

# Rutland County Council

Catmose, Oakham, Rutland, LE15 6HP

Telephone 01572 722577 Email: [governance@rutland.gov.uk](mailto:governance@rutland.gov.uk)

**Meeting:** CABINET

**Date and Time:** Tuesday, 15 November 2022 at 10.00 am

**Venue:** Council Chamber, Catmose, Oakham, LE15 6HP

**Governance support Officer to contact:** David Ebbage 01572 720972  
email: [governance@rutland.gov.uk](mailto:governance@rutland.gov.uk)

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## A G E N D A

**1) APOLOGIES FOR ABSENCE**

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

**3) DECLARATIONS OF INTEREST**

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

**4) MINUTES**

To confirm the Minutes and Decisions made at the meeting of the Cabinet held on  
(Pages 5 - 14)

**5) ITEMS RAISED BY SCRUTINY**

To receive items raised by members of scrutiny which have been submitted to the Leader and Chief Executive.

**6) FUTURE COMMISSIONING OF EARLY YEARS PATHWAY**

To receive Report No.178/2022 from the Portfolio Holder for Education and Children's Services.  
(Pages 15 - 18)

**7) MID-YEAR REPORT ON TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS 2022/23**

To receive Report No.177/2022 from the Portfolio Holder for Finance, Governance and Performance, Change and Transformation.  
(Pages 19 - 36)

**8) GREEN WASTE CHARGES FOR 2023/24**

To receive Report No.182/2022 from the Portfolio Holder for Communities, Environment and Climate Change.  
(Pages 37 - 44)

**9) HIGHWAYS CONTRACT - PROCUREMENT**

To receive Report No.184/2022 from the Portfolio Holder for Planning, Highways and Transport.  
(Pages 45 - 64)

**10) EXCLUSION OF THE PRESS AND PUBLIC**

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

Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

**11) CORPORATE ASSET REVIEW AND STRATEGY**

To receive Report No.183/2022 from the Leader of the Council.  
(Pages 65 - 148)

**12) ANY ITEMS OF URGENT BUSINESS**

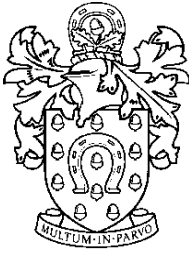
To receive items of urgent business which have previously been notified to the person presiding.

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**MEMBERS OF THE CABINET:** Councillor L Stephenson (Chair)  
Councillor R Powell (Vice-Chair)

Councillor S Harvey  
Councillor M Oxley  
Councillor K Payne  
Councillor D Wilby

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# Rutland County Council

Catmose Oakham Rutland LE15 6HP

Telephone 01572 722577 Email: [governance@rutland.gov.uk](mailto:governance@rutland.gov.uk)

Minutes of a **MEETING of the CABINET** held at Council Chamber, Catmose, Oakham, Rutland, LE15 6HP on Tuesday, 18<sup>th</sup> October 2022 at 10:00am

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**PRESENT:** Councillor L Stephenson (Chair) Councillor R Powell (Vice-Chair)  
Councillor S Harvey Councillor M Oxley  
Councillor K Payne Councillor D Wilby

**OFFICERS PRESENT:** Mark Andrews Chief Executive  
Saverio Della Rocca Strategic Director for Resources  
Dawn Godfrey Strategic Director of Children's Services  
Penny Sharp Strategic Director for Places  
John Morley Strategic Director for Adults and Health  
Angela Wakefield Director of Legal & Governance,  
(Monitoring Officer)  
David Ebbage Governance Officer

## 1 APOLOGIES FOR ABSENCE

There were no apologies for absence.

## 2 ANNOUNCEMENTS FROM THE CHAIRMAN AND/OR HEAD OF THE PAID SERVICE

There were no announcements made.

## 3 DECLARATIONS OF INTEREST

Councillor K Payne declared a non-pecuniary interest in Report No.165/2022 as being Ward Member, and had therefore been involved in putting the neighbourhood plan together.

## 4 MINUTES

Consideration was given to the record of decisions made following the meeting of Cabinet on 13 September.

## RESOLVED

That the record of decisions made at the meeting of the Cabinet held on 13 September 2022 be **APPROVED**.

## 5 ITEMS RAISED BY SCRUTINY

No items were received.

## 6 RUTLAND'S SERVICE CHILDREN'S PROMISE

Report No.169/2022 was introduced by Councillor David Wilby, Portfolio Holder for Education and Children's Services.

The report aimed to provide Cabinet with information about Rutland Service Children's promise which had been developed to promote the achievement and successes of this cohort of children and young people to ensure each one benefited from their education in Rutland.

He informed Members that in June 2022 a 2-day Service Pupil event, which had been funded through an MOD support grant, was held to further raise awareness of the Armed Forces Covenant and, particularly, the potential impact on the life of the child of serving personnel. Three separate focused sessions were held for Rutland County Council and partner services who work with military families, Rutland early education and childcare providers and for senior leaders from Rutland schools.

Members wanted to thank the young people who attended the event on those days with their honesty and openness around their feelings, it was a huge achievement.

It was proposed by Councillor D Wilby that the recommendations of report No. 169/2022 be agreed, this was seconded and upon being put to the vote the motion was unanimously agreed.

### RESOLVED

That Cabinet:

1. **ENDORSED** Rutland's Service Children's Promise so that it can be shared with the education sector and wider services later in autumn term 2022 and influence and enrich the practice of those who work with children of Rutland's armed forces families.

## 7 REVIEW OF FOSTER CARER ALLOWANCES

Report No.166/2022 was introduced by Councillor David Wilby, Portfolio Holder for Education and Children's Services.

The report informed Cabinet of the review of fostering allowances and to seek approval for a range of measures designed to increase the number of Rutland County Council foster carers.

The review of fostering allowances and support had shown that whilst Rutland pay fostering allowances in line with the Fostering Network recommended levels, we were not keeping pace with neighbouring Local Authorities or independent fostering agencies

There had been no increase in fostering allowances since 2018 against a backdrop of increased living costs and significant rising costs in the provision of external placements.

Members welcomed the report, and we recognised the important work foster carers do. They felt it was vital to keep as many as possible within the border.

Councillor Harvey was pleased to see the increase in carers allowance in line with the full cost of living and the introduction of the professional foster carer scheme.

It was proposed by Councillor D Wilby that the recommendations of report No. 166/2022 be agreed, this was seconded and upon being put to the vote the motion was unanimously agreed.

## **RESOLVED**

That Cabinet:

1. **APPROVED** the increased fostering allowances for all foster carers in line with cost-of-living increases.
2. **APPROVED** the increased retention bonus for foster carers, and to include staying put carers within the retention bonus scheme
3. **APPROVED** the introduction of an increased placement supplement for children with particularly challenging needs.
4. **APPROVED** the introduction of a professional foster carer payment for those caring for our hardest to place children.
5. **APPROVED** that foster carers could access the Employee Assistance Programme and approved a housing costs contribution of £1000 to Rutland County Council foster carers.
6. **RECOMMENDED** the Fostering Friendly Policy, which would support RCC employees who wish to become foster carers, be submitted to the Employment and Appeals Committee for approval.

## **8 KETTON AND TINWELL NEIGHBOURHOOD PLAN**

Report No.165/2022 was introduced by Councillor Rosemary Powell, Portfolio Holder for Planning, Highways and Transport.

The report was to seek Cabinet's authorisation to carry out consultation on the proposed Ketton & Tinwell Neighbourhood Plan, followed by submission of that plan to an independent examiner. Subject to the acceptance of the recommendations of the examiner, hold a local referendum and, subject to the outcome of that referendum, delegate the making of the Neighbourhood Plan to the Strategic Director of Places.

Councillor Powell wanted to congratulate everyone who was involved in pulling this together as it is a huge task for volunteers to carry out in their neighbourhood.

Councillor Payne as Ward Member also wanted to congratulate everyone involved. There had been years of intense work from residents within her ward and she was very happy to see it go to the next stage.

It was proposed by Councillor R Powell that the recommendations of report No. 165/2022 be agreed, this was seconded and upon being put to the vote the motion was unanimously agreed.

## **RESOLVED**

That Cabinet **AGREED** that:

1. The draft Ketton & Tinwell Neighbourhood Plan was published for public consultation for a minimum of 6 weeks.
2. Following public consultation, the draft plan and representations received were submitted for independent examination.
3. The Strategic Director of Places be authorised to appoint an independent examiner in consultation with the Ketton & Tinwell Neighbourhood Plan Group.
4. That following receipt of the examiner's report that the Strategic Director of Places in consultation with the Portfolio Holder for Planning and Finance be authorised to publish the County Council's decision notice, update the Ketton & Tinwell Neighbourhood Plan and undertake a referendum.
5. Subject to the outcome of the referendum that the Strategic Director of Places in consultation with the Portfolio Holder for Planning and Finance be authorised to make the Ketton & Tinwell Neighbourhood Plan part of the Development Plan for Rutland.

## **9 PERFORMANCE REPORT 2022-2023**

Report No.168/2022 was introduced by Councillor Karen Payne, Portfolio Holder for Finance, Governance and Performance, Change and Transformation.

The report provided Cabinet with a report outlining progress year to date against the new Corporate Strategy 2022-2027 which was adopted in July 2022.

Data for the key performance indicators covered the period of 1st April 2022 to 30<sup>th</sup> August 2022. Of the 137 indicators data was currently available for 126. For the 11 indicators where data was not available this was due to several reasons including data being reported in arrears, no previous data being available to report, the indicator was new and required a baseline to be developed.

Overall performance against targets was positive with 81 (64%) of the 126 indicators on target with a further 10 (7%) within 5% of the target.

Performance was off target for 29% (36) of the indicators, example areas included:

- Finances remained under pressure and the Council's budget was not balanced.



- Housing supply remained below 5 years. This meant the Council would more likely have to approve a planning application on sites the Council would not have chosen, which may have an impact on the community. As a result, the Council were seeing an increase in planning applications for housing in the County.
- A high staff turnover and vacancy rate.
- The website needed to become more accessible.

Members welcomed the format and layout of the report. It was clear, showed enough detail for members of the public and for portfolio holders to be able to focus on key areas.

Councillor Oxley asked a question relating to 4.24 within the appendix and why that particular action was for just Uppingham and Rutland Water. Councillor Harvey responded by saying those two areas came forward to assist with a bid for funding from Changing Places which was successful, and the funding was given.

It was proposed by Councillor K Payne that the recommendations of report No. 168/2022 be agreed, this was seconded and upon being put to the vote the motion was unanimously agreed.

## **RESOLVED**

That Cabinet:

1. **NOTED** the contents of the first performance report and the progress and challenges in delivering the strategic aims within the new Corporate Strategy 2022-2027.

## **10 MID-YEAR REVENUE FINANCE REPORT 2022/23**

Report No.156/2022 was introduced by Councillor Karen Payne, Portfolio Holder for Finance, Governance and Performance, Change and Transformation.

Councillor Payne provided with an update on the revenue budget position for 2022/23.

The mid-year revenue position was that the Council was forecasting a deficit position of £0.961m compared to a budgeted deficit position of £1.176m, resulting in an underspend of £216k.

She highlighted that although the Council was seeing additional demand in areas such as social care and commissioned transport, the overall financial position (including underspends in other areas) had meant the majority of the additional budget that Officers had provisionally requested in the Financial Outturn report had, to date, not been required. For example, point (iv) in Appendix A showed a demand pressure additional budget draw down of £110k rather than the original request of £820k.

This was the same for additional staffing budget where vacancy levels meant only £186k of the additional request of £835k had been applied.

The Council had also received Adult Social Care Reforms funding of £97k and funding for the Special Educational Needs programme “Delivering Better Value” of £45k which meant that additional budget required in those areas had been reduced.

The Leader wanted to thank the Portfolio Holder for the honest report, it showed the Council where the challenges were and she highlighted to Members that the next few months would be incredibly difficult for Rutland.

It was proposed by Councillor K Payne that the recommendations of report No. 156/2022 be agreed, this was seconded and upon being put to the vote the motion was unanimously agreed.

## **RESOLVED**

That Cabinet:

1. **NOTED** the revenue forecast at the end of August (para 3.3).
2. **NOTED** the changes to the approved budget as per para 3.2 including budget adjustments for new Ring Fenced grants (Appendix A).
3. **NOTED** that the Medium Term Financial Plan (MTFP) gap for 23/24 was still estimated at £2.8m but further updates would be undertaken prior to budget setting to reflect the issues detailed in 4.1.
4. **APPROVED** the budget timetable for 22/23 as per para 8.3.

## **11 MID-YEAR CAPITAL PROGRAMME UPDATE**

Report No.157/2022 was introduced by Councillor Karen Payne, Portfolio Holder for Finance, Governance and Performance, Change and Transformation.

She asked Cabinet to approve the closure the Ketton Centre (Library and Community Hub) project – The project was originally approved in 2019. The project was for the acquisition of land adjoining Ketton Centre [Library and Community Hub] from the Peterborough Diocese and the initial costs to put the land in a good serviceable condition as a car park. The land was transferred as a nil consideration in 2021/22. The Council had no plans to progress this project as the works would not provide value for money, the future maintenance of the car park would be supported from revenue.

She also informed Members that the approved capital programme now stood at £15.509m.

All capital projects were tracking to budget apart from the exception of £25k overspend on Barleythorpe roundabout. The Highways team would look for possible savings within their capital programme to cover this overspend.

It was proposed by Councillor K Payne that the recommendations of report No. 157/2022 be agreed, this was seconded and upon being put to the vote the motion was unanimously agreed.

## **RESOLVED**

That Cabinet:

1. **NOTED** the capital 2022/23 forecast as at the end of August (paragraph 3.4).
2. **NOTED** the changes to the 2022/23 capital programme as at the end of August (paragraph 3.2).
3. **NOTED** the 2022/23 unallocated capital funding as at the end of August (Section 4).
4. **NOTED** that a Midlands bid for £935,355 led by Lincolnshire County Council (LCC) for c350 electric vehicle charging points was successful and that LCC as the accountable body would deliver this project working with partner organisations.
5. **REQUESTED** approval to close the Ketton Centre Library and Community Hub project. (paragraph 3.3).

## 12 FINANCIAL SUSTAINABILITY STRATEGY

Report No.158/2022 was introduced by Councillor Karen Payne, Portfolio Holder for Finance, Governance and Performance, Change and Transformation.

It was highlighted that the Council's projections indicated that it was likely to have a financial gap of around £2.8m in 23/24, but one that grew over the period of the strategy. The growth in the gap reflected the fact that the Council's projected increases in funding could not keep pace with the inflation applied to existing spending plans.

The Council would use non ringfenced reserves to balance the budget prior to 27/28 (if required) but would limit use of such reserves to £2m per annum for a maximum of 4 years.

Councillor Payne highlighted to Members that the savings required, even with the use of reserves, were still significant and were likely to have a big impact on services in the County.

The Council must have a realistic plan to close the financial gap and must take the necessary action to deliver it. The programme as it stands was not sufficient. The Council had now appointed Human Engine as its Transformation partner to help it identify further savings and reshape the way services are delivered.

Members welcomed the report and the measured approach the Council would be taking to make the savings outlined within the report.

It was clarified to Members from the S151 Officer that the Social Care Levy was already built into the Councils budget.

A question was asked about the £2m reserves and if there would be any movement on that figure. Councillor Payne responded saying the report stated a cap of £2m per year, if £2m was not needed then the Council would not go up to that figure. The S151 Officer told Members that given the size of the challenge the Council faced, the

difficult decisions and the work that had been carried out, he supported the use of reserves for £2m for the next few years but warned that factors outside of the Council's control including a reduction in funding may threaten that plan.

It was proposed by Councillor K Payne that the recommendations of report No. 158/2022 be agreed, this was seconded and upon being put to the vote the motion was unanimously agreed.

## **RESOLVED**

That Cabinet:

1. **RECOMMENDED TO COUNCIL** to approve a financial strategy for closing the financial gap;
2. **NOTED** that the Council would aim to balance the budget (without the use of reserves for recurring expenditure) by 27/28;
3. **NOTED** that the Strategy assumes maximum council tax rises;
4. **NOTED** that the Strategy accepts that the Council's current service offer was not affordable and that all services would have to move in the direction of an 'affordable service offer' over time; and
5. **NOTED** that the Medium-Term Financial Plan was subject to change as more information became available.

## **13 EXCLUSION OF THE PRESS AND PUBLIC**

It was proposed by the Chair that the public and press be excluded from the meeting in accordance with Section 100(A)(4) of the Local Government Act 1972 as the following item of business as was likely to lead to disclosure of information relating to the financial or business affairs of any particular person. This was seconded and upon being put to the vote the motion was unanimously carried.

## **RESOLVED**

That the press and public be excluded from the meeting.

## **14 WASTE AND STREETSCENE SERVICES (INCLUDING WASTE COLLECTION AND DISPOSAL) - CONTRACT OPTIONS**

Consideration was given to Report No.170/2022 from the Portfolio Holder for Communities, Environment and Climate Change, following consideration it was moved by Councillor M Oxley and seconded that the recommendations be approved. This was seconded and being put to vote the motion was unanimously agreed.

## **RESOLVED**

That Cabinet:

**APPROVED** the recommendations of Report No. 170/2022.

**15 ANY ITEMS OF URGENT BUSINESS**

There were no items of urgent business.

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**The Chairman declared the meeting closed at 11.45am**

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## CABINET

15 November 2022

### FUTURE COMMISSIONING OF EARLY YEARS PATHWAYS

**Report of the Portfolio Holder for Education and Children’s Services**

Strategic Aim:	Sustainable Lives	
Key Decision: No	Forward Plan Reference: FP/220722	
Cabinet Member(s) Responsible:	Councillor David Wilby, Portfolio Holder Education and Children’s Services	
Contact Officer(s):	Dawn Godfrey Strategic Director Children and Families	01572 758358 dgodfrey@rutland.gov.uk
	Bernadette Caffrey, Head of Early Intervention, SEND and Inclusion Services	01572 720943 bcaffrey@rutland.gov.uk
Ward Councillors	All	

#### DECISION RECOMMENDATIONS

That Cabinet:

- 1) Agrees that Rutland County Council should continue to work with Rutland Schools Forum and Rutland Early Years childcare and learning providers to develop services that best support children in an early year’s environment with emerging Special Educational needs.
- 2) Endorse an engagement programme with the Early Years sector and parents to begin to consider what the future Early Years SEN provision in Rutland may be and what steps would need to be taken to best meet children’s needs to ensure they thrive in their communities.
- 3) Notes that following engagement and planning, there will be a need to consider future Early Years SEN provision in Rutland and any requirement to consult if changes were to be proposed.

## 1 PURPOSE OF THE REPORT

- 1.1 Rutland vision is to support all children and young people with Special Educational Needs and or Disabilities (SEND) to lead healthy, independent, and safe lives; to be a County that promotes inclusion; to maximise their opportunities to be independent and focus on their abilities not their disabilities; and wherever possible, have their needs met locally. (Rutland SEND and Inclusion Strategy 2019).

- 1.2 Working with the Rutland Schools' Forum, Rutland County Council has been in the process of reviewing how children with special educational needs (SEN) can best be supported in an Early Years environment proposed next steps are set out in this report.

## **2 BACKGROUND AND MAIN CONSIDERATIONS**

- 2.1 There is a government drive to reform SEND and Inclusion systems to ensure children can access local education with their peers. The recent SEND Green paper<sup>1</sup> sets out the ambition to restore families' trust and confidence in an inclusive education system with excellent mainstream provision that puts children and young people first; and the need to create a system that is financially sustainable and built for long-term success.
- 2.2 Added to this Rutland County Council will be included in the second wave of Department for Education (DfE) Delivering Better Value in SEND Programme beginning in January 2023 aimed at supporting local authorities to improve delivery of SEND services for children and young people while ensuring services are sustainable.
- 2.3 The Rutland SEND Recovery Plan is designed to support Schools Forum to bring the Dedicated Schools Grant overspent High Needs Block back into balance over time. It includes an array of projects all designed to improve the SEND system to meet needs earlier when children's Social Emotional or Mental Health needs emerge or seem likely to escalate.
- 2.4 Over the past couple of years Rutland County Council has worked with experts in the field of Special Needs to help consider opportunities to enhance Rutland's Early Years provision for children with emerging needs. This has been focused on strengthening families' choices for provision close to home; considering how the Dedicated Schools Grant funding is currently allocated and preparing for changes expected as a result of the Government's Green Paper proposing changes to SEND systems.
- 2.5 Given that work is underway to make services more accessible for families these changes will align to the Family Hub programme. Family hubs are a way of joining up services locally by bringing existing family support services together to improve access; making connections between families, professionals, services, and providers, and putting relationships at the heart of family help. Family hubs bring together services for families with children of all ages (0-19) or up to 25 with special educational needs and disabilities (SEND), with an effective Start for Life offer at their core. The development of the Family Hub links to priorities in the Children and Young Peoples' Plan, the Health and Wellbeing Strategy and the Rutland Place Plan.
- 2.6 The intention is to increase opportunities for children with SEND or emerging needs to access Early Years education closer to home and in their own communities, thereby reducing the need for lengthy journeys, and where they can benefit from the support of family and are able to form friendships with other local children.
- 2.7 There is an opportunity to build confidence and capacity in the Early Years' leaders and the workforce (both Private, Voluntary, and Independent, and maintained nurseries and childminders) to support children with special educational needs and disabilities, in line with the direction of Government priorities set out in the recent Green Paper on SEND<sup>2</sup>. This will potentially develop a sector led model of support around provider and family like the successful Schools Support Partnership (formerly known as Education Inclusion Partnership) model at Primary and Secondary phase and increase opportunities for children

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<sup>1</sup> SEND Green Paper: Right Support, Right Place, Right time.

<sup>2</sup> <https://www.gov.uk/government/publications/send-and-ap-green-paper-responding-to-the-consultation/summary-of-the-send-review-right-support-right-place-right-time>



with SEND or emerging needs to transition, with support, into a mainstream Reception class in their local community, rather than needing specialist provision.

- 2.8 The intention of this work is to reduce the number of children requiring out-of-county special school placements at high cost and an increase in those children with additional needs being able to achieve good outcomes in mainstream schools while remaining close to home (taking into account parental preference) so that children have their needs met in their local communities.
- 2.9 As part of the SEND Recovery Plan objectives Rutland County Council (RCC) engaged SEND Consultancy, a group of experienced SEND professionals to carry out a review of the special provision at the Parks School in Oakham and talk to wider Early Years practitioners.
- 2.10 Following this a working group was established to consider the recommendations which included RCC staff, Education professionals and governors, the group's workplan considered how to develop a more inclusive Early Years pathway, to include a wider group of children, including those with additional needs. It also explored how to meet wider family needs and the best use of available funding.
- 2.11 What followed from this work and some discussions with Early Years leaders was recognition that there was scope to build further confidence and capacity in the Early Years' workforce (both Private, Voluntary and Independent, and maintained nurseries) to enable practitioners to support more children with emerging needs in line with the direction of Government priorities.

### **3 CONSULTATION AND ENGAGEMENT**

- 3.1 An engagement programme with the county's Early Years sector and parents, will follow over the next 18 months, determining the potential options for further support for very young children with emerging needs, as well as their families.
- 3.2 This engagement process could lead to proposals around future Early Years SEN provision in Rutland. However, nothing has been decided yet. Any proposals around current and future arrangements that could result in a change to local services would require formal consultation with parents and families.

### **4 FINANCIAL IMPLICATIONS**

- 4.1 Engagement with Early Years providers and families requires a small budget of £10k to enable meaningful dialogue.
- 4.2 Any future proposed changes would require a costed business rationale.

### **5 LEGAL AND GOVERNANCE CONSIDERATIONS**

- 5.1 A detailed Risks, Actions, and Decisions (RAID) Log is held at Project and Programme level to identify and manage Risks and Issues throughout the programme.

### **6 ALTERNATIVE OPTIONS**

- 6.1 Maintain services as they currently are – this would reduce the likelihood of meeting the intentions set out in the SEND Green Paper and achieving a balanced high needs block budget.

### **7 DATA PROTECTION IMPLICATIONS**

7.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks or issues to the rights and freedoms of natural persons.

## **8 EQUALITY IMPACT ASSESSMENT**

8.1 A full Equality Impact Assessment is not required. The Local Authority has a duty under the Children Act and the SEND Code of Practice to meet the needs of children with additional need or deemed to be children in need.

## **9 COMMUNITY SAFETY IMPLICATIONS**

9.1 There are no community safety implications.

9.2 The LA has a statutory obligation to safeguard vulnerable children at home and in the community, some children with SEND may be supported as Children in Need under Section 17 of the Children Act 1989

## **10 HEALTH AND WELLBEING IMPLICATIONS**

10.1 Families have told us how important ‘wraparound’ support for a family is, especially in the early days of an emerging additional need or confirmation of an SEND diagnosis. Opportunities to provide wider family support for the parents and siblings of a child with SEND through the integrated support available through the new Family Hub arrangements.

## **11 ORGANISATIONAL IMPLICATIONS**

11.1 RCC capacity to support meaningful community engagement.

## **12 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

12.1 Rutland County Council should continue to work with Rutland Schools Forum and Rutland Early Years childcare and learning providers to develop services that best support children in an Early Years environment with emerging Special Educational needs.

12.2 An engagement programme is planned with Early Years sector providers and parents to begin to consider what steps might need to be proposed in the future to best meet children’s needs to ensure they thrive in their communities.

12.3 Following engagement and planning a further Cabinet paper will set out considerations related to future Early Years SEN provision in Rutland and any requirement to consult if changes were to be proposed.

## **13 BACKGROUND PAPERS**

There are no background papers

## **14 APPENDICES**

There are no appendices

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

**CABINET**

15 November 2022

**MID YEAR REPORT ON TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS 2022/23**

**Report of the Strategic Director for Resources**

Strategic Aim:	A modern and effective Council	
Key Decision: No	Forward Plan Reference: FP/160922	
Reason for Urgency:	N/A	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr K Payne, Portfolio Holder for Finance, Governance and Performance, Change and Transformation	
Contact Officer(s):	Saverio Della Rocca, Strategic Director for Resources (s.151 Officer)	01572 758159 sdrocca@rutland.gov.uk
	Andrew Merry, Head of Finance	01572 758152 amerry@rutland.gov.uk
Ward Councillors	Not Applicable	

**DECISION RECOMMENDATIONS**

That Cabinet notes the contents of the report.

**1 PURPOSE OF THE REPORT**

- 1.1 This report updates Members with the progress against the Treasury Management Strategy, prudential indicators and highlights whether any policies require revision.
- 1.2 The underlying purpose of this report supports the objective in the CIPFA Code of Practice on Treasury Management (revised 2017) and the Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance which requires that Members receive reports on and adequately scrutinise the treasury management service.

**2 BACKGROUND AND MAIN CONSIDERATIONS**

- 2.1 The Council’s mid-year treasury report is included in Appendix A. The key points to note for the six months to 30 September 2022 are:

- The Council has invested with institutions as determined by the creditworthiness criteria approved by the Section 151 Officer. Since investments were made, one Council (Thurrock) has been subject to Government intervention due to financial mismanagement. The Council originally invested a total of £7m with Thurrock Council, of which £2m has now been repaid. The Council has received a letter from Thurrock confirming that all debt will be repaid as they have received PWLB support.
- The Council has made an average return on investment of 1.32%. The Council is outperforming its investment income budget by c£730k due to cash holdings being greater than expected and increases in the base rate allowing the Council to take advantage of higher rates.
- The Council's rate of return is lower than the SONIA 6 month rate of 4.13%, which averages out as 2.11% for the year to date. The speed of the base changes has made achieving this target difficult as the Council already had substantial sums invested prior to the increases in rates. However, the Council's short term investment approach, as per Appendix A 3.2.2, has meant that the Council has been able to take advantage of higher rates as investments have matured. The expectation is that the performance gap will be closed as older investments mature and are replaced with those at higher returns;
- One of the credit rating agencies, Moody's, has changed the outlook on the UK Government's ratings from stable to negative because of a perceived heightened unpredictability in policymaking amid weaker growth prospects and high inflation, as well as risks to the UK's debt affordability. This has resulted in a change to the long-term outlook for some UK Banks to "negative" from "stable" (short-term ratings largely remain on stable outlook). Should there be a significant impact on UK banks' credit ratings then a report would be brought to Cabinet requesting an update to the investment counterparty criteria with all or some of the recommendations below:
  - a) Amend the required ratings for Banks and Building Societies from AA-/F1+ (higher quality) and A-/F1 (medium quality);
  - b) Amend the requirements for smaller Building Societies not meeting the criteria above, the investment limit is currently £1m for 6 months; and
  - c) Increase use of foreign banks, currently the limit is 10% of portfolio and minimum sovereign rating AA+.
- The Council has not undertaken any external borrowing in the six months to 30 September 2022. The Council is still below its authorised limit for borrowing of £33m (Appendix A para 2.2.2); and
- No external debt was repaid early as there was not a financial business case to do so. The total premium (i.e. the charge for repaying early) for the Council's debt portfolio is £4.905m (Appendix A para 2.2.6).

### **3 CONSULTATION**

3.1 No formal consultation is required.

### **4 ALTERNATIVE OPTIONS**

4.1 The report is for noting, there are no alternative options.

### **5 FINANCIAL IMPLICATIONS**

5.1 There are no financial implications arising from this report as the report is to note.

### **6 LEGAL AND GOVERNANCE CONSIDERATIONS**

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

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

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken;
- 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 DLUHC 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 Treasury Management Strategy explains how it complies with this legal framework.

### **7 DATA PROTECTION IMPLICATIONS**

7.1 A Data Protection Impact Assessment (DPIA) has not been completed as there are no data protection implications.

## **8 EQUALITY IMPACT ASSESSMENT**

8.1 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.

## **9 COMMUNITY SAFETY IMPLICATIONS**

9.1 There are no community safety implications.

## **10 HEALTH AND WELLBEING IMPLICATIONS**

10.1 There are no health and wellbeing implications.

## **11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

11.1 The report summarises treasury management performance in the year to date and meets the requirements set out in Section 6.

## **12 BACKGROUND PAPERS**

12.1 Statement of Accounts 2021/22

## **13 APPENDICES**

13.1 Appendix A Mid Year Report

13.2 Appendix 2 Link Commentary on the six months to 30 September 2022

13.3 Glossary

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

## Appendix A. Treasury Management Mid-Year Report

### 1 THE CAPITAL PRUDENTIAL INDICATORS 2022/23

#### 1.1 Capital Expenditure

- 1.1.1 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.
- 1.1.2 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 31 August 2022 the Council has approved capital projects totalling £15.509m. The details of this are shown in the Mid-Year Capital Programme Update (Report No:157/2022)
- 1.1.3 The Council's forecast capital expenditure for 2022/23 is £10.464m. The £10.464m will be financed as per the table below. The financing need represents an increase in borrowing requirements, which will be financed by the cash balances the Council is holding and not external borrowing.

	<b>2022/23 Treasury Strategy Estimate*</b>	<b>2022/23 Original Estimate **</b>	<b>2022/23 Revised Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Total projects	249	8,940	10,464
Total ring-fenced grants- unallocated	1,690	0	0
<b>Capital Expenditure</b>	<b>1,939</b>	<b>8,940</b>	<b>10,464</b>
Financed by:			
Capital Receipts	0	29	30
Capital Grants & Contributions	1,939	8,319	9,842
Revenue	0	243	243
<b>Total Financing</b>	<b>1,939</b>	<b>8,591</b>	<b>10,115</b>
<b>Net financing need for the year</b>	<b>0</b>	<b>349</b>	<b>349</b>
Net financing need relating to commercial investments	0	0	0
Percentage of total net financing need	0%	0%	0%

\* The Treasury Management Strategy report was presented to Cabinet on 12 January 2022, before the Capital Programme was approved.

\*\* The 2021/22 Outturn Report 105/2022 updated the Capital Programme with 2022/23 carry forwards and additional capital schemes.

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

- 1.2.1 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.
- 1.2.2 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.
- 1.2.3 The Council's CFR forecast for 2022/23 is shown below. The Council has no commercial activities so has not separately identified the CFR relating to commercial expenditure.

	<b>2021/22 Actual</b>	<b>2022/23 Treasury Strategy Estimate</b>	<b>2022/23 Revised Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£0000</b>
<b>CFR – 1 April</b>	<b>20,038</b>	<b>19,775</b>	<b>19,425</b>
Movement in Year -			
Net financing need for the year (from table at para 1.1.3)	2	0	349
MRP	(615)	(629)	(615)
<b>Total Movement in Year</b>	<b>(613)</b>	<b>(629)</b>	<b>(266)</b>
<b>CFR – 31 March</b>	<b>19,425</b>	<b>19,146</b>	<b>19,159</b>

## **2 BORROWING**

### **2.1 Current borrowing portfolio**

- 2.1.1 No additional borrowing has been undertaken so far in 2022/23.
- 2.1.2 The final repayment instalment on the interest free Salix loan of £420k was made on 1<sup>st</sup> April 2022. The £630k Local Enterprise Partnership interest free loan is due to be repaid on 31<sup>st</sup> March 2023.
- 2.1.3 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.
- 2.1.4 The table below shows the actual external debt against the underlying capital borrowing need (the CFR), highlighting any over or under borrowing. 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. If it does then this could be a sign that the Council has borrowed to fund revenue.



	<b>2021/22 Actual £000</b>	<b>2022/23 TMS Estimate £000</b>	<b>2022/23 Revised Estimate £000</b>	<b>2023/24 Estimate £000</b>	<b>2024/25 Estimate £000</b>
Gross Debt	22,436	21,386	21,386	21,386	21,386
Capital Financing Requirement (CFR)	19,426	19,146	19,159	18,530	17,901
<b>Under / (Over) Borrowing</b>	<b>(3,010)</b>	<b>(2,240)</b>	<b>(2,227)</b>	<b>(2,856)</b>	<b>(3,485)</b>

2.1.5 The Section 151 Officer reports that the Council has not complied with this prudential indicator due to the historic factors and the position has not materialised from borrowing for revenue purposes. Since 2008 when the Council borrowed £4m PWLB for the by-pass, the Council has taken only two loans i) an interest free loan from the Local Enterprise Partnership to contribute to the purchase and renovation of Oakham Enterprise Park (£630k); and ii) a Salix loan at 0% for Street Lighting upgrades (£420k). This borrowing was for capital purposes and not to fund revenue.

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

## **2.2 Treasury Indicators: Limits to Borrowing Activity**

2.2.1 ***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. This is set at £23m. External debt is £21.386m and is within this limit.

2.2.2 ***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 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. This is set at £28m. External debt is £21.386m and is within this limit.

2.2.3 The update to the Prudential Code published in December 2021 requires the adoption of a new liability benchmark indicator being estimated for a minimum of 2 years with a 10-year profile recommended, from 23/24. The liability benchmark is made up of four elements:

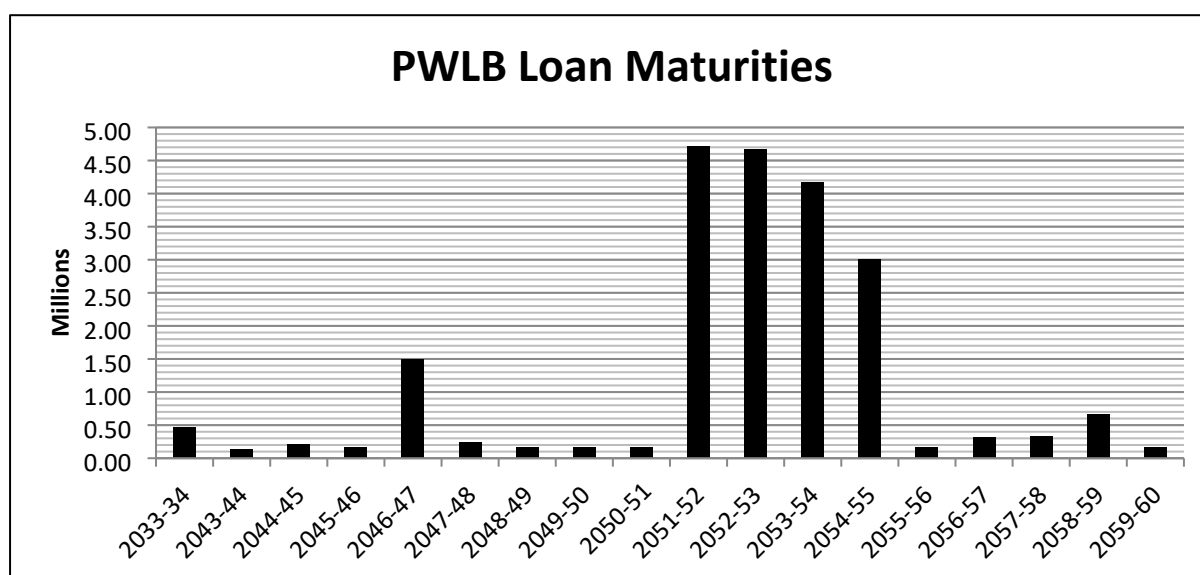
- Existing Loan Debt Outstanding - Total Debt

- Capital Financing Requirement - The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed- Total CFR
- Net Loans Requirement - the Council's loan debt less treasury management investments, projected into the future based on approved borrowing and planned MRP.
- Liability Benchmark - the Council's Net Loans Requirement plus short-term liquidity allowance. The liability benchmark is a measure of how well the existing loans portfolio matches the authority's planned borrowing needs.

2.2.4 The Council now have all the data to implement this prudential indicator and will include it as part of the Treasury Management Strategy for 23/24.

### 2.3 Debt Repayment and rescheduling

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



2.3.2 The latest advice from Link, the Council's Treasury Management Advisors, indicates that the current premium is £4.905m (all debts currently have a premium i.e., there is an additional charge to repay the debt early). This would mean it would cost £4.905m in addition to the £21.386m principal to repay the Council's PWLB loans.

2.3.3 The Council have reviewed the position as the market has been volatile and there has been no business case to repay any loan early when factoring in Principal Repayment, Premium/Discounts and loss on investment income.

## 3 INVESTMENT STRATEGY

### 3.1 Investment overview

3.1.1 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.

3.1.2 During the first half year investments have ranged from £53.841m to £60.129m. The table below shows the level of investments held at 30 September 2022 and the forecast balances to the end of the Financial Year. Cash balances remain relatively high compared to pre-Covid levels and this has been factored into the forecast shown in 3.1.4. Balances are anticipated to fall in the final quarter of 2022/23 mainly because most Council Tax income is paid over 12 months.

	<b>Investments 31-Mar-22</b>	<b>Investments 30-Sep-22</b>	<b>Forecast Investments 31-Mar-23</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
UK Banks ( <i>f</i> )	18,205	26,010	19,000
UK Building Societies ( <i>f</i> )	23,000	23,000	16,000
UK Local Authorities ( <i>f</i> )	13,000	9,000	2,000
<b>Total Fixed Interest Rates (<i>f</i>)</b>	<b>54,205</b>	<b>58,010</b>	<b>37,000</b>
<b>Total Variable Interest Rates (<i>v</i>)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Investments</b>	<b>54,205</b>	<b>58,010</b>	<b>37,000</b>

3.1.3 Most of the Councils investments are made at fixed interest rates over 3 -12 months. For cash flow purposes, some funds are held in instant access accounts.

3.1.4 The revised budget position for investment income is:

	<b>Original Estimate 2022/23</b>	<b>Received to 30-Sep-22</b>	<b>Revised Estimate 2022/23</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Investment Income	188	289	922
Other Interest Received *	12	0	12
<b>Total</b>	<b>200</b>	<b>289</b>	<b>934</b>

\* The Council also receives interest from sources other than investments. A Housing Association has been recharged £12k for the principal and interest of loans that the Council has made to it, the final payment will be in 2051/52.

3.1.5 The Council is outperforming its budget by c£730k due to increases in the Base Rate during 2022. The budget was set when interest rate was 0.25% and Link, our Treasury Advisors, advised 0.25% increases in June and September. The Base Rate has increased to 2.25% in September 2022, with further increases expected in November 2022, December 2022 and March 2023 to a peak of 5%.

## 3.2 Investment Performance

- 3.2.1 The Council's primary investment strategy objectives remain Security, Liquidity then Yield. In addition to these objectives there is a supplementary aim to be ethically responsible in how it invests.
- 3.2.2 During the first 6 months of 2022/23 £7m has been invested in sustainable fixed term deposits, these deposits are with counterparties that meet the Council's counterparty credit criteria. They differ from 'traditional' fixed term deposits as they have an underlying commitment to supporting activities that provide sustainable and environmentally friendly services and products. The investments are referenced against the United Nations Sustainable Development, so funds are put to work addressing some of the world's biggest long-term threats including, but not limited to, climate change, health, financial inclusion and education.
- 3.2.3 During the first 6 months of 2022, a local authority (Thurrock Council), that the Council had £7m invested with, had intervention measures introduced by DLUHC due to concerns about its financial management. Link, our Treasury advisors, score Local Authorities based on credit risk and thus apply a risk score of 1, this is equivalent to government credit quality. One investment of £2m was repaid in October 2022, the remaining £5m invested matures in November 2022 and January 2023. There are no concerns regarding the repayment of these funds. The Council received a letter from Thurrock confirming that all debt will be repaid as they have received PWLB support.
- 3.2.4 The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. An example of a performance indicator often used for the investment treasury function is internal returns above the 6-month SONIA rate (SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors). The Council's monitored performance against the 6-month SONIA rate is shown below.

	<b>2021/22</b>	<b>2022/23 (Q1)</b>	<b>2022/23 (Q2 Cumulative)</b>
RCC Returns (%)	0.38	0.60	1.32
SONIA (%)	0.34	1.98	4.13

- 3.2.5 The Council is underperforming against the 6-month SONIA rate due to fixed rate investments placed that achieved a lower rate of return prior to the base rate increases during 2022. For example, a 6-month investment traded in October 2021 achieved an interest rate of 0.11%. Comparatively, a 5-month investment traded in September 2022 achieved an interest rate of 3.59%. Investments are being held for varying maturity dates up to six months in a laddering approach to investments to capitalise on current rates whilst not locking in long term so the Council can take advantage of future increases.
- 3.2.6 The remaining historical maturities with interest rates of below 0.20% mature in the third quarter of 2022/23 so the Council's average investment return will increase in the future. SONIA has significantly increased in the first 6 months

of the year due to steep increases in the yield curve and drastically changing market conditions.

- 3.2.7 The daily SONIA rate is 2.19% as at 30<sup>th</sup> September 2022. The average for the first 6 months of 2022/23 was 1.35% compared to the Council's rate of return of 1.32%. This is considered to be a more appropriate benchmark in the current market conditions and also reflects the Council's laddering approach to investments and holding some liquid cash to be able to respond to market conditions.

### 3.3 Affordability Prudential Indicators

- 3.3.1 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.

- 3.3.2 **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.

	<b>Original Estimate 2022/23 £000</b>	<b>Forecast Quarter 2 2022/23 £000</b>
Financing Costs		
Capital Financing Costs	1.646	1.646
A	1.646	1.646
Revenue Stream		
Government Grants	5.379	5.743
Retained Business Rates	5.776	3.462
Council Tax	30.000	30.451
B	41.16	39.66
Ratio (A divided by B as a percentage)	4.00%	4.15%

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

## Appendix B. Link Asset Services Commentary on the Economy and Interest Rates

### ECONOMICS UPDATE

- The second quarter of 2022/23 saw:
  - a) GDP revised upwards in Q1 2022/23 to +0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being;
  - b) Signs of economic activity losing momentum as production fell due to rising energy prices;
  - c) CPI inflation increased to 10.1% in September and domestic price pressures show little sign of abating in the near-term;
  - d) The unemployment rate fell to a 48-year low of 3.5% for the 3 months to September, largely due to the continued shortfalls in labour supply;
  - e) Bank Rate rise by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come;
  - f) Gilt yields surge and sterling fall following the “fiscal event” of the new Prime Minister and Chancellor on 23<sup>rd</sup> September.
- There are signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.
- The fall in the composite PMI from 49.6 in August to a 20-month low preliminary reading of 48.4 in September points to a fall in GDP of around 0.2% q/q in Q3 and consumer confidence is at a record low. Retail sales volumes fell by 1.6% m/m in August, which was the ninth fall in 10 months. That left sales volumes in August just 0.5% above their pre-Covid level and 3.3% below their level at the start of the year. There are also signs that households are spending their excess savings in response to high prices. Indeed, cash in households’ bank accounts rose by £3.2bn in August, which was below the £3.9bn rise in July and much smaller than the 2019 average monthly rate of £4.6bn.
- The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.
- CPI inflation increased from 9.9% in August to 10.1% in September, though inflation has not peaked yet. Whilst global inflationary pressures have started to ease, domestically,

the tight labour market and the change in govt policy in relation to the utility price freeze [now due to end in April 2023 rather than October 2024], will likely result in a higher peak (c11%) next April as well as a higher average rate for next year; (Closer to 9% rather than the 6% previously anticipated).

- However, utility price inflation is expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increases to, typically, £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level for two years, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.
- Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.
- During the first half of 2022, there has been a change of both Prime Minister and Chancellor. The new team (Liz Truss and Kwasi Kwarteng) have made a step change in government policy. The government's huge fiscal loosening from its proposed significant tax cuts will add to existing domestic inflationary pressures and will potentially leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze, which could cost up to £150bn (5.7% of GDP) over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27. These included the reversal of April's national insurance tax on 6<sup>th</sup> November, the cut in the basic rate of income tax from 20p to 19p in April 2023, the cancellation of next April's corporation tax rise, the cut to stamp duty and the removal of the 45p tax rate, although the 45p tax rate cut announcement has already been reversed.
- Previous Government policy led to fears that the government had no fiscal anchor on the back of its announcements, resulting in the pound weakening and adding further upward pressure to interest rates. Whilst the pound fell to a record low of \$1.035 on the Monday following the government's "fiscal event", it has since recovered to around \$1.13 since the 'reversal' of the 'mini-budget'. It is still anticipated that the Bank of England will deliver a very big rise in interest rates at the policy meeting on 3<sup>rd</sup> November. Nevertheless, with concerns over a global recession growing, there are downside risks to the pound.
- The MPC has now increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the Global Financial Crisis. Even so, coming after the Fed and ECB raised rates by 75 basis points (bps) in their most recent meetings, the Bank of England's latest 50 basis points hike looks relatively dovish. However, the UK's status as a large importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.
- We expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023. The combination of the tight labour market and sticky inflation expectations means we expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%). Market expectations for what the MPC will do are volatile. If Bank

Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak in our forecast is lower than the peak of 5.50% - 5.75% priced into the financial markets at present.

- Throughout 2022/23, gilt yields have been on an upward trend. They were initially caught up in the global surge in bond yields triggered by the surprisingly strong rise in CPI inflation in the US in May. The rises in two-year gilt yields (to a peak of 2.37% on 21<sup>st</sup> June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014 respectively. However, the upward trend was exceptionally sharply at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31<sup>st</sup> October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14<sup>th</sup> October. In other words, the Bank is restarting QE, although for financial stability reasons rather than monetary policy reasons.
- Since the Bank's announcement on 28th September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%.
- There is a possibility that the Bank continues with QE at the long-end beyond 14th October or it decides to delay quantitative tightening beyond 31st October, even as it raises interest rates. So far at least, investors seem to have taken the Bank at its word that this is not a change in the direction of monetary policy nor a step towards monetary financing of the government's deficit. But instead, that it is a temporary intervention with financial stability in mind.
- After a shaky start to the year, the S&P 500 and FTSE 100 climbed in the first half of Q2 2022/23 before falling to their lowest levels since November 2020 and July 2021 respectively. The S&P 500 is 7.2% below its level at the start of the quarter, whilst the FTSE 100 is 5.2% below it as the fall in the pound has boosted the value of overseas earnings in the index. The decline has, in part, been driven by the rise in global real yields and the resulting downward pressure on equity valuations as well as concerns over economic growth leading to a deterioration in investor risk appetite.

## Appendix C: Treasury Management Glossary of Terms

<b>Authorised Limit (Also known as the Affordable Limit):</b>
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A statutory limit that sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities).

**Balances and Reserves:**

Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.

**Bank Rate:**

The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'.

**Basis Point:**

A unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent). In most cases, it refers to changes in interest rates and bond yields. For example, if interest rates rise by 25 basis points, it means that rates have risen by 0.25% percentage points. If rates were at 2.50%, and rose by 0.25%, or 25 basis points, the new interest rate would be 2.75%.

**Bond:**

A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.

**Capital Expenditure:**

Expenditure on the acquisition, creation or enhancement of capital assets.

**Capital Financing Requirement (CFR):**

The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.

**Capital Receipts:**

Money obtained on the sale of a capital asset.

**Credit Rating:**

Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.

**Counterparty List:**

List of approved financial institutions with which the Council can place investments with.

**Debt Management Office (DMO):**

The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the DMADF. All deposits are guaranteed by HM Government and therefore have the equivalent of a sovereign triple-A credit rating.

**Gilts:**

Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged'. Being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.

**LIBID:**

The London Interbank Bid Rate (LIBID) is the rate bid by banks on Eurocurrency deposits (i.e. the rate at which a bank is willing to borrow from other banks).

**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.

**Voluntary Revenue Provision (VRP):**

An additional contribution over and above the MRP that the Council can choose to make to reduce the CFR which in turn will reduce the MRP for future years.

**Non Specified Investment:**

Investments which fall outside the MHCLG 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 (PWL B):**

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).

**Sterling Overnight Index Average (SONIA):**

The risk-free rate for sterling markets administered by the Bank of England. SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

**Specified Investments:**

Term used in the MHCLG 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.

## CABINET

15 November 2022

### GREEN WASTE CHARGES FOR 2023/24

**Report of the Portfolio Holder for Communities, Environment and Climate Change**

Strategic Aim:	Customer Focused Services	
Key Decision: Yes	Forward Plan Reference: FP/141022	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr Marc Oxley , Portfolio Holder for Communities, Environment and Climate Change	
Contact Officer(s):	Penny Sharp	psharp@rutland.gov.uk
	Angie Culleton / Emily Frikha	aculleton@rutland.gov.uk efrikha@rutland.gov.uk
Ward Councillors	All	

#### DECISION RECOMMENDATIONS

That Cabinet:

1. Approves the proposed annual charge of £50 per bin for the 2023/24 financial year.
2. Authorises the Director for Resources, in consultation with the Cabinet Member with portfolio for Environment and climate change, to revise as necessary the terms and conditions associated with the implemented chargeable service for the kerbside collection of green waste.

#### 1. PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to request approval of revised charges for Green Waste collections in 2023/24 and outlines proposals to set the annual charge per bin at £50 per bin for online subscriptions. An alternative option to retain differential charging to account for the additional support costs if paying by telephone or cheque is also considered.
- 1.2 The report seeks authorisation for the Director for Resources, in consultation with the Cabinet Member with portfolio for Environment and climate change, to revise as necessary the terms and conditions associated with the implemented chargeable service for the kerbside collection of green waste.

## 2. BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 Green Waste charges were introduced in 2018/19 to ensure that the Council was able to recover the costs of providing the opt in collection service to residents.
- 2.2 Between 2018/19 and 2020/21 the annual fee was set at £35 per subscription. In 2021/22 this increased to £40. There is a discount of 25% available to households in receipt of Local Council Tax Support. This has applied across all years of the scheme
- 2.3 At the meeting of 18<sup>th</sup> May 2021, Cabinet considered proposals for budget savings and set principles to follow in making those proposals. Full recovery of costs aligns with those agreed principles of charging for services where we can and green waste charges were proposed at savings reference PLA-017.
- 2.4 Subsequently, Cabinet made the decision on Fees and Charges at its meeting of 28th February 2021 when differential charging was introduced in recognition of the additional cost attributable to phone and in person applications.
- 2.5 To reflect the increase in costs of collection following the contract extension with Biffa the cost per subscription was also raised to £45 for online subscriptions and £48 for phone subscriptions in 2022/23. The increased charge reflects the cost of inflation and additional contract costs for 22/23. The additional charge for phone subscriptions covered the additional support costs incurred for phone transaction and encourage online registration.
- 2.6 The following table 1 provides an overview since the beginning of the scheme in 2018/19:

**Table 1**

<b>Year</b>	<b>Number of subscriptions</b>	<b>Charge made to customers</b>
2018/19	11,835	£35
2019/20	12,126	£35
2020/21	12,818	£35
2021/22	13,264	£40
2022/23 (to date)	12,983	£45 -online and Direct Debit payment £48 – telephone and cheque payments

(\*no agency staff were used in 2020/21 due to Covid. From 2021/22 onwards a sum has been paid to Customer Services for them to provide the service)

## 3. CURRENT SUBSCRIPTION CHARGE BREAKDOWN & BENCHMARKING

- 3.1 Table 2 shows the breakdown of current budgeted expenditure for green waste collections and demonstrates that the current level of charge for 2022/23 of £45 for online subscriptions (and £48 for telephone and cheque subscriptions) enables the Council to recover costs of providing the collection service.

**Table 2: 2022/23 budget**

Operational Costs	£459,700
Directorate Management Costs	£43,400
Corporate Support Costs	£80,000
<b>Total Expenditure</b>	<b>£583,100.00</b>
<b>Current number of subscriptions (October 2022)</b>	<b>12983</b>
<b>Cost per bin (no. of subs divided by the total cost)</b>	<b>£44.91</b>

3.2 The Directorate Management costs relates to the allocation of staffing within Places and Environmental Services for green waste collection services. Corporate costs is an allocation from Council support services including staffing and property costs. This figure is allocated as per Government Revenue Outturn Returns.

3.3 On comparison with Rutland's Experian Mosaic near neighbours, our current level of charge puts Rutland at the lower end of the charging scale with similar local authorities providing the service. The lowest charge being made is set at £42 per subscription in South Northamptonshire, Stratford-upon Avon and Daventry and the highest being Melton at nearly £85 per bin via Biffa Green Waste Club. Some of our nearest neighbours such as Maldon, charge a one-off fee to cover the cost of the bin, in addition to a similar annual subscription fee. Details of green waste charges in place for 2022/23 for Rutland Experian Mosaic near neighbours are shown in Appendix A.

#### **4. 2023/24 SUBSCRIPTION CHARGES**

4.1 The increase in cost is in line with additional inflation costs and no other additional expenditure is anticipated. Providing that subscription numbers remain at similar levels to this year, the Council should be in a position to recover costs of the collection service provision. The increase in subscription charge, however, in conjunction with the current cost of living crisis could lead to a drop in subscription numbers as this is an opt-in service. This would mean that that the subscription cost would need to be higher to fully recover costs of the service provision.

4.2 Demand is also often dependent on weather and growing conditions. This year the weather has been particularly dry meaning that green waste tonnages have reduced. This is likely to have had an impact on subscription numbers.

4.3 Based on current inflation of 10% on total expenditure for 2023/24, the impact of a reduction in subscription numbers (by 5% and 10%) has been modelled and compared with subscription numbers remaining stable, as shown in table 3 below.

4.4 It is proposed to set a flat charge at £50 per bin assuming that there will be similar numbers of subscriptions in 2023/24 with similar numbers making online payments.

**Table 3, 2023/24 budget: Showing impact of variation in number of subscriptions**

	<b>current subscription numbers</b>	<b>5% reduction in subscriptions</b>	<b>10% reduction in subscriptions</b>
Operational Costs	£505,670	£505,670	£505,670
Directorate Management costs	£47,740	£47,740	£47,740
Corporate Support costs	£88,000	£88,000	£88,000
	<b>£641,410.00</b>	<b>£641,410.00</b>	<b>£641,410.00</b>
<b>Predicted number of subscriptions</b>	12983	12334	11543
<b>Cost per bin (no. of subs divided by the total cost)</b>	£49.40	£52.00	£54.89

## 5. CONSULTATION

5.1 The above recommendations have not been subject to public consultation.

5.2 There is no statutory duty to consult and that the council can demonstrate it has exercised fairness because:

- a. It is an optional service
- b. Alternative options for green waste disposal are available
- c. The proposed fee is reasonable and proportionate
- d. Residents on Local Council Tax Support are entitled to a 25% discount

## 6. ALTERNATIVE OPTIONS

6.1 An alternative to the proposed fee, in light of the current cost of living crisis, would be to freeze charges at £45 (£48 for telephone and cheque payments) for 2023/24 and implement the increased charge of £50 from 2024/25.

6.2 Another alternative option is to retain the differential in charging to reflect the additional cost of processing telephone or cheque payments and approve an annual charge of £50 per bin for online subscriptions and £53 if paying by telephone or cheque for the 2023/24 financial year.

6.3 The council could also impose a higher fee to off-set the risk of not fully recovering costs of the service if subscriptions were to fall next year.

## 7. FINANCIAL IMPLICATIONS

7.1 With the proposed charge of £50 per subscription, and subscription numbers remaining stable, the Council expects to recover the majority of costs associated with providing the collection service.

7.2 If subscription numbers were to reduce, there is a risk that costs may not be fully



recovered without further increasing the subscription charge to £55.

## **8. LEGAL AND GOVERNANCE CONSIDERATIONS**

8.1 Section 45(3) of the Environmental Protection Act 1990 states 'no charge shall be made for collection of household waste except in cases prescribed in regulations made by the Secretary of State'. Section 4 of Schedule 1 of the Controlled Waste (England and Wales) Regulations 2012 states that charges may be made for collection of garden waste (also referred to as green waste). This was therefore the legal basis for the introduction of charging.

8.2 Section 45(3) of the Environmental Protection Act 1990 also states that the authority may recover a reasonable charge for the collection of waste from the person who made the request. The Council has therefore set annual charges with the intention of recovering associated operation contract costs, overheads and administration costs, with the exception of disposal costs which as per the legislation, are not recoverable. The Council cannot profit from charging for the collection service

## **9. DATA PROTECTION IMPLICATIONS**

9.1 A Data Protection Impact Assessments (DPIA) has been completed. No adverse or other significant risks/issues were found. A copy of the DPIA can be obtained from Emily Frikha -efrikha@rutland.gov.uk

## **10. EQUALITY IMPACT ASSESSMENT**

10.1 No adverse impacts have been identified.

10.2 A 25% discount will continue to be available to residents in receipt of Local Council Tax Support.

## **11. COMMUNITY SAFETY IMPLICATIONS**

11.1 There are no Community Safety implications from the above recommendations.

## **12. HEALTH AND WELLBEING IMPLICATIONS**

12.1 There are no health and wellbeing implications from the above recommendations.

## **13. ORGANISATIONAL IMPLICATIONS**

13.1 Environmental implications

13.2 The above recommendations will protect the valued but non-statutory service of green waste collections. The collection of green waste positively contributes to the Council recycling rate and diverts green waste from disposal.

## **14. CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

14.1 The proposed charge of £50 per subscription for 2023/24 is reasonable and proportional in light of current inflationary pressures.

14.2 It is recommended that the flat charge of £50 per subscription is approved for 2023/24.

**15. BACKGROUND PAPERS**

15.1 There are no additional background papers to the report.

**16. APPENDICES**

16.1 Appendix A: Comparison of Rutland Green Waste Charges with Rutland's Experian Mosaic near neighbours

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

Appendix A: Table showing comparison of Rutland Green Waste Charges with Rutland's Experiian Mosaic near neighbours

<b>Local Authority</b>	<b>Cost per subscription</b>	<b>Variations</b>	<b>Discount</b>
<b>South Northamptonshire (West Northants Council)</b>	£42 per sub	None	None
<b>Stratford-on-Avon</b>	£42 per sub	None	None
<b>Daventry</b>	£42 per subscription	None	None
<b>Rutland</b>	£45 online	£48 by cheque or over the phone	25% discount if in receipt of Local Council Tax Support
<b>South Cambridgeshire</b>	Households are entitled to one free green bin for mixed green waste and food.	The additional green bin charge is £45 per bin per year.	None
<b>Uttlesford</b>	£46 per subscription	Residents must purchase the bin (£23.63 per bin) in addition to the annual subscription charge.	25% discount if in receipt of Local Council Tax Support
<b>Maldon</b>	£50 per sub	Residents must purchase the bin (£28 per bin) in addition to the annual subscription charge.	None
<b>Wychavon</b>	£51	None	Disabled residents on income support can receive discounted green waste sacks at £1.45 each.
<b>Harborough</b>	£55	None	None

<b>East Hampshire</b>	£74 annual 'bin licence' £49 annual 'sack licence'	£39 to purchase a 140l green bin £44 to purchase a 240l green bin £8 to purchase a sack	None
<b>Melton</b>	£84.96 via Biffa Green Waste Club	Can pay by monthly DD at £7.08 a month £12 bin removal fee if subscription is cancelled	None

**CABINET**

15 November 2022

**HIGHWAYS CONTRACT – PROCUREMENT**

**Report of the Portfolio Holder for Planning, Highways and Transport**

Strategic Aim:	A special place	
Key Decision: Yes	Forward Plan Reference: FP/020922	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr R Powell, Deputy Leader and Portfolio Holder for Planning, Highways and Transport	
Contact Officer(s):	Penny Sharp, Strategic Director for Places	01572 758160 psharp@rutland.gov.uk
	Andrew Tatt, Principal Highways Manager	atatt@rutland.gov.uk
Ward Councillors	N/A	

**DECISION RECOMMENDATIONS**

That Cabinet:

1. Approves the re- procurement of the Highways Term Maintenance Contract (HTMC).
2. Delegates authority to the Director – Places in consultation with the Portfolio for Planning, Highways and Transport to award the contract to the highest scoring bidder following evaluation of tenders.

**1. PURPOSE OF THE REPORT**

- 1.1 The purpose of the report is to obtain approval for the re-procurement of the Highways Term Maintenance Contract (HTMC) and to award the contract following tender evaluation.
- 1.2 The report outlines the scope of the new HTMC and provides the key dates for the re-procurement exercise. It also sets out the objectives to be achieved during the procurement and the partnership approach being taken on the provision of services

## **2. BACKGROUND AND MAIN CONSIDERATIONS**

- 2.1 The current HTMC with our provider Tarmac had maximised its tendered extensions to 30th November 2023. It was further extended upon reliance of Regulation 72 (1)(b) of the Public Contract Regulations 2015 of the Council by an additional six (6) months from 1st December 2023 until 31st May 2024, to ensure service continuity during the commissioning period of the new Rutland County Council HTMC. This particularly applied to Winter Service (gritting) provision where it has been identified as high risk to change contracts within this period
- 2.2 The further six-month extension was permitted given the intention to procure a new contract and to ensure service continuity, particularly during the winter service period.
- 2.3 It is proposed that the new HTMC will commence on the 1st June 2024 and run for a period of ten (10) years to 31st May 2034 with a further option of two (2) x five (5) year extendable terms if performance is met to a suite of Key Performance Indicators (KPIs). A table of example KPIs is shown at Appendix A.
- 2.4 A comprehensive Soft Market Testing exercise with the industry was undertaken in March 2022, which has helped to develop the contract and to raise awareness of the market of the intention to tender the service.
- 2.5 The scope of the new Highway Term Maintenance Contract includes the following activities:
- Construction.
  - Highways maintenance including maintenance work for bridges.
  - Traffic control, street lighting and street furniture provision and maintenance.
  - Gully cleansing and emptying.
  - Drainage works including verge grip cutting. Pothole and patching reinstatements.
  - Resurfacing and reconstruction.
  - Carriageway surface treatments.
  - Footway surface treatments.
  - High friction surfacing.
  - Recycling.
  - Footway/Cycleways.

- Drainage including jetting.
- Road markings and studs.
- Signage.
- Safety Barriers – vehicular and pedestrian.
- Street Lighting including illuminated signs and bollards.
- Street Furniture including bollards.
- Capital Highway Schemes.
- Cyclical – Sign and gully cleansing.
- Structures – Bridges and culverts.
- Public Rights of Way.
- Winter maintenance services, including provision of gritting vehicles.

2.6 The procurement **key dates** are set out in Table 1 below:-

Industry Day	December 2022
Issue Standard Selection Questionnaire (SSQ) – an initial qualification check to ensure bidders meet minimum requirements	January 2023
Issue Tender	April 2023
Tender Evaluation	July 2023
Award Contract	December 2023
Mobilisation 6 month period (this is the period for contract transfer including TUPE transfer of any staff)	December 2023 to May 2024
Contract Go-Live	1st June 2024

### **3. PROJECT OBJECTIVES**

3.1 The re-procurement of the new Highways Term Maintenance Project is underpinned by the following project objectives:

- Development/exploration of the most appropriate contract delivery model – a single provider model as currently operated will be adopted.
- Potential income generation.
- Alignment with the Highways Asset Management Strategy.
- Flexibility within the contract – interdependencies with other service areas.
- Provision of a Depot - could be part of a development with Environmental services.
- Innovation.
- Environmental – carbon reduction.
- Maximise benefits to the local economy.

### **4. PARTNERSHIP APPROACH OF WORKING WITH THE SUPPLIER.**

4.1 The value of partnership working has been recognised in the current contract arrangements. Working with a key supplier with the support of specialist supply chain partners has brought expertise, innovation and resources as well as social value to the local community.

4.2 The new Highways Term Maintenance Contract (HTMC) will build on this partnership approach to further explore innovation and bring efficiencies as well as being best placed to effect carbon reductions in both vehicle fleet and materials used.

### **5 TENDER EVALUATION AND CONTRACT AWARD**

5.1 It is proposed that the HTMC evaluation criteria ratio is set at Price 50% with Quality 40% and Social Value 10%.

5.2 External technical support is in place to support the evaluation process and will also include senior Council highway officers and experienced external expertise.



- 5.3 It is recommended that authority is delegated to the Strategic Director – Places in consultation with Portfolio Holder for Planning, Highways and Transport to award the contract in an efficient and timely manner. The contract will be awarded to the highest scoring bidder following a robust evaluation of all submitted tenders in line with the agreed evaluation criteria.
- 5.4 Robust steps will be taken to ensure that the contract award process demonstrates that due diligence is undertaken and the contract is signed in line with the Council’s Contract Procedure Rules and our constitution. Key dates for the Contract award process are outlined in Table 2 below;

.Table 2

Issue Tender	April 2023
Tender Evaluation	June 2023
Governance <ul style="list-style-type: none"> <li>• Scrutiny</li> <li>• Cabinet</li> <li>• Full Council</li> </ul>	August 2023 September 2023 October 2023
Standstill period	November 2023
Award contract	December 2023
Mobilisation	December 2023 to May 2024
Joint Training	May 2024
Contract Go Live	1 <sup>st</sup> June 2024

## CONSULTATION

- 4.3 The value of the contract exceeds the relevant UK Procurement threshold, so Welland Procurement have provided advice on the procurement prior to any procurement activity.
- 4.4 The Highway Term Maintenance Contract procurement is overseen by a Project Board that includes the Portfolio Holder for Planning, Highways and Transport, Portfolio Holder for Resources, the Director of Resources (s151 Officer) and Welland Procurement.
- 4.5 The Project Board has been key to properly brief the Director of Places and portfolio holders for finance and highways and to shape and direct development of the procurement exercise.

- 4.6 The Project Initiation Document, sets out the detail of the procurement and this was considered by Cabinet in March 2021. This has allowed sufficient time to ensure that comments and feedback could be taken into consideration in the design of the procurement.
- 4.7 The Highways Term Maintenance Contract (HTMC) supports the Council to undertake its statutory duties as a highway authority. The HTMC allows the Council to programme and undertake works prioritised from highways asset condition surveys and inspections under a risk-based approach. To ensure the highway network is kept safe and maintained in a sustainable manner.
- 4.8 Consultation has been undertaken with the market through a comprehensive soft market testing exercise undertaken in March 2022.
- 4.9 Public consultation was undertaken on the Highways Asset Management Strategy 2021-2026 which sets the framework for the HTMC delivery.

## **5. ALTERNATIVE OPTIONS**

- 5.1 An alternative option would be not to reprocur the HTMC. This was discounted as it would break procurement rules and leave the authority exposed to legal challenge and would not allow us to carry our statutory function as Highway Authority.
- 5.2 Another option would be to set up a Direct Labour Organisation (DLO) to insource the service and directly deliver highway works. This was discounted as Rutland County Council is a small authority with limited capacity and this would not give us the breadth of expertise and resilience required to deliver the service effectively.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 The contract value is anticipated to be in the region of £3.5 million a year for an initial term of 10 years (circa £35million in total for the initial term).
- 6.2 The proposed new contract will be subject to Contract's standard annual price fluctuation clause. This enables prices to go both down as well as up.
- 6.3 The actual cost of the contract pricing will not be known until tenders are received and evaluation taken place. Ultimately work ordered through the contract will need to align with available budgets so if costs increase then less work will be carried out on the network.
- 6.4 The tender evaluation criteria, gives contract price a ratio of 50%.
- 6.5 Given the current economic climate, inflation will impact an operational costs of work undertaken in the contract. The Highways Capital Grant available will be spent in full, however, the work programme may need to flex to accommodate the additional costs
- 6.6 Maintenance work delivered within revenue costs are also impacted by the current economic climate and inflation and therefore the revenue spend may

also need to flex to accommodate the additional costs.

## **7. LEGAL AND GOVERNANCE CONSIDERATIONS**

- 7.1 The Council has a statutory duty under Section 41 of the Highways Act 1980, to maintain the Highway in such a state as to be safe and fit for the ordinary traffic that may reasonably be expected to use it. The Highways Term Maintenance Contract is the vehicle that allows us to fulfil our statutory duty as highway authority and also meets the strategic aims of “delivering sustainable development.”
- 7.2 Internal and external legal advice from Weightmans has been sought and followed in developing the specification and contract documents.

## **8. DATA PROTECTION IMPLICATIONS**

- 8.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons.

## **9. EQUALITY IMPACT ASSESSMENT**

- 9.1 An Equality Impact Assessment screening has not been undertaken as there are no adverse effects due to this policy.

## **10. COMMUNITY SAFETY IMPLICATIONS**

- 10.1 The HTMC will allow the authority to deliver safe, sustainable, good and well maintained highways and contributes towards road safety.

## **11. HEALTH AND WELLBEING IMPLICATIONS**

- 11.1 The HTMC will allow the authority to deliver safe, sustainable, good and well maintained highways and contributes towards road safety.

## **12. ORGANISATIONAL IMPLICATIONS**

- 12.1 Environmental implications.
- 12.2 The new HTMC will explore and implement the use of materials where practicable, which optimises the use of carbon reduction measures and will reduce emissions if possible, while ensuring a functional and cost-effective balance is maintained. Environmental best practice will be implemented where practicable throughout the contract.
- 12.3 Procurement Implications
- 12.4 The HTMC is being procured in line with Public Contract Regulations 2015 and will be a competitive open procurement based on the New Engineering and Construction (NEC) 4 Contract Terms. This contract type is industry best practice and is widely used for highway term maintenance contracts. The existing highways contract uses NEC 3 Terms which has

now been refined to NEC 4, which supports the drive for further collaboration and integration with greater use of modern methods and better avoidance of disputes. The procurement process is being managed by Welland Procurement and will be conducted on-line via the Pro-Contract e-tendering portal.

### **13. CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

- 13.1 It is recommended to approve the procurement of the Highways Term Maintenance Contract (HTMC) for the future maintenance of the carriageway, footways, public rights of way, bridges and drainage assets using a risk-based approach. Additionally, the new contract will deliver the highways maintenance capital and Integrated transport programmes to provide investment in carriageways, much needed investment in footways and highways drainage and road safety. Approval will allow the Council to fulfil its statutory duties with regard to highway maintenance and road safety.

### **14. BACKGROUND PAPERS**

- 14.1 There are no background papers to the report.

### **15. APPENDICES**

- 15.1 Appendix A – Example of KPIs  
15.2 Appendix B – Milestones  
15.3 Appendix C – Project Initiation Document

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

## Appendix A – Example of KPIs

KPI 1 Response Times = Emergency
KPI 2 Response Times = Up to seven days
KPI 3 Response Times = No. of 7 day tickets completed within 6 days
KPI 4 Response Times = Up to 3 Months
KPI 5 Response Times = No. of 3 month tickets completed within 70 days
KPI 6 Response Times = Up to 6 months
KPI 7 Response Times - 3 = Up to 1 year
KPI 8 Remedial Response Times = Emergency
KPI 9 Remedial Response Times = Up to 7 Days
KPI 10 Response Times = Up to 3 months
KPI 11 Response Times - 5 = Up to 6 Months
KPI 12 Response Times - 6 = Up to 1 Year
KPI 13 Client Ticket Accuracy
KPI 14 Defect Occurrences
KPI 15 Calls
KPI 16 Spend Profile
KPI 17 Target Price Accuracy
KPI 18 Health & Safety
KPI 19 Health & Safety
KPI 20 Health & Safety
KPI 21 Sustainability
KPI 22 Winter Maintenance
KPI 23 Savings
KPI 24 Savings
KPI 25 Training

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## Highways Services Procurement - Project Milestones Plan (14/10/22)

Ref	an R	Milestones	Start dates	End dates
Pre-Procurement				
M0		Contract Extension		
M0.1		Agree with Tarmac	07-Jun	18-Jun
M0.2		Governance		
M0.2.1		Produce Report	05-Jul	30-Jul
M0.2.2		SMT Review	12-Aug	12-Aug
M0.2.3		Cabinet Briefing	31-Aug	31-Aug
M0.2.4		Cabinet	21-Sep	21-Sep
M0.2.5		Council	11-Oct	11-Oct
M1		Lessons Learned & Opportunities	Apr-21	Jun-21
M2		Highways Strategy (draft)	May-21	Jul-21
M3		Highways Strategy Review - Governance ( <b>Gateway</b> )		
M3.1		Produce Report	28-Jun	09-Jul
M3.2		SMT Review	15-Jul	15-Jul
M3.3		Informal Meeting with Scruti	02-Aug	02-Aug
M3.4		Cabinet Briefing	03-Aug	03-Aug
M3.5		Cabinet	24-Aug	24-Aug
M3.6		Scrutiny	16-Sep	16-Sep
M4		Highways Strategy Consultation		
M4.1		Finalise Strategy Summary	06-Aug	20-Aug
M4.2		Develop Consultation Design	23-Aug	06-Sep
M4.3		Project Board	07-Sep	07-Sep
M4.4		Consultation Period	22-Sep	17-Oct
M5		Highways Strategy Sign Off - Governance ( <b>Gateway</b> )		
M5.1		Produce Cabinet Report	11-Oct	17-Oct
M5.2		Project Board Review	12-Oct	12-Oct
M5.3		SMT Review	27-Oct	27-Oct
M5.4		Cabinet Briefing	02-Nov	02-Nov
M5.5		Scrutiny	09-Nov	09-Nov
M5.6		Cabinet	16-Nov	16-Nov
M6		Decision Meetings		
M6.1		Contract Main & Secondary Clauses		
M6.1.1		Overview, Basic Detail:	23-Jul	23-Jul
M6.1.2		Incentives & Performa	06-Aug	06-Aug
M6.1.3		Tender Assessment Pri	20-Aug	20-Aug
M6.1.4		Tender Assessment Qu	03-Sep	03-Sep
M6.1.5		Contract Clauses & Z C	17-Sep	17-Sep
M6.1.6		Collaboration / Partne	01-Oct	01-Oct
M6.1.7		Contract Clauses & Z Clauses II		
M6.1.7.1		Develop	14-Oct	14-Oct
M6.1.7.2		Finalise & /	01-Feb	15-Feb
M6.1.7.3		Legal Over	21-Mar	25-Mar
M6.1.8		Soft Market Testing		
M6.1.8.1		Develop Qi	13-Sep	08-Oct
M6.1.8.2		Approve Qi	12-Oct	12-Oct
M6.1.8.3		Develop PI	11-Oct	12-Oct
M6.1.8.4		Publish PIN	13-Oct	19-Nov

M6.1.8.5	Clarification	13-Oct	20-Oct
M6.1.8.6	Collate Res	05-Nov	19-Nov
M6.1.8.7	Select Prov	22-Nov	26-Nov
M6.1.8.8	Review Out	16-Dec	16-Dec
M6.1.8.9	Close SMT	24-Jan	28-Jan
M6.1.8.10	Agree Outp	15-Mar	15-Mar
M6.2	Multi-Party Collaboration		
M6.2.1	Develop Principles	01-Jul	25-Feb
M6.2.2	Agree Principles with F	15-Mar	15-Mar
M6.2.3	Update Procurement L	14-Mar	31-May
M6.3	Incentivisation		
M6.3.1	Develop Solution	01-Feb-22	11-Nov-22
M6.3.2	Finalise & Agree	11-Nov-22	11-Nov-22
M6.4	Standard Selection Question	Oct-21	Feb-22
M6.5	Quality (inc. Evaluation)	01-Feb-22	24-May-22
M6.6	Cost Models	01-Aug-21	24-May-22
M7	Develop Specification		
M7.3	Standard Selection Question	01-Jan-22	24-May-22
M7.1	Contract (Overview & Data p	01-Mar-22	30-Jun-22
M7.8	TUPE Info	20-May-22	31-Aug-22
M7.4	Cost Models	01-May-22	31-Aug-22
M7.2	Invitation to Tender (ITT)	01-Mar-22	18-Sep-22
M7.5	Cost Models (RCC)	01-Jan-22	30-Sep-22
M7.7	Partnering	01-Jan-22	11-Nov-22
M7.6	Scope	01-Jan-22	11-Nov-22
M7.9	Compile Documents	14-Nov-22	30-Nov-22
M7.10	External Legal Review	01-Dec-22	16-Dec-22
M7.11	Governance Sign Off ( <b>Gateway</b> )		
M7.11.1	Project Board	27-Sep-22	27-Sep-22
M7.11.2	CLT	28-Sep-22	28-Sep-22
M7.11.3	Scrutiny	13-Oct-22	13-Oct-22
M7.11.4	Cabinet Approval	15-Nov-22	15-Nov-22
Procurement			
M8	Issue (Industry Day) Pin	23-Nov-22	23-Nov-22
M9	Contractor Interest Day (Industry	15-Dec-22	15-Dec-22
M10	Issue (Procurement) Pin	Dec-22	Dec-22
M11	Industry Day	-	-
M12	Issue Docs		
M12.1	Issue SSQ + Contract Notice	19-Dec-22	06-Jan-23
M12.2	Deadline for Evaluate SSQ	05-Feb-23	05-Feb-23
M13	Evaluate SSQ	Feb-23	Mar-23
M14	Issue Tender	Apr-23	Jun-23
M15	Evaluate Tender		
M15.1	Decision on Highways System	Jun-23	Jun-23
M15.2	Tender Evaluation Process	Jun-23	Jul-23
M17	Governance ( <b>Gateway</b> )		
M17.1	Produce Cabinet Report	Jul-23	Aug-23
M17.2	Scrutiny	Aug-23	Aug-23
M17.3	Cabinet Briefing	Aug-23	Aug-23
M17.4	Cabinet Approval	Sep-23	Sep-23



M17.5	Council Approval	Oct-23	Oct-23
M18	Standstill	Nov-23	Nov-23
M16	Award Contract	Dec-23	Dec-23
Mobilisation/Decommission			
M19	Mobilisation	Dec-23	May-24
M20	Joint Training	May-24	May-24
M21	New Contracts Go-live	Jun-24	Jun-24

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**Rutland**  
County Council

Rutland County Council

**Highways Contract**

**Project Initiation Document (PID)**

Document Owner:	Andy Tatt Rutland County Council
Author:	Andy Tatt
Version:	V1.00
Date:	Feb 2021
Classification	NOT PROTECTIVELY MARKED

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**Document Control, Approval and Distribution**

**Version Control**

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This document should be updated with any amendments:

Version	Date	Notes
V0.01	Feb 2021	Draft Document Created for Project Board Review
V0.02	Feb 2021	Comments from Project Board
V1.00	Feb 2021	Approved by Cabinet

**Document Approval**

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This document requires the following approvals:

Sponsor Approval	Name	Date
Sponsor		
Project Board		

**Document Distribution**

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This document will be distributed to:

Name	Method	Date
Project Team, Project Board		

**Project Details**

<b>Project</b>	<b>Highways Contract</b>
<b>Background</b>	<p>The intention is to undertake a procurement exercise for the delivery of Highways function in Rutland. The new service delivery elements would commence on 01/12/2023.</p> <p>The current Highways Maintenance Term Contract is a 5 year + 5 annual extensions, which commenced on 01/12/2013 to the 30/11/2018. There have been from 01/12/2018 to date further annual extensions, taking us to 31/11/23, based on meeting a suite of Key Performance Indicator (KPI)`s until the maximum allowable contract term is reached on 30/11/2023. This contract was procured through the Midlands Highways Alliance (MHA) Framework.</p> <p>The contract encompasses a wide range of Highway Maintenance Functions including:</p> <ul style="list-style-type: none"> <li>• Pothole and patching reinstatements.</li> <li>• Resurfacing and reconstruction.</li> <li>• Surface treatments.</li> <li>• Footway slurry seal.</li> <li>• High friction surfacing.</li> <li>• Recycling.</li> <li>• Footway/Cycleway`s.</li> <li>• Drainage including jetting.</li> <li>• Structures – Bridges and culverts.</li> <li>• Public Rights of Way.</li> <li>• Road markings and studs.</li> <li>• Signage.</li> <li>• Winter Service – Gritting and snow clearance.</li> <li>• Safety Barriers – vehicular and pedestrian.</li> <li>• Street Lighting inc illuminated signs and bollards.</li> <li>• Street Furniture inc bollards.</li> <li>• Capital Highway Schemes.</li> <li>• Cyclical – Sign and gully cleansing.</li> </ul>
<b>Project Objectives</b>	<ul style="list-style-type: none"> <li>• Development/exploration of the most appropriate contract delivery model.</li> <li>• Reduce the value of the contract (look at the capital/revenue split).</li> <li>• Potential income generation.</li> <li>• Highways Strategy – refresh from the 2013 strategy.</li> <li>• Flexibility within the contract – interdependencies with other service areas.</li> <li>• New depot? Could be part of the development with Environmental services.</li> <li>• Innovation.</li> <li>• Environmental – carbon reduction.</li> <li>• Maximise benefits to the local economy.</li> <li>• Partnership approach of working with the supplier.</li> </ul>

<p><b>Activities / Scope</b></p>	<ul style="list-style-type: none"> <li>• Develop Highways Strategy</li> <li>• Acquire technical support</li> <li>• Acquire legal support</li> <li>• Procurement Activity (if required)</li> <li>• Post Procurement Decommissioning and Mobilisation</li> </ul>
<p><b>Deliverables</b></p>	<ul style="list-style-type: none"> <li>• Highways Strategy</li> <li>• Consultation Process</li> <li>• Procurement Specifications</li> <li>• Soft Market Testing Process</li> <li>• Procurement Exercise</li> <li>• New Contract</li> </ul>
<p><b>Timing</b></p>	<p>The overall project will be split into three key phases: (see table below for deliverables)</p> <ol style="list-style-type: none"> <li>1) Pre-procurement</li> <li>2) Procurement</li> <li>3) Decommission and Mobilisation</li> </ol> <p>Dec 2023 is the current contract end date, when the new provider will need to be in place</p> <p>See Appendix 2 - Milestones.</p>
<p><b>Exclusions</b></p>	<ul style="list-style-type: none"> <li>• None.</li> </ul>
<p><b>Dependencies &amp; Assumptions</b></p>	<p><b>Dependencies</b></p> <ul style="list-style-type: none"> <li>• Availability of resources</li> <li>• National policy/strategies</li> <li>• RCC Leisure Strategy</li> <li>• Collation of Asset Information</li> <li>• Development of Specifications</li> <li>• Development of Contract Documents</li> <li>• Asset management and life cycle planning</li> <li>• Service developments from other areas (e.g. Environmental Services)</li> </ul> <p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• Budget (£250k) is sufficient</li> <li>• Service providers will bid for the contracts</li> <li>• Cabinet/Council approve the project commencing</li> <li>• Cabinet/Council approve going out to procurement</li> <li>• Cabinet/Council approve new supplier contract</li> </ul>

<p><b>Resources</b></p>	<p>The staff involved in this project will primarily be the following officers, providing support in addition to their day jobs:</p> <ul style="list-style-type: none"> <li>• Andy Tatt (Overall procurement lead)</li> <li>• Sarah Khawaja (Legal Lead)</li> <li>• Laura Daughtry (Finance Lead)</li> <li>• Dee Rajput (Project Manager)</li> <li>• Louise Gallagher (Commissioning Manager)</li> <li>• Amy Myers (Welland Procurement)</li> </ul> <p>Additional support will be required by external consultants who will be brought in to provide technical and legal input the overall process.</p>
<p><b>Estimated Cost</b></p>	<ul style="list-style-type: none"> <li>• Contract Value £35 million over 10 years.</li> <li>• Cost of procurement (dependent on delivery model adopted) £250k.</li> </ul>

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## CABINET

**15 November 2022**

### **CORPORATE ASSET REVIEW AND STRATEGY**

#### **Report of the Leader of the Council**

Strategic Aim:	Delivering Sustainable Development	
Key Decision: Yes	Forward Plan Reference: FP/160922	
Exempt Information	Appendix B and Appendix D of this report contain exempt information and is not for publication in accordance with Part 1 of Schedule 12A of the Local Government Act 1972.	
Cabinet Member(s) Responsible:	Cllr Lucy Stephenson, Leader of the Council and Portfolio Holder for Policy, Strategy, Partnerships and Economy	
Contact Officer(s):	Penny Sharp, Strategic Director of Places	m: 07973 854906 psharp@rutland.gov.uk
	Mona Walsh, Head of Property Services	m: 07779 550314 mwalsh2@rutland.gov.uk
Ward Councillors	All	

#### **DECISION RECOMMENDATIONS**

That Cabinet:

1. Approves the Property Asset Strategy and guiding principles for the future management of the Council's assets.
2. Approves the recommended future approach for primary key assets, and prioritised programme, for the development of business cases.
3. Approves the establishment of a Corporate Asset Programme Project Board and associated project documents including the Project Initiation Document, Terms of Reference and Risk Log.
4. Delegates authority to Strategic Director Places, in consultation with the Portfolio Holder for Property, to commission further technical advice as necessary within the project budget.

5. Approves budget creating a capital programme of £565k as per appendix D funded from Capital Receipts for major works, Revenue Budget of £31k to fund the repairs required and £120k to support the business case development programme.
6. Notes the need to consider future delivery models for the Council's asset and estate management as the corporate asset programme develops

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

- 1.1 This report sets out information about the Councils property assets and seeks approval of the Property Asset Strategy, underpinned by guiding principles, recommendations for seven primary key property assets including high level steer for others and a prioritised programme for the preparation of business cases to inform future decisions on disposal and/or investment in assets.
- 1.2 The Corporate Asset Programme has been identified as a Corporate Project following the Council's Corporate Project Management framework and assessed as a 'High' risk project. As such, Cabinet approval is being sought for the Corporate Asset Programme project documents including the Project Initiation Document, Terms of Reference and Risk Log.
- 1.3 The report also recommends that Cabinet approve a budget of £716k to support the next phase of the corporate asset review and the preparation of business cases and essential repair and compliance work needed to assets.
- 1.4 The report also recommends that Cabinet delegates authority to the Strategic Director Places, in consultation with the Property Portfolio Holder to commission technical advice as necessary to support the preparation of business cases.

## **2. BACKGROUND AND MAIN CONSIDERATIONS**

- 2.1 The Council owns approximately 110 property assets listed in Appendix E. The greatest number of these are highway, open space and ancillary assets. Others are operational, used to deliver council services. In addition, the Council owns a number of commercial properties from which it derives an income. Some operational functions are carried out from these commercial properties, but the bulk of the space is let to commercial occupiers. Most are owned freehold by the Council with some leased from 3<sup>rd</sup> party landlords.
- 2.2 Much of RCC's property was not designed or planned for its current use, is no longer fit for modern ways of working and is expensive to maintain. The range and type of buildings present many challenges in terms of their construction, original uses, adaptations over many years and in some cases heritage status. Catmose is a Grade 2 former house set in ornamental gardens, Oakham Enterprise Park (OEP) is a former prison and The King Centre was a college.
- 2.3 Historically the Council managed its assets on a reactive basis. Such a decision is a legitimate strategy and reflected the financial situation choices at the time. Past property acquisitions lacked a whole life business case. A reactive regime is more costly than a planned regime in the long term. The reactive strategy resulted in the current situation of buildings needing expenditure and upgrade.

- 2.4 Historically there was limited central management of assets, with several services managing their own properties direct. This has resulted in limited records and data and ongoing difficulties with budgeting and expenditure.
- 2.5 Following Cabinet approval in October 2021 surveys and other work has been completed to establish baseline information for properties. This includes:
- Condition Surveys
  - Mechanical and Electrical Surveys
  - Fire Risk Assessments
  - Access Surveys
  - Building Plans and Layouts
  - Legal and Title Information
  - Occupancy and Tenancy
  - Rents and Service Charges
  - Property market advice
- 2.6 The Condition Survey has established Council liabilities. Costs have been established for Year1, Years 2 to 5 and Years 6 to 25. These works are categorised as D1 Immediate through to D4 Desirable.
- 2.7 A copy of the Property Asset Strategy, underpinned by guiding principles, is attached at Appendix A. This is a high-level strategy setting out how the Council will use and manage its property assets. A detailed asset management plan and business case will be developed for each individual asset or asset type. This will ensure a robust and auditable decision-making process, accompanied by an approved action plan. The Property Asset Strategy will support Council decisions, priorities and service delivery. The Strategy needs to be adaptable and flexible to support decision making about changes in service delivery, budget and statutory or regulatory requirements. The Strategy structure is the “industry standard” format endorsed by CIPFA and other bodies:
- Vision/Policy – reflecting other Council plans and priorities.
  - Strategy – how the Council will use its assets to accommodate services provision, finance and future planning.
  - Action Plan – a detailed strategy or asset management plan for each individual asset or asset type
- 2.8 The Property Asset Strategy underpinning objectives are as follows:
- Manage property to support RCC objectives and priorities set out in the Corporate Plan
  - Minimise the operation and long-term cost of the Council’s estate
  - Provide Value for Money by using Council resources wisely and having the required information to make robust and informed decisions – developing a planned maintenance approach
  - Deliver and support services by providing assets fit for purpose and effective, modern ways of working

- Consider the impact of sustainability in all decisions, making buildings as sustainable as possible and considering the impact of our carbon footprint
- Take a dynamic approach to asset management including retention, repurposing and disposal
- Work with Partners to maximise opportunities and consider the transfer of services/assets to Town and Parish Councils and others
- Implement a Corporate Landlord Model

2.9 Attached at Appendix B are details for each Primary Key Asset (EXEMPT). This provides detail about the property, tenure, use and occupancy, future uses and opportunities, impact of local property market and recommendations for future approach. Appendix B also includes a programme for development of outline business cases for each Primary Key Asset. Sequence and prioritisation of the programme is essential to managing wider decision making. Focus will be on Catmose due to changes in the way we are working and Oakham Enterprise Park as the single-largest asset.

2.10 The Corporate Asset Programme has been identified as a Corporate Project following the Council's Corporate Project Management framework and assessed as a 'High' risk project. A Corporate Asset Programme Project Board will be established to ensure robust decision making and project management. Attached at Appendix C are the associated project documents including the Project Initiation Document, Terms of Reference and Risk Log.

2.11 There will be a need to commission further technical advice to support decision making and delivery of the project. Support needed will vary between assets but will include, but not be limited to valuation and property market advice, specialist surveying and engineering, cost consultancy and project management, architect and legal.

2.12 Property asset management will be adaptable and flexible to support decision making about changes in service delivery, budgetary and statutory or regulatory requirements. It will be a dynamic approach to retain, repurpose and divest as required.

2.13 The Asset Strategy is intended to provide a golden thread flowing from the Corporate Strategy and other corporate strategies and plans. It will ensure that assets are used to underpin corporate ambitions and reduce whole life costs and revenue expenditure. The Council wants to optimise its estate, including how it uses and occupies assets for service delivery so that in future it moves from services being dictated by the assets available to service requirements determining accommodation requirements (including virtual/no building base). The Strategy will help deliver the Councils ambitions and priorities to be:

- A special place:
  - Sustaining a vibrant rural county that harnesses the enterprise of its businesses, the ambition and creativity of its residents, and the passion of its local communities

- Sustainable lives:
  - Living sustainably and combatting the climate crisis through the power of choice, the removal of barriers, and real collective action
- Healthy and well:
  - Promoting health, happiness and wellbeing for people of all ages and backgrounds
- A county for everyone:
  - Celebrating diversity and ensuring everyone has the opportunity to live well, be heard and overcome any challenges they may face
- A modern and effective Council:
  - Transforming the way we work to deliver effective and efficient services fit for the future

2.14 Timeline for completion of the required business cases will be 6 -12 months to deliver. This timeline takes account of time taken for approval, commissioning of technical advisors, completion of activities and reporting of recommendations and findings.

### **3. CONSULTATION**

3.1 The proposed process has been discussed with relevant Council Services, the Portfolio Holder for Property and Cabinet members.

### **4. ALTERNATIVE OPTIONS**

4.1 An alternative option would be to continue to manage properties on a reactive basis. This option has been ruled out due to the Council's current financial context and the need to make budget savings. In addition, there is a need to address known critically urgent works to ensure continued safe occupation and use of buildings and make robust decisions about the future of properties, including making adequate budget provision.

4.2 An alternative option would be disposal of the entire estate. This option has been ruled out as there is a need to approach decision making in an informed and robust manner and to consider implications of disposal and/or rationalisation in the light of impact on service delivery and market conditions.

### **5. FINANCIAL IMPLICATIONS**

5.1 Appendix D includes detail forming the basis of a planned maintenance programme which will be factored into the Medium Term Financial Plan.

5.2 The summary of the financial implications is shown in the table below

Area	Capital	Revenue

	£000	£000
Immediate Works	565	31
Current Running Costs (excluding unknown utility pressure)	0	0
Asset Strategy Business Case	0	120
<b>Total</b>	<b>565</b>	<b>151</b>

- 5.3 There is a need to establish a budget for delivery of work associated with the property strategy decisions. This includes the cost of carrying out works to support the next phase of the corporate asset review including the preparation of business cases and essential repair and compliance work needed to assets.

## **6. LEGAL AND GOVERNANCE CONSIDERATIONS**

- 6.1 Procurement processes will be managed by the Council to ensure it complies with the requirements of all relevant legislation including the Public Procurement Regulations 2015.
- 6.2 Legal advice will also be taken on the process and the precise wording of any contract.
- 6.3 Legal advice will be taken to support recommendations for assets, with any matters arising investigated and undertaken as required. Consideration of options and other inputs to detailed Business Cases will need to have regard to the implications of existing leases and tenancies, whether granted to 3<sup>rd</sup> parties or situations where the Council leases in from others.

## **7. DATA PROTECTION IMPLICATIONS**

- 7.1 A Data Protection Impact Assessments (DPIA) has been completed. No adverse or other significant risks/issues were found.

## **8. EQUALITY IMPACT ASSESSMENT**

- 8.1 An Equality Impact questionnaire has been completed. No adverse or other significant risks / issues were found. As such, a full Equality Impact Assessment (EqIA) has not been completed.

## **9. COMMUNITY SAFETY IMPLICATIONS**

- 9.1 It is important that the Council has a full and complete understanding of the issues affecting its assets so it can make provision for addressing issues to maintain safety and service delivery and is able to make robust evidence based decisions.

## **10. HEALTH AND WELLBEING IMPLICATIONS**

- 10.1 Provision of well maintained and cared for assets will ensure workers and visitors to the site are able to carry out their daily activities safely whilst contributing to the sustainability of the asset and future carbon footprint.

## **11. ORGANISATIONAL IMPLICATIONS**

- 11.1 Environmental implications
- 11.2 The Asset Strategy and guiding principles will assist with future decision making about Council property assets.
- 11.3 Human Resource implications
- 11.4 None at present but will be discussed with the Council's Human Resources Team if needed.
- 11.5 Procurement Implications
- 11.6 The procurement process for technical support needed will be discussed with the Council's Commissioning Manager and the Welland Procurement Unit to ensure that all relevant legislation and guidance is followed.

## **12. CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

- 12.1 The Council needs an approved Property Asset Strategy underpinned by guiding principles to inform future decisions about its assets. The establishment of a Corporate Asset Programme Project Board will ensure robust decision making and governance and is essential to the process. The Council does not have sufficient technical capacity or resource in house to complete all parts of the task required and is therefore seeking approval to appoint technical advisors where necessary. Budget approval for other areas of expenditure related to essential compliance and repair is requested as it is essential that buildings are safe to use and occupy. Approval will enable the Council to make robust and informed decisions about the future of its property assets.

## **13. BACKGROUND PAPERS**

14. There are no additional background papers to the report.

## **15. APPENDICES**

- 15.1 Appendix A - Property Asset Strategy and Guiding Principles
- 15.2 Appendix B – Primary Key Assets Details EXEMPT
- 15.3 Appendix C – Corporate Asset Programme Project Documents
- 15.4 Appendix D – Financial Implications EXEMPT
- 15.5 Appendix E – Council Assets

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





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## ASSET MANAGEMENT STRATEGY

*“Strategic Property Asset Management is the process which aligns business and property asset strategies, ensuring the optimisation of an organisation’s property assets in a way which best supports its key business goals and objectives” - RICS Public Sector Asset Management Guidelines*

### INTRODUCTION

Rutland County Council (RCC) has a small but diverse portfolio, ranging from council offices, libraries, registry office, museum, car parks, depot and waste sites, open spaces and commercial and property. Several of these buildings are old, not used for the purpose they were originally built and need repair and upgrade if they are to be retained, to make them more appropriate for modern ways of working and service delivery.

The Asset Management Strategy will support Council decision making, priorities and service delivery. The common thread through much of this is the need for a building and/or land to ensure service delivery. The Strategy needs to be adaptable and flexible to support decision making about changes in service delivery, budgetary and statutory or regulatory requirements.

**The current national and local context provides a number of drivers for a review of the Council’s estate and how it manages its assets:**

#### Key Drivers

- Budget
- How the Council uses buildings to deliver services
- Service need – service design/delivery
- Not fit for purpose
- Require high level of expenditure
- Waste and Highway contract renewals are an opportunity
- OEP and Ashwell sites are an opportunity
- Risk appetite of Council
- Can only sell a property once
- Ability to access funding for upgrade/redevelopment
- Grant and funding regimes available
- Sustainability agenda

The Asset Management Strategy structure is the “industry standard” format endorsed by CIPFA and other bodies and includes:

- **Vision/Policy** – reflecting other Council plans and priorities
- **Strategy** – how the Council will use its assets to accommodate services provision, finance and future planning
- **Action Plan** – a detailed strategy or asset management plan for each individual asset or asset type

## 1 STRATEGIC APPROACH

### VISION AND POLICY

Rutland County Councils Corporate Strategy 2022 – 2027 states

Rutland County Council will use this Vision to inform our long-term plans and policies, ensuring that all the services we deliver contribute to the Vision and are in line with our priorities. As a Council we have a clear purpose, which is to: “Improve lives by focusing quality services and expertise where they are needed most, helping the County to grow and thrive whilst remaining the special place our residents know and love”.

Rutland County Council’s ambitions and priorities are:

- A special place:
  - Sustaining a vibrant rural county that harnesses the enterprise of its businesses, the ambition and creativity of its residents, and the passion of its local communities
- Sustainable lives:
  - Living sustainably and combatting the climate crisis through the power of choice, the removal of barriers, and real collective action
- Healthy and well:
  - Promoting health, happiness and wellbeing for people of all ages and backgrounds
- A county for everyone:
  - Celebrating diversity and ensuring everyone has the opportunity to live well, be heard and overcome any challenges they may face
- A modern and effective Council:
  - Transforming the way we work to deliver effective and efficient services fit for the future

All other strategies and policies are informed by and flow from the Corporate Strategy. The Asset Management Strategy will also need to be informed by several other strategies and policies including but not limited to Medium Term Financial Plan, Waste Management and Streetscene Strategy, Cultural Services Strategy, Economic Development Strategy and Local Plan.

Like any other council resource, it is important that property assets, including land and buildings, are effectively managed, that key stakeholders are involved in the process and that decisions made remain closely aligned to the Council’s priorities and core objectives. Within the Council’s current financial context it is key that the costs associated with operating and maintaining the estate are minimised whilst supporting optimal service delivery.

## **STRATEGY**

The Asset Management Strategy establishes clear principles about how properties are managed and will remain in place for the next 5 years but be reviewed in 2 years to ensure it still reflects the ambitions. The Asset Management Strategy sets out eight Aims aligned with the Corporate Strategy.

### **AIMS**

- Manage property to support RCC objectives and priorities set out in the Corporate Plan
- Minimise the operation and long-term cost of the Council's estate
- Provide Value for Money by using Council resources wisely and having the required information to make robust and informed decisions – developing a planned maintenance approach
- Deliver and support services by providing assets fit for purpose and effective, modern ways of working
- Consider the impact of sustainability in all decisions, making buildings as sustainable as possible and considering the impact of our carbon footprint
- Take a dynamic approach to asset management including retention, repurposing and disposal
- Work with Partners to maximise opportunities and consider the transfer of services/assets to Town and Parish Councils and others
- Implement a Corporate Landlord Model

## 2 RUTLAND COUNTY COUNCIL ESTATE – MANAGEMENT APPROACH

### Rutland County Council Property Assets

RCC property assets comprise operational, commercial and other ancillary land and properties. The assets are managed in-house by a small team. A list of assets is at Appendix A.

**Operational property** is used for service delivery and includes Council offices, registry office, museum and castle, libraries, childrens centre, depot, civil amenity sites, car parks and bus station. Several are listed

**Commercial property** is let to 3<sup>rd</sup> parties, generates an income to support council activities and helps drive economic development.

**Other land** includes highway and public open space areas, cemeteries and school playing fields.

Much of RCC's property was not designed or planned for its current use, is no longer fit for modern ways of working and is expensive to maintain. The range and type of buildings present many challenges in terms of construction, original uses, adaptations over many years and in some cases heritage status. Catmose, the Council's main office, is a Grade 2 former house set in ornamental gardens, Oakham Enterprise Park is a former prison and The King Centre was a college.

Historically the Council managed its assets on a reactive basis in addition there was limited central management of assets, with several services managing their own properties direct. This has resulted in limited records and data, ongoing difficulties with budgeting and expenditure, and legacy issues still requiring resolution e.g. adoption of public open space.

### WHAT WE WILL DO

We will utilise the following to develop and implement operational and action plans for assets.

#### Baseline Data

Information and data about assets is needed to inform robust decision making. The following has been completed for all key assets and work continues to complete the task for all remaining assets:

- Condition Surveys
- Mechanical and Electrical Surveys
- Fire Risk Assessments
- Access Surveys
- Building Plans and Layouts
- Legal and Title Information
- Occupancy and Tenancy Details
- Rents and Service Charges Details
- Property market advice

Baseline data is being used to develop and populate a database which will be regularly updated and maintained and lead to greater efficiencies and robustness of information when managing assets.

#### Asset Challenge – Decision Making About Why We Hold Assets

Asset Challenge will be used to aid decision making. We will use it to review assets resulting in a streamlined, fit for purpose and active asset portfolio. The aims of Asset Challenge are to reduce costs and identify assets to be retained/invested in or which are surplus to requirements.

### **Strategic Purpose**

- Why do we have the asset?
- What is its strategic purpose?
- Who is accountable for performance of it?
- What do we expect of it?
- Is this financial, non-financial or both?
- How would we know when this is being achieved?

### **Opportunities and Risks**

- Are there any opportunities that could be exploited?
- Are there any known barriers to exploiting these opportunities?
- Are there any risks that could be faced?

### **Performance Appraisal**

- What financial and non-financial outcomes have been delivered?
- Can non-financial benefits be quantified, or are they qualitative?
- What are the management costs?
- Are there any invisible costs?

### **Option Appraisal**

- Balance of performance, opportunities and risks
- What options are available?
- What are the relative costs and benefits of these options?
- Do any options carry increased risks?

### **Pre-implementation Consultation**

- Internal Stakeholders
- External Stakeholders and Partners.

### **Outcome**

- Retained
- Replaced / Remodelled / Re-used
- Disposed
- Open Market or Asset Transfer.

### **Effective Property Management**

RCC owns c110 land and building assets, with a current total book value of over £39.7m. Whilst this is not necessarily the amount the Council would receive if all assets were sold it demonstrates the considerable resource they are and why rationalisation, careful management and robust decision making is needed.

There are a wide range of assets within the current portfolio including offices, open spaces, specialist operational properties and commercial properties generating an income. The reasons for holding these assets will vary and, as a result, performance may need to be assessed in different ways. Performance of each asset must therefore be linked to the strategic purpose for holding it.

Without careful management, there is potential to waste money by keeping buildings that are not fit for purpose. Equally, all assets have a value and if they are no longer required, they could have a new purpose or be sold to unlock the value which can be reinvested.

As service delivery changes assets will also need to change to support the Council as it moves forward. RCC will need to invest in existing assets, acquire or develop other assets to ensure continuing service delivery fit for the future and to maximise the benefit to the people who live, work or visit Rutland and this cycle of renewal and asset challenge will continue.

Capital works are prioritised appropriately, based on evidence from building condition surveys and in alignment with operational priorities and service delivery.

This approach will ensure best value is achieved from assets, they are performing appropriately and provides assurance that money is spent in the right places and on the right buildings.

### **Maintain Assets**

Data from Condition Surveys, Mechanical and Electrical Surveys and Fire Risk Assessments will help develop a planned and costed maintenance plan for all assets. This will help with budgeting and finance and enable preparation of accurate service charge estimates for commercial property assets.

The maintenance and upkeep of Council owned property assets is an ongoing and essential activity to ensure that they remain:

- Safe and secure.
- Fit for their intended purpose.
- Are efficiently operated.
- To maximise the investment.
- To achieve the right balance between reactive and planned works.
- To protect their market value.
- To maximise efficiencies through procurement.

The Council has a duty to manage the risk and assess the impact of statutory regulations on its assets, for example in relation to asbestos, fixed wiring, legionella and Fire Regulation compliance. To ensure that the asset portfolio is compliant with statutory requirements, regular inspections and reviews of property are completed.

A planned preventative maintenance regime with regular inspections and updated records will inform future budget planning and help ensure where possible works are planned in advance and not reactive. This usually results in better controlled and lower maintenance costs and better maintained assets.

### **Develop Systems, Processes and Procedures**

Accurate, reliable and consistent data collection and record keeping is essential to properly managing property assets.

Appropriate systems and processes will assist with workflow, accurate record keeping and ensure all activities are completed and logged and helps drive efficiencies. We will continue with work already underway to identify what is needed, ensure systems and processes are developed and adopted and that all those needing to make use of them are appropriately trained.

### **Develop an Action Plan for Each Asset**

Using the approach outlined above an Action Plan will be developed for delivery of recommendations to determine future of 7 Key Primary Assets. An outline approach and recommendations will be determined for the remaining assets.



The Key Primary Assets are:

- Catmose
- Catmose Cottage
- County Museum
- Jules House
- Oakham Enterprise Park
- King Centre
- Ashwell Depot and Business Units

The Outputs will comprise:

- Detailed recommendation and Action Plan for 7 Primary Key Assets
- Outline approach and recommendations for remaining assets
- Sequencing of activities relating to 7 Primary Key Assets
- Implementation phase of Action Plan/s

The following will be considered when developing and sequencing activities relating to Action Plans for the 7 Key Primary Assets:

- Location and type of workspace for a largely hybrid workforce and operations, particularly those currently using Catmose. This will inform further property decisions.
- Opportunities for facilities needed to meet requirements of environmental, waste and highway operations currently based at Ashwell, civil amenity sites and parts of Oakham Enterprise Park.
- Opportunities at Oakham Enterprise Park. This is the largest property asset owned by the Council, has the opportunity to meet several priorities including service delivery, income and capital receipts, and economic growth. Significant investment would be required but options and feasibility outcomes will inform further property decisions.
- Quick win opportunities arising from changed service delivery models in recent years

### 3. GOVERNANCE ARRANGEMENTS

#### Corporate Asset Programme Project Board

A Corporate Asset Programme Board will be established to ensure robust decision making and project management and to meet requirements for service delivery. The Board will determine the Asset Management Strategy for council owned property assets, including delivering the Action Plan recommendations for several key assets and a high level approach for remaining assets and will help determine the sequence of activities and actions needed to achieve outcomes, including future delivery model/s.

#### Corporate Landlord Approach

Whilst the future delivery model for Property Services is still to be determined an underpinning principle will be to adopt a Corporate Landlord Approach, regardless of how it is delivered. The Corporate Landlord Approach will move responsibility for managing and operating property assets away from individual service areas into the corporate core and managed by Property Services. This will ensure the Corporate Landlord has oversight and control of all property assets allowing service areas to focus their efforts on service design and delivery. A key function of the Corporate Landlord is to ensure that property requirements of the individual service areas are properly understood and appropriately accommodated. The Corporate Landlord Approach will bring efficiencies to how assets are managed, much of which is old, under-used, in need of maintenance and a drain on resources.

Other key functions of the Corporate Landlord include advising on and undertaking property acquisitions, capital development and disposals. In addition, the following activities are also undertaken or coordinated by the Corporate Landlord:

- Estate management and valuation.
- Strategic asset management.
- Project design and management.
- Statutory compliance.
- Energy monitoring.
- Facilities management.
- Planned and reactive maintenance

### 4. RISK MANAGEMENT

Risk management is an intrinsic part of asset management. It adds value to our activities and increases the probability of successfully delivering our asset management objectives. Risk management enables us to manage uncertainty and embeds a process where unexpected events are minimised.

Risk is present in all kinds of undertaking. Risk can be defined as the potential for events and impacts to produce opportunities for benefit or threats to success. Risks exist across the organisation at different levels and in different types of activity. The Council has incorporated the management of risk in all decisions it makes about its properties. This management occurs within a hierarchy of risk:

- **Corporate** – High level risks that effect the whole authority. Such risks include corporate reputation, civil defence, emergencies; business continuity, health and safety, political and legal and financial risk.
- **Strategic** – Risks affecting the management of the property assets infrastructure should be considered throughout at strategic levels.
- **Operational** – Risk should also be managed when undertaking operational activities.

The Council maintains risk registers which are aligned within the hierarchy as defined in the Risk Management Policy. The risk registers cover all types of risk: Safety, Reputation, Service reduction or failure, Environmental or Financial.

## **5. COMMUNICATIONS**

The Asset Management Strategy recognises that our stakeholders and their needs are diverse. What we communicate and the way that we do this is important. We will:

- Classify types of stakeholders into groups to focus on what is important to them.
- Engage with stakeholders, following the communication plan that focuses on the key interests of each stakeholder group, using the channels that they wish to communicate through and the style of language needed.
- Fulfil our legal and ethical duty to be open and transparent whilst safeguarding the reputation of the Council.
- Monitor the success of this engagement.

## **6. PERFORMANCE AND REVIEW**

The Asset Management Strategy aims to provide a framework for improving the performance of the Council's property estate and bring about change to the way the Council manages its estate to deliver better outcomes for the Council, its partners and communities. The nature of property requires a longer-term approach to the realisation of benefits and therefore the strategy relates to a period of 5 years. It is therefore important to monitor progress and performance regularly to ensure the direction of travel is being maintained and the objectives of the strategy are being delivered. A review will be undertaken after two years and after four years.

Reviews will take the widest look at the state of the asset and includes knowledge of:

- Strategic risks
- Asset condition
- Financial data
- Stakeholder feedback
- Investment needs

In addition benchmarking is a valuable way of assessing the outcomes of our asset management practice in relation to the outcomes achieved. It also allows the communication of best practice to achieve further improvement. We will use benchmarking data from a variety of sources including local authorities, national and local data from Government and other sources and proprietary surveys. Using this knowledge, together with benchmarking data, it is possible to assess progress and likely future needs. Where necessary, the review can recommend improvements to any part of the asset management approach.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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**Rutland**  
County Council

Rutland County Council

## **Corporate Asset Programme (CAP)**

### **Project Board - Terms of Reference (ToR)**

Document Owner:	Penny Sharp Rutland County Council
Author:	Mona Walsh Rutland County Council
Version:	V0.02
Date:	Aug 2022
Classification	NOT PROTECTIVELY MARKED

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## Document Control, Approval and Distribution

### Version Control

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This document should be updated with any amendments:

Version	Date	Notes
V0.01	Jul 2022	Draft Document Created
V0.02	Aug 2022	Draft Updated

### Document Approval

---

This document requires the following approvals:

Sponsor Approval	Name	Date
Project Sponsor	Penny Sharp Director Places	
Project Board		

### Document Distribution

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This document will be distributed to:

Name	Method	Date
Project Team, Project Board	Email	



## **Introduction**

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The purpose of this terms of reference document is to state the responsibilities of the CAP Project Board and to provide leadership in delivering the project required within the Council.

The project includes the procurement of supplier(s) to provide services, on behalf of the Council.

## **Membership & Chairing**

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The Board will be chaired by the Director of Places, Penny Sharp. In the absence of the Chair, the meeting membership may elect any other member to act as Chair for that meeting.

Membership of the Board has been agreed by Rutland County Council. The composition of this Board and team members:

- Penny Sharp (Director Places + Chair + Sponsor)
- Mona Walsh (Head of Property)
- Cllr Lucy Stephenson (Portfolio Holder - Property)
- Cllr Karen Payne (Portfolio Holder - Finance)
- Mark Andrews (Chief Executive)
- Sav Della Rocca (Director Places + Finance Lead)

Members may send deputies by exception only. [TBC - name of project manager] will support the provision and running of this Board as the project manager.

## **Frequency of the Board**

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Meetings will be held monthly (TBC at the first project board). Ad-hoc meetings may be held by agreement of the Chair as and when required. Meetings may, exceptionally, be cancelled by the Chair.

## **Responsibilities of the Board**

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The board fulfils their leadership role by:

- Provide mechanism for CLT to make decisions or recommendations to Council/Cabinet (as a pre-cursor to Cabinet/Council)
- Members are advisory to provide guidance on political steer, ownership by Cabinet and to keep officers in check (around timescales, risks, public requirements, etc.)
- Effectively allocating and managing resources for the project implementation and delivery
- Communicating the purpose of the board to staff and other stakeholders
- Monitoring the implementation, procurement and delivery of the project to improve its effectiveness
- Overview of project budget
- Management of change
- Issues and risk management
- Determine future delivery model

## **Reporting**

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The board members shall draw to the attention of this Board, any issues that require further action or disclosure to the relevant management structures. In exceptional cases any RCC members of the Board may escalate issues to the Corporate Management Team.

The minutes of these meetings will be formally recorded and available to Board members. When approved by the Board the minutes will be published to all.

## **Papers**

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Agenda items may be raised by any member of the Board and should be communicated to the Project Manager at least 7 working days in advance of any meeting.

Draft minutes of each meeting will be circulated within 2 working days of the next meeting to Board Members for comment and will provide a clear record of decisions reached and actions agreed.

Minutes will be formally approved by the Board at the subsequent meeting. The Project Manager will maintain an Actions Log and a Risk & Issues Log, which will be reviewed at each meeting.



**Rutland**  
County Council

Rutland County Council

**Corporate Asset Programme (CAP)**

**Project Initiation Document (PID)**

Document Owner:	Penny Sharp Rutland County Council
Author:	Mona Walsh
Version:	V0.02
Date:	Aug 2022
Classification	NOT PROTECTIVELY MARKED

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**Document Control, Approval and Distribution**

**Version Control**

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This document should be updated with any amendments:

Version	Date	Notes
V0.01	Jul 2022	Draft Document Created for Project Board Review
V0.02	Aug 2022	Draft updated

**Document Approval**

---

This document requires the following approvals:

Sponsor Approval	Name	Date
Sponsor	Penny Sharp Director Places	
Project Board		

**Document Distribution**

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This document will be distributed to:

Name	Method	Date
Project Team, Project Board	Email	

**Project Details**

<b>Project</b>	Corporate Asset Project (CAP)
<b>Background</b>	<p>The project will enable robust decision making about council owned property assets to ensure they are well placed to meet requirements for service delivery.</p> <p>The project will determine the Asset Strategy for council owned property assets, including delivering the recommendations for several key assets and a high level approach for remaining assets.</p> <p>The project will determine the sequence of activities and actions needed to achieve outcomes, including future delivery model/s.</p> <p>The project will ensure allocation of sufficient budget to enable robust decision making and implementation of the approved recommendations.</p>
<b>Project Objectives</b>	<p>Property Asset Strategy informed by guiding principles to determine future ownership, management and use of council owned property asserts</p> <p>Action plan for delivery of recommendations to determine future of 7 key assets</p> <p>Outline approach and recommendations for remaining assets</p> <p>Future delivery model/s for management and use of council owned assets</p> <p>Seven key assets:</p> <ul style="list-style-type: none"> <li>• Catmose</li> <li>• Catmose Cottage</li> <li>• Museum</li> <li>• Jules House</li> <li>• OEP</li> <li>• King Centre</li> <li>• Ashwell Depot and Business Units</li> </ul>
<b>Activities / Scope</b>	<p>The project will comprise two phases.</p> <p>Phase 1</p> <ul style="list-style-type: none"> <li>• Property Asset Strategy</li> <li>• Detailed recommendation and action plan for 7 key assets</li> <li>• High level plan for remaining assets</li> <li>• Sequencing of activities relating to 7 key assets</li> </ul> <p>Phase 2</p> <ul style="list-style-type: none"> <li>• Implementation phase of Property Strategy</li> <li>• Determine future delivery model/s</li> </ul>

<p><b>Deliverables</b></p>	<p>Phase 1</p> <ul style="list-style-type: none"> <li>• Property Asset Management Strategy</li> <li>• Detailed recommendation and action plan for 7 key assets</li> <li>• High level plan for remaining assets</li> <li>• Sequencing of activities relating to 7 key assets</li> </ul> <p>Phase 2</p> <ul style="list-style-type: none"> <li>• Implementation phase of Property Strategy having regard to sequencing across several assets to achieve required outcome</li> <li>• Determine future delivery model/s</li> </ul>
<p><b>Timing</b></p>	<p>Phase 1 – Nov 2022</p> <p>Phase 2 – to be determined following outcome of Cabinet meeting Nov 2022</p>
<p><b>Exclusions</b></p>	<p>Routine operational property management and decision making</p> <p>Service delivery reviews and changes across authority</p>
<p><b>Dependencies &amp; Assumptions</b></p>	<p>Dependencies</p> <ul style="list-style-type: none"> <li>• Availability of resources</li> <li>• Legislative and compliance constraints</li> <li>• Building systems and equipment failures</li> <li>• Waste and Highways Infrastructure timing and requirements</li> <li>• Impact of RCC service need and reviews</li> </ul> <p>Assumptions</p> <ul style="list-style-type: none"> <li>• Cabinet approves budget for technical advisors and urgent repairs needed</li> <li>• Cabinet approves Asset Strategy and guiding principles</li> <li>• Cabinet approves recommendations for 7 key assets and high level guide for remaining assets</li> <li>• Cabinet approves sequence of activities and actions to achieve outcomes</li> </ul>
<p><b>Resources</b></p>	<p>The staff involved in this project will primarily be the following officers, providing support in addition to their other areas of work:</p> <ul style="list-style-type: none"> <li>• Penny Sharp Strategic Director Places (Oversight and direction)</li> <li>• Mona Walsh Head of Property Places (Property Lead)</li> <li>• Sarah Khawaja Principal Solicitor (Legal Lead)</li> <li>• Andrew Merry Finance Manager (Finance Lead)</li> <li>• TBC (Project Manager)</li> <li>• Marie Glaister Senior Estates Surveyor (Property)</li> <li>• Trushal Kavia Senior Estates Surveyor (Property)</li> </ul>

	<ul style="list-style-type: none"><li>• Mat Waik Strategic Communications Advisor (Communications) – circulation only</li></ul> <p>Additional support will be required by external advisors who will be brought in to provide technical and legal input the overall process.</p>
<b>Estimated Cost</b>	Estimated overall cost of the project will be [tbc after Cabinet Meeting Nov 2022]

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**Project Name: Corporate Asset Programme**

**Risk & Issues**

**Last Reviewed: 23 09 2022**

Risk refers to the combined likelihood the event will occur and the impact on the project if it does occur

Ref	Date Raised	Risk or Issue Description	Risk or Issue Likelihood	Impact	Severity	Mitigation or Action Plan	Owner	Status	Date Closed
CAP-RI-001	23/09/22	Cabinet do not approve Property Strategy	R	1	3	4	Ensure CLT and Cabinet are kept updated and draft and final papers completed on time	PS	Open
CAP-RI-002	23/09/22	Inadequate or no budget allocation	R	3	5	15	Review project plan and make changes as required	PS	Open
CAP-RI-003	23/09/22	Unable to secure technical advisor support	R	1	5	5	Review project plan and make changes as required	PS	Open
CAP-RI-005	23/09/22	Statutory or regulatory changes impacting on decision making	R	3	3	9	Keep updated and maintain awareness about potential changes	PS	Open
CAP-RI-006	23/09/22	Inflationary cost pressures	R	3	3	9	Consider change of scope, request for additional budget or value engineering appropriate	PS	Open
CAP-RI-007	23/09/22	Supply chain pressures for future property upgrade and/or redevelopment	R	2	3	6	Adequate lead in periods and consider changes to specification or phasing as appropriate	PS	Open
CAP-RI-008	23/09/22	Future service delivery needs impacting on ability to make decisions	R	2	3	6	Review project plan and make changes as required	PS	Open
CAP-RI-009	23/09/22	System or building failure accelerating need for decision and/or ability to make decision	R	2	3	6	Consider potential impact and change project plan as required	PS	Open

**Project Name: Corporate Asset Programme**

**Actions**

Last Reviewed: (See separate actions logs)

ID	Date Raised	Action Description	Owner	Due Date	Response	Status

NB: Actions will be recorded with meeting minutes

**Project Name: Corporate Asset Programme**

**Decisions**

**Last Reviewed: xx xxx 2022**

Any decisions that have been captured across the various meetings taking place between Hoople and RCC.

<b>ID</b>	<b>Date Raised</b>	<b>Decision Description</b>	<b>Location</b>	<b>Decision Date</b>	<b>Importance</b>
CAP-D-001					
CAP-D-002					
CAP-D-003					
CAP-D-004					
CAP-D-005					

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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## **Appendix E: Council Assets**

Main Office - 1  
Registry Office - 1  
Museum - 1  
Castle - 1  
Children's Centre – 1  
Libraries - 4  
Bus Station - 1  
Highway Depot – 1  
Civic Amenity Sites - 2  
Libraries - 4  
Business Premises - 6  
Car Parks - 12  
Garage Sites – 5  
Public Conveniences – 1  
Schools and Playing Fields - 15  
Public Open Space and Play Areas - 32  
Cemeteries and Burial Grounds - 7  
Other Land – 20

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