand can be variable.  In effect, the £200k from Reserves funds part of the Needs Management. It's not £279k plus £200k.
19/17	Contract procurement can be costly and one of specialist support will be needed	Basis for this support? Cost as % of savings gained or just fee basis for time spent?	Based on estimates and quotes received by those involved in those projects.
23/3.4.3 c)	Classification of services as either statutory or discretionary is virtually impossible	I don't understand using the example of the finance function here. All central services (ie resource department) are surely indirect overheads. Have £222k in invest to save earmarked reserves- what plans to use this?	The Finance function illustrates the problem quite clearly in my view. The Finance function meets lots of statutory requirements e.g. my costs as s151 officer, producing the accounts, paying bills within 30 days etc. Technically there is nothing anywhere that says you have to have a Finance function but we do have to do all the above duties. So do we classify the Finance function as statutory or not? Is it right to describe Finance as an overhead when we are filling a statutory role in some cases?  There are no specific plans to use the ITS reserve at the moment.
37/6.5.2	Misc Grant Funding (Adult Social Care, Highways and Misc Grants) Unallocated funding (£335k) representing various balances from historic funding that the council no longer receives. This funding is not ring fenced.	What is happening to this funding then- can it still only be used for capital?	Yes can only be used for capital.  The funding is reviewed and spent broadly on items which it relates where possible e.g. we are utilising some to support the expansion of schools
Appendix 1	MTFP	Why such a huge leap in Peoples directorate costs from 2021-22 to 22/23?	Because in 22/23 we will lose the Public Health funding that sits in the Directorate and this is c£1.2m. We will get the funding through Business Rates Retention which is why the

			Business rates figures goes up quite a bit.
Appendix 1	MTFP	What are housing growth costs and basis for these figures?	As we build more houses, there is likely to be an increase in some service costs e.g. waste collection. Not all services would be impacted e.g. libraries but some could be. I asked fellow s151 officers how they deal with this and everyone seems to ignore it. I went through the Council's budget line by line and took a view as to whether a service cost might change and came up with a figure per household to give an indicative pressure for future years. What happens when we set the budget for 22/23 is that I delete the housing growth costs number and replace it with actual pressures (from growth or anything else) we are facing. It is right to flag in MTFP that housing growth can lead to increased costs.
Appendix 3	Earmarked reserves	Why are earmarked reserves not used in MTFP beyond 2024/25?	They can be. Because they are not meant to fund everyday expenditure, you wouldn't expect this to be plotted this out way in advance. Use of reserves will be decided nearer the time.
Appendices 4,5,6	Cost of running Catmose offices	Where do these costs appear in the budget? Heating, insurance etc etc..	They are part of Property function costs in Places Directorate and are not itemised separately.
Appendix 5.1	Ashwell Road business Units	Shows annual loss £16,500. Why pay and inflation increase of 4.4% on this from 20/21. No employees? If units are let why are they costing RCC money?	The 16.5k includes £10.6k of depreciation which is reversed out below the line. The Actual expenditure lines total £30k with inflation of £0.7k (2.3%)  If units are vacant then the council has to pay the business rates for the unit.
Appendix 5.1	Parking budget. IT/operational costs of cashless systems £44k.	Is this a saving against what it costs to run cash machines?	The additional costs will be offset from stopping the cash collection contract, with further efficiencies from staff no longer having to process.

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## Questions on Budget 2021-22

### People Directorate

1. What is the risk of not building growth into the social care budget (para 5.1.5) especially given our aging population? For example, direct payments (budget line RC4298) for learning disabilities is increasing by c£153k and residential (older people) care (budget line RC4259) by £246,500. These demand led budgets increase year on year. What will be done differently in these areas in future to make the savings we must make going forward?

**We do have growth in the budget for social care but this is not shown in the Directorate budget as we don't know where the extra cost might fall. There is a line called Social Care contingency in the table in Section 5.1.**

**The contingency is effectively an inflation of 3% on certain cost centres where demand can be variable. We have debated at length the basis of 3% but in some years 1 case can use a lot of this contingency. Again an issue debated with social care finance colleagues and there is no standard agreed method.**

2. What additional social care costs are we expecting as a result of covid and have these been budgeted for?

**Too early to say. Once restrictions are relaxed and shielding is over we are expecting some increases (a spike and then a return to a "normal" level) but we don't know the numbers. We have a Covid budget of £724k based on a Government grant and this is there to support extra costs along with the contingency.**

3. Why are we continuing to support the Armed Forces Covenant in the way we have in the past (at an additional cost of £20,200) as the MoD grant for this has ceased. Should we not be looking to change the way we support the military within our budget (budget line RC1022)

**Members previously agreed to continue with our provision. This is an area where national changes are afoot (see risk 22) and the present view is that this work does contribute towards the Council's preventive approach to social care. We are intending to undertake an end to end Adult Social Care review when pandemic is over and it will be included within this.**

4. Why is budget line RC1033 Residential memory and cognitive, being reduced by c£53k? Is it because of the increase in direct payments referred to in 1 above?

**Budgets are reset according to latest demand hence the reduction, hence £53k is in the rebasing column. No the two are not linked.**

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