

Rutland County Council

Catmose, Oakham, Rutland, LE15 6HP

Telephone 01572 722577

Email: democraticservices@rutland.gov.uk

Meeting: CABINET

Date and Time: Tuesday, 11 July 2023 at 10.00 am

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

Democratic Services Officer to contact: David Ebbage 01572 720972
email: democraticservices@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 6th June 2023.
(Pages 5 - 10)

5) ITEMS RAISED BY SCRUTINY

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

6) STATUE OF HM QUEEN ELIZABETH II

To receive Report No.100/2023 from the Leader of the Council.
(Pages 11 - 20)

7) DISPOSAL OF LAND AT LONG ROW ACCESS ROAD OAKHAM

To receive Report No.102/2023 from the Portfolio Holder for Planning and Property.
(Pages 21 - 26)

8) HIGHWAYS CAPITAL - ADDITIONAL POTHOLE FUNDING

To receive Report No.103/2023 from the Portfolio Holder for Highways, Transport and the Environment.
(Pages 27 - 32)

9) ADULT LEARNING OFFER - ACADEMIC YEAR 2023-24

To receive Report No.105/2023 from the Portfolio Holder for Children's Services, Homelessness and Housing Policy.
(Pages 33 - 58)

10) 2022/23 REVENUE AND CAPITAL OUTTURN

To receive Report No.104/2023 from the Portfolio Holder for Resources.
(Pages 59 - 88)

11) ANNUAL REPORT ON TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS 22/23

To receive Report No.99/2023 from the Portfolio Holder for Resources.
(Pages 89 - 110)

12) ANY ITEMS OF URGENT BUSINESS

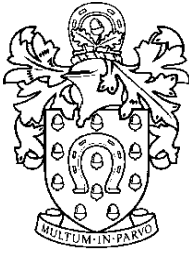
To receive items of urgent business which have previously been notified to the person presiding.

13) DATE OF NEXT MEETING

Tuesday, 15th August 2023.

MEMBERS OF THE CABINET: Councillor G Waller (Chair)
Councillor A Johnson
Councillor P Browne
Councillor D Ellison
Councillor R Payne
Councillor C Wise

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Rutland County Council

Catmose Oakham Rutland LE15 6HP

Telephone 01572 722577 Email: democraticservices@rutland.gov.uk

MINUTES AND RECORD OF DECISIONS AT A MEETING OF THE CABINET

Tuesday, 6th June, 2023 at 10.00 am

PRESENT:	Councillor G Waller (Chair) Councillor P Browne Councillor R Payne	Councillor A Johnson (Vice-Chair) Councillor D Ellison Councillor C Wise
OFFICERS PRESENT:	Mark Andrews Kirsty Nutton Kim Sorsky Sarah Khawaja Tom Delaney Angela Culleton Roger Ranson Adrian Allen Susan-Louise Hope	Chief Executive Strategic Director for Resources Strategic Director for Adult Services and Health Head of Legal and Democratic Services Democratic Services Manager (Clerk) Head of Safe and Active Realm Planning and Housing Policy Manager Public Health Assistant Director - Delivery Public Health Strategic Lead – Rutland Commissioning

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Decisions published on 8 June 2023

Key Decisions will be implemented on 16 June 2023 unless the Call-in Procedure as outlined in Procedure Rule 149 is invoked.

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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 from the Chair or the Head of Paid Service.

3 DECLARATIONS OF INTEREST

There were no declarations on interest.

4 MINUTES

Consideration was given to the minutes of the meeting held on 7 March 2023, it was confirmed that assurances as to the minutes accuracy had been given by the previous Leader.

RESOLVED

- a) That the minutes of the meeting held on 7 March 2023 be **APPROVED**.

5 ITEMS RAISED BY SCRUTINY

A report was received from the Strategic Overview and Scrutiny Committee, appended to the minutes, the report made several recommendations to Cabinet regarding the operation of the Council's minerals contract.

With regard to the first recommendation, the Chair confirmed that with effect from the Cabinet meeting, Councillor P Browne's Cabinet portfolio would be amended to include specific responsibility for Minerals.

The Chair set out that as the remaining recommendations required further consideration, she would request Councillor Browne to work with officers to consider the recommendations and report back to Cabinet within three months. It was agreed that the Committee would be written to confirming this outcome.

Action: Democratic Services

6 RECOMMISSIONING OF PUBLIC HEALTH SEXUAL HEALTH SERVICES FOR RUTLAND

Report No. 77/2023 was introduced by Councillor D Ellison, Portfolio Holder for Adult Care and Health. The report updated Cabinet on the current situation regarding sexual health services and set out a process and proposed award criteria for procuring an integrated sexual health service for Rutland.

The recommendations of Report No. 77/2023 were moved by Councillor D Ellison and seconded, upon being put to the vote, with six votes in favour the motion was unanimously carried.

RESOLVED

That Cabinet:

- a) **NOTED** the outcomes of the public consultation on sexual health services for Rutland.
- b) **APPROVED** the proposed model for sexual health services and the procurement route.
- c) **AUTHORISED** the Director of Public Health in consultation with the Portfolio Holder with responsibility for Public Health and the Strategic Director for Adults and Health to approve the final value of the contract within budget set.

- d) **AUTHORISED** the Director of Public Health in consultation with the Portfolio Holder with responsibility for Public Health and the Strategic Director for Adults and Health to approve the final award criteria.
- e) **AUTHORISED** the Director of Public Health in consultation with the Portfolio Holder with responsibility for Public Health and the Strategic Director of Adults and Health to approve the contract award, in line with the award criteria.

7 WHISSENDINE NEIGHBOURHOOD PLAN

Report No. 74/2023 was introduced by Councillor P Browne, Portfolio Holder for Planning and Property, the report sought Cabinet's authorisation to carry out consultation on the proposed Whissendine Neighbourhood Plan, followed by submission of that plan to an independent examiner. Subject to the outcome of these steps the report then sought delegated authority to progress to the next stages of the process. Those involved with the Neighbourhood Plan were commended on their detailed work up to the current stage of the process.

The recommendations of Report No. 74/2023 were moved by Councillor P Browne and seconded, upon being put to the vote, with six votes in favour the motion was unanimously carried.

RESOLVED

That:

- a) The draft Whissendine Neighbourhood Plan be **PUBLISHED** for public consultation for a minimum of 6 weeks.
- b) Following public consultation, the draft plan and representations received be **SUBMITTED** for independent examination.
- c) The Strategic Director of Places be **AUTHORISED** to appoint an independent examiner in consultation with the Whissendine Neighbourhood Plan Group.
- d) That following receipt of the examiner's report that the Strategic Director of Places in consultation with the Portfolio Holder for Planning and Property be **AUTHORISED** to publish the County Council's decision notice, update the Whissendine Neighbourhood Plan and undertake a referendum.
- e) Subject to the outcome of the referendum that the Strategic Director of Places in consultation with the Portfolio Holder for Planning and Property be **AUTHORISED** to make the Whissendine Neighbourhood Plan part of the Development Plan for Rutland.

8 WING NEIGHBOURHOOD PLAN

Report No. 75/2023 was introduced by Councillor P Browne, Portfolio Holder for Planning and Property, the report sought Cabinet's authorisation to carry out consultation on the proposed Wing Neighbourhood Plan, followed by submission of that plan to an independent examiner. Subject to the outcome of these steps the report then sought delegated authority to progress to the next stages of the process. Those involved with the Neighbourhood Plan were commended on their detailed work up to the current stage of the process.

The recommendations of Report No. 75/2023 were moved by Councillor P Browne and seconded, upon being put to the vote, with six votes in favour the motion was unanimously carried.

RESOLVED

That:

- a) The draft Wing Neighbourhood Plan be **PUBLISHED** for public consultation for a minimum of 6 weeks.
- b) Following public consultation, the draft plan and representations received be **SUBMITTED** for independent examination.
- c) The Strategic Director of Places be **AUTHORISED** to appoint an independent examiner in consultation with the Wing Neighbourhood Plan Group.
- d) That following receipt of the examiner's report that the Strategic Director of Places in consultation with the Portfolio Holder for Planning and Property be **AUTHORISED** to publish the County Council's decision notice, update the Wing Neighbourhood Plan and undertake a referendum.
- e) Subject to the outcome of the referendum that the Strategic Director of Places in consultation with the Portfolio Holder for Planning and Property be **AUTHORISED** to make the Wing Neighbourhood Plan part of the Development Plan for Rutland.

9 EXCLUSION OF THE PRESS AND PUBLIC

The Chair confirmed that her view was that the following two items were able to be discussed in a public session, but confirmed that should discussion on the exempt appendices arise then Cabinet would consider a motion to exclude the press and public at that juncture.

10 AWARD OF THE FORESTRY CONTRACT

Report No. 76/2023 was introduced by Councillor C Wise, Portfolio Holder for Highways, Transport, and the Environment. The report sought Cabinet approval for award of the Forestry Contract following a tender process.

The recommendations of Report No. 76/2023 were moved by Councillor C Wise and seconded, upon being put to the vote, with six votes in favour the motion was unanimously carried.

RESOLVED

That Cabinet:

- a) **APPROVED** the award of the Forestry Contract to the overall highest scoring bidder.

- b) **AUTHORISED** the Strategic Director for Places, in consultation with the Cabinet Member with portfolio for Highways, Transport and the Environment to award the contract resulting from this procurement in line with the Award Criteria.

11 AWARD OF THE GROUNDS MAINTENANCE CONTRACT

Report No. 78/2023 was introduced by Councillor C Wise, Portfolio Holder for Highways, Transport, and the Environment. The report sought a Cabinet recommendation to Council for to approve the award of the Grounds Maintenance following a tender process.

The recommendations of Report No. 78/2023 were moved by Councillor C Wise and seconded, upon being put to the vote, with six votes in favour the motion was unanimously carried.

RESOLVED

- a) **RECOMMENDED** to Council that it approves the award of the Grounds Maintenance Contract.
- b) **RECOMMENDED** to Council that it authorises the Director for Places, in consultation with the Cabinet Member with Portfolio for Highways, Transport and the Environment, to award the contract to the highest scoring bidder resulting from this procurement in line with the Award Criteria.

12 ANY ITEMS OF URGENT BUSINESS

There were no items of urgent business for consideration.

13 DATE OF NEXT MEETING

Tuesday, 11 July 2023.

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The Chair declared the meeting closed at 10.57 am.

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CABINET

11 July 2023

STATUE OF HM QUEEN ELIZABETH II

Report of the Leader of the Council

Strategic Aim:	A Special Place	
Key Decision: No	Forward Plan Reference: N/A	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr Gale Waller, Leader of the Council.	
Contact Officer(s):	Penny Sharp, Strategic Director for Places	psharp@rutland.gov.uk 01572 758160
	Robert Clayton, Head of Culture & Registration	rclayton@rutland.gov.uk 01572 758435
Ward Councillors	All	

DECISION RECOMMENDATIONS

That Cabinet:

1. Approves the request from the Lord-Lieutenant of Rutland to allow the use of Council land in the grounds of Oakham Library for the siting of a memorial statue to her late Majesty Queen Elizabeth II.
2. Determines whether land to the front of the library (option 1) or the rear of the library (option 2) may be used for this purpose.

1. PURPOSE OF THE REPORT

- 1.1 To enable Cabinet to consider the request from the Lord-Lieutenant of Rutland to allow the use of Council land in the grounds of Oakham Library for the siting of a memorial statue to her late Majesty Queen Elizabeth II.

2. BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 In late 2022 Dr Sarah Furness, the Lord-Lieutenant of Rutland, launched an appeal for funds to create a large bronze statue of Her Late Majesty Queen Elizabeth II. The Lord-Lieutenant commissioned Hywel Pratley, a member of the Society of Portrait Sculptors, to create the statue. The size of the statue would be around 7ft 6in on a 5ft limestone plinth, totalling 12ft 6in or 3.8m tall.

- 2.2 No funds have been requested from, or given by, Rutland County Council.
- 2.3 Oakham Town Council committed £5,000 towards the cost of the statue at their Full Council meeting on 11th January 2023. The balance of the £125,000 costs associated with the statue are being met by private subscription.
- 2.4 Installation of the statue would introduce a significant new piece of public artwork to Rutland's County town. If approved, a high-profile unveiling event will be organised, which may result in significant publicity and additional footfall to the County in the short, medium, and long term.
- 2.5 The grounds of Oakham Library are owned by Rutland County Council, and as such a formal decision is required by Cabinet to allow the use of the land for this purpose ahead of the determination of the planning application. No restrictive covenants, byelaws or similar constraints have been identified pertaining to the site. The grounds are presently maintained by Oakham in Bloom as part of the sensory gardens around the library.
- 2.6 The proposed design of the statue has evolved during the fund-raising period, and now incorporates depictions of the Queen's corgis, on a raised plinth to ensure they do not present a trip hazard to pedestrians. Details around the planning, design and access issues arising from the installation are not included in this report, as these matters will be considered by the Planning Committee if the use of the land is approved.

3. LOCATION CONSIDERATIONS

- 3.1 The Lieutenancy has submitted a planning application (2023/0593/FUL), proposing that the statue is sited in the grounds to the front of Oakham Library, adjacent to the mini roundabout at the junction of Burley Road, High Street, Mill Street and Catmos Street. A site plan and imagery are attached in Appendix A, with full documentation available on the Council's planning portal.
- 3.2 Installation in the proposed location may limit options for future changes to the Oakham town centre layout, in particular any mitigations of issues around the mini-roundabout junction.
- 3.3 Alternatively the statue could be situated at the rear of the library, in the area currently occupied by Oakham in Bloom peacock statue.
- 3.4 The Lord-Lieutenant's position is that the site to the rear of the library is insufficiently prominent and would not be acceptable as an alternative.
- 3.5 Officers have assessed the potential impact of the statue on road users approaching the junctions at the front and the rear of the library. Both of the potential locations are set far enough away from the junctions to have no visibility impact on road users. The statue locations have also been determined to have no detrimental impact on the established trees in the area.
- 3.6 If the statue is sited at the front of the library, the sensory garden on the footprint of the statue would need to be removed, although the other gardens to the front of the library would remain.
- 3.7 If the statue is sited at the rear of the library, the existing peacock display would

need to be uplifted and relocated to an alternative setting, which would need to be agreed with its owners, Oakham in Bloom. The peacock was originally sited at HMP Ashwell and so has previously been successfully relocated.

3.8 Option Impacts

Option 1 – Front of the Library	
Prominence / Visibility	Highly prominent location, easy for visitors to find, closely adjacent to town centre and Market Place, and visible from the High Street.
Future Proofing	Restricts potential improvements to the High Street / Burley Road / Catmose Street / Mill Street traffic junction. Future changes to the highly constrained roundabout would have limitations or would require the relocation of the statue.
Environmental Impact	Installation would require removal of the sensory garden beds on the proposed location. There would be no impact on the trees on the site.
Highways User Impact	The location of the statue would not impede visibility for highways users.
Pedestrian Impact	The location would not restrict use of the footpaths around the library, as it will be located entirely within the existing footprint of existing sensory garden beds. A plinth has been designed to reduce any potential trip hazards.
Economic Impact	Erection of the statue may generate significant publicity and additional footfall to the County in the short, medium, and long term. The location to the front of the library is more prominent than at the rear, which may increase its profile and impact, however the site is near a busy junction which may reduce dwell time and appreciation.

Option 2 – Rear of the Library	
Prominence / Visibility	Less prominent location, harder for casual visitors to find, partially enclosed by a screen of trees in a less well-visited part of the town centre and not visible from the High Street. However the site is not a significant distance from the town centre.
Future Proofing	No impact on future improvements to traffic junctions.

Environmental Impact	Installation would require removal and potential relocation of the peacock statue on the proposed location. There would be no impact on the trees on the site.
Highways User Impact	The location of the statue would not impede visibility for highways users.
Pedestrian Impact	The location would not restrict use of the footpaths around the library, as it will be located entirely within the grassed area where the peacock is situated. A plinth has been designed to reduce any potential trip hazards.
Economic Impact	Erection of the statue may generate significant publicity and additional footfall to the County in the short, medium, and long term. The location to the rear of the library is less prominent than at the front, which may reduce its profile and impact, however the area is more peaceful with established seating away from the town centre thoroughfares which may contribute to a more reflective experience.

4. CONSULTATION

- 4.1 The Lord-Lieutenant has circulated promotional material regarding the proposed statue.
- 4.2 Oakham Town Council have considered the proposal and have committed £5,000 towards the cost of the statue but have declined to take on ownership responsibility.
- 4.3 Oakham In Bloom have expressed support for the installation of the statue.

5. ALTERNATIVE OPTIONS

- 5.1 The Lord-Lieutenant has requested that Rutland County Council allow use of the land at the front of Oakham Library to enable the statue to be erected in a high profile, prominent position in the County Town of Rutland. If this is not agreed, and the Lieutenancy does not choose to site the statue to the rear of the library, an alternative option may be for the statue to be sited at a location on land owned by Anglian Water, on the banks of Rutland Water. No decision would be required from Cabinet if this option were to be pursued, as the land is not owned by the County Council.

6. FINANCIAL IMPLICATIONS

- 6.1 No County Council funds have been requested or allocated to support the creation of the statue.
- 6.2 Ownership liability, including insurance and maintenance of the statue would remain with the Lieutenancy. As such there would be no net impact on the Council's financial position.

6.3 Alternative uses for the site have not been explored, however it is unlikely that any uses would be identified which would generate significant net revenue to the Council.

6.4 There will be a small one-off cost for preparing the appropriate legal documentation.

7. LEGAL AND GOVERNANCE CONSIDERATIONS

7.1 Cabinet may determine the most effective use of Council assets, including the use of land by third parties where this is deemed appropriate.

7.2 Erection of a statue on the site to the front of the library may limit the potential for alterations to the public realm and highway in the area. Changes could be made in the future to improve the accessibility and safety of pedestrians and vehicles in the area of the roundabout. However, at present there are no agreed schemes for such works.

7.3 Installation of public art works may result in increased levels of visitation and spend in the local economy however no work has been undertaken to assess the potential value of such an uplift.

7.4 Consideration of planning issues will be undertaken by the Planning Committee should use of the land be agreed.

7.5 If agreed, the appropriate legal documentation would be entered into with the Lieutenancy to allow the use of Rutland County Council land. Rutland County Council will not own or maintain the statue. Ownership, insurance and maintenance responsibility will remain with the Lieutenancy.

8. DATA PROTECTION IMPLICATIONS

8.1 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 the report author.

9. EQUALITY IMPACT ASSESSMENT

9.1 An Equality Impact Assessment has been completed. No adverse or other significant risks / issues were found. A copy of the Assessment can be obtained from the report author.

10. COMMUNITY SAFETY IMPLICATIONS

10.1 The proposed site at the front of the library is close to one of the town centre CCTV cameras. The site to the rear of the library does not presently have CCTV coverage. As with any public monument or building there is a potential for vandalism or damage to be perpetrated on the asset. Responsibility for any rectification would fall to the Lieutenancy.

11. HEALTH AND WELLBEING IMPLICATIONS

11.1 No health and wellbeing implications have been identified.

12. CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 12.1 This report sets out the request from the Lord-Lieutenant of Rutland to allow the use of Council land in the grounds of Oakham Library for the siting of a memorial statue to her late Majesty Queen Elizabeth II.
- 12.2 Cabinet is requested to consider the proposal and determine whether the use of the land either at the front or the rear of the library should be approved ahead of the consideration of planning application 2023/0593/FUL by the Planning Committee at a date to be agreed.

13. BACKGROUND PAPERS

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

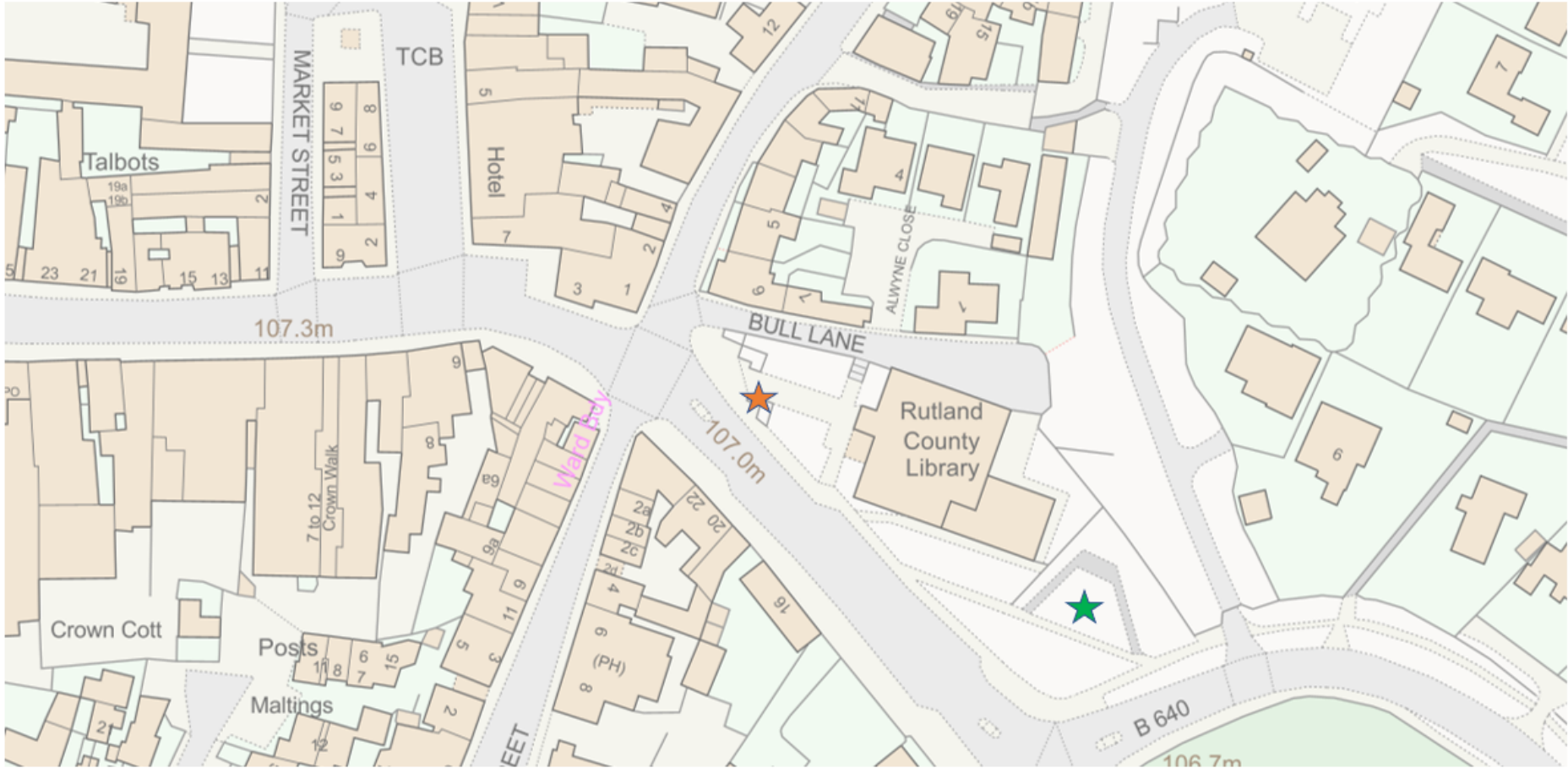
14. APPENDICES

- 14.1 Appendix A – Site Plan and Visuals

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

Appendix A. Site Plan and Visuals

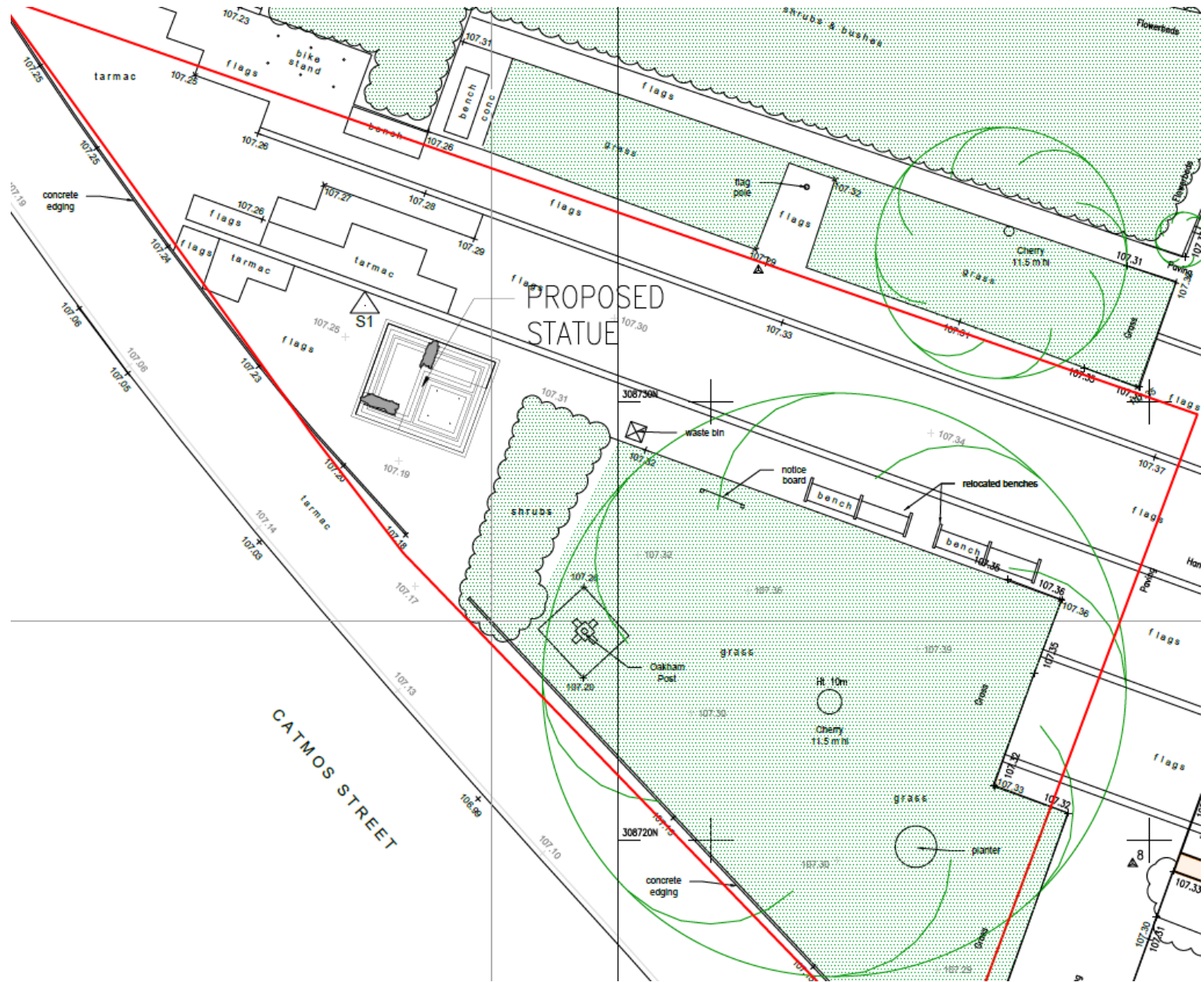
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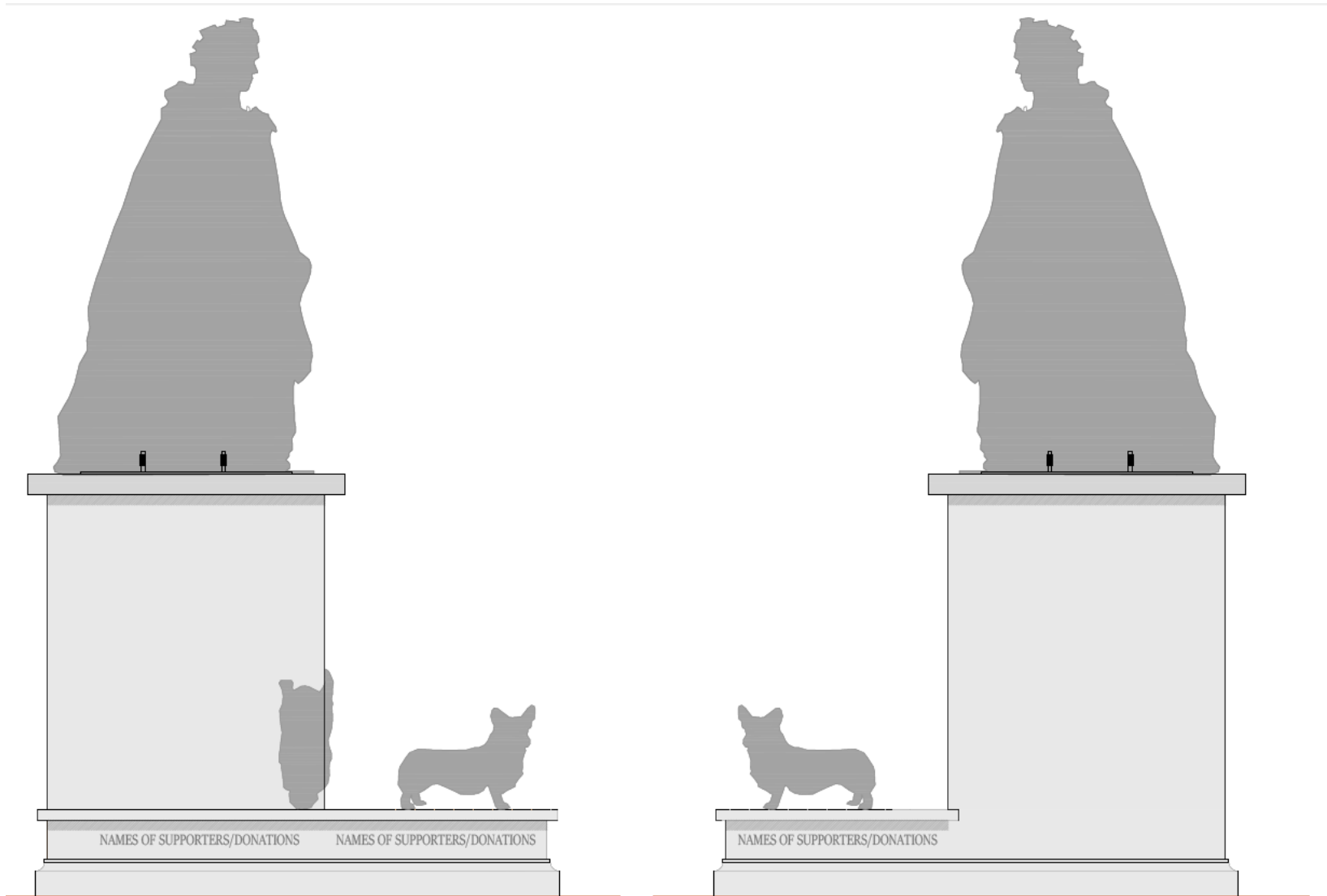


Statue Proposed Location

★ Option 1

★ Option 2





NORTH EAST ELEVATION

SOUTH WEST ELEVATION

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CABINET

11 July 2023

DISPOSAL OF LAND AT LONG ROW ACCESS ROAD OAKHAM

Report of the Portfolio Holder for Planning and Property

Strategic Aim:	Delivering sustainable development	
Key Decision: No	Forward Plan Reference: FP/260523	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr P Browne: Portfolio Holder for Planning and Property	
Contact Officer(s):	Penny Sharp, Strategic Director Places	Tel: 07973 854906 psharp@rutland.gov.uk
	Mona Walsh, Head of Property Services	Tel: 07779 550314 mw Walsh2@rutland.gov.uk
Ward Councillors	Councillor Ramsay Ross Councillor Steve McRobb	

DECISION RECOMMENDATIONS

That Cabinet:

1. Approves the disposal of the freehold interest in land at Long Row Access Road Oakham.
2. Authorises the Strategic Director Places, in consultation with the Portfolio Holder with responsibility for Property to agree the final terms, including the precise area of land, generally in line with the Heads of Terms.

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to obtain authority from Cabinet to sell the freehold interest of land at Long Row Access Road Oakham to Tim Norton Ford Garage.

2. BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The Council owns the freehold of Long Row Access Road as identified on the plan at Appendix A. The tarmacked road provides access to Tim Norton Ford Garage and users of the garage site. There is no through-traffic for vehicles or pedestrians. The roadway is not adopted. The Council has maintenance and repairing liabilities and incurred costs of c£200 carrying out pothole repairs during 2022. Other potholes

have been reported since.

- 2.2 The Council has no records of any documentation about Long Row Access Road being let to any party, including Tim Norton Ford Garage. The Council does not receive any income for the property and is responsible for its ongoing repair and maintenance. The garage leases offices and associated car parking spaces within its site to a local taxi firm and they too access their premises in the same way as the Ford Garage along Long Row Access Road. In the absence of evidence in Council records it is assumed that the use agreed by Tim Norton Ford Garage and its sub tenant is unauthorised by the Council.
- 2.3 Tim Norton Ford Garage, the owner of surrounding properties, approached the Council to express interest in purchasing Long Row Access Road.
- 2.4 An assessment of the land has been completed and it has been declared surplus.
- 2.5 The Council is obliged to ensure it obtains best consideration reasonably obtainable for land disposal. There is no absolute requirement to market the land being disposed of or to obtain an independent valuation.
- 2.6 Assessing a disposal price for Long Row Access Road requires an assessment of several factors including the current use, location, potential special purchaser and that a disposal to Tim Norton Ford Garage would potentially enhance the value of its existing land holdings, including future development potential. The Council instructed Innes England to prepare an independent valuation and marketing report of Long Row Access Road, having regard to the expression of interest received from Tim Norton Ford Garage.
- 2.7 Innes England advised that in their opinion inclusion of Long Row Access Road would make for a more attractive and potentially “neater” development site and the absence of Long Row Access Road would not preclude development propositions coming forward on immediately surrounding land. Overall Long Row Access Road is not considered to hold ransom value potential. If Long Row Access Road were offered on the open market for sale the expectation is that Tim Norton Ford Garage would be interested and potentially be a willing buyer. It is not easy, however, to envisage a competing buyer and therefore it is arguable that Tim Norton Ford Garage may be considered a Special Purchaser. Ownership of Long Row Access Road by Tim Norton Ford Garage would improve marketability of the adjoining ownerships and add flexibility to redevelopment potential of the immediate wider ownerships. Therefore it is understandable why the adjoining owner, Tim Norton Ford Garage, would be interested in purchasing and it is not easy to imagine an alternative willing purchaser from the open market
- 2.8 Innes England considered disposal and marketing of the property. They advised that promotion in the open market was not recommended if the adjoining owner has already expressed interest. A sale without clawback was appropriate if the consideration obtained already reflects potential value as a development site. Selling the Freehold interest was appropriate as that is likely to be perceived at a slightly higher market value than a sale by virtual freehold (999 year lease or similar) and will increase associated legal costs and there is little advantage to a vendor adopting that route unless there is some other objective to be achieved.
- 2.9 Following negotiations an offer of £42,000 exc. VAT was made by Tim Norton Ford

Garage for the Councils freehold interest, and with each party bearing their own legal costs. The offer received reflects the commentary and recommendations of para 2.8 above.

- 2.10 Final terms agreed will include appropriate clauses relating to sub-selling of the asset so in the event on an onward sale of the property by the purchaser at an increased price the Council will benefit.

3. CONSULTATION

- 3.1 Consultation has taken place internally with Senior Officers and Elected Members of the Council, at the Corporate Asset Project Board and with Cllr P Browne, Portfolio Holder for Planning and Property, Strategic Director Places, Strategic Director Resources and the Councils Highways team. Rutland County Council corporate procedures have been followed.

4. ALTERNATIVE OPTIONS

- 4.1 Do nothing would result in the Council continuing to have maintenance and repair liabilities for a piece of land providing access to a privately owned site and for which it receives no income.

5. FINANCIAL IMPLICATIONS

- 5.1 The Council elected to register Long Row Access Road for VAT on 16 October 2012.
- 5.2 The Council incurred costs of c£200 carrying out pothole repairs during 2022. Other potholes have been reported since. A sale will remove future repair and maintenance obligations.
- 5.3 Long Row Access Road is not individually recognised on the Councils Balance Sheet which reflects the nature and current use as described in Section 2 so the asset is currently deemed a De Minimus asset (Value less than £10k)
- 5.4 The sale price agreed reflects the advice and recommendations made by Innes England and referred to in para 2.7, 2.8 and 2.9.
- 5.5 The Council's legal costs associated with the transaction will be deducted from the sale proceeds. Other fees and costs incurred will amount to £7,000 exc. VAT

6. LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 Any acquisition, disposal, appropriation or exchange of property or other fixed assets must be made in accordance with the capital programme approved by the Council or through a separate approval. This report seeks authorisation to include the disposal in the capital programme. As the value is less than £1m then Cabinet is able to approve this project.
- 6.2 The freehold of the land would be transferred by the Council.

7. DATA PROTECTION IMPLICATIONS

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

8. EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact questionnaire has not been completed due to the report being for the disposal of property.

9. COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are no community safety implications arising from this disposal.

10. HEALTH AND WELLBEING IMPLICATIONS

- 10.1 There are no health and wellbeing implications arising from this disposal.

11. ORGANISATIONAL IMPLICATIONS

- 11.1 Environmental implications

- 11.1.1 There are no environmental

- 11.2 Human Resource implications

- 11.2.1 There are no human resource implications

- 11.3 Procurement Implications

- 11.3.1 There are no procurement implications

12. CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 12.1 The recommendations set out in this report will enable the Council to dispose of its freehold interest in the property, realise a capital receipt and result in no ongoing maintenance and repair obligations.

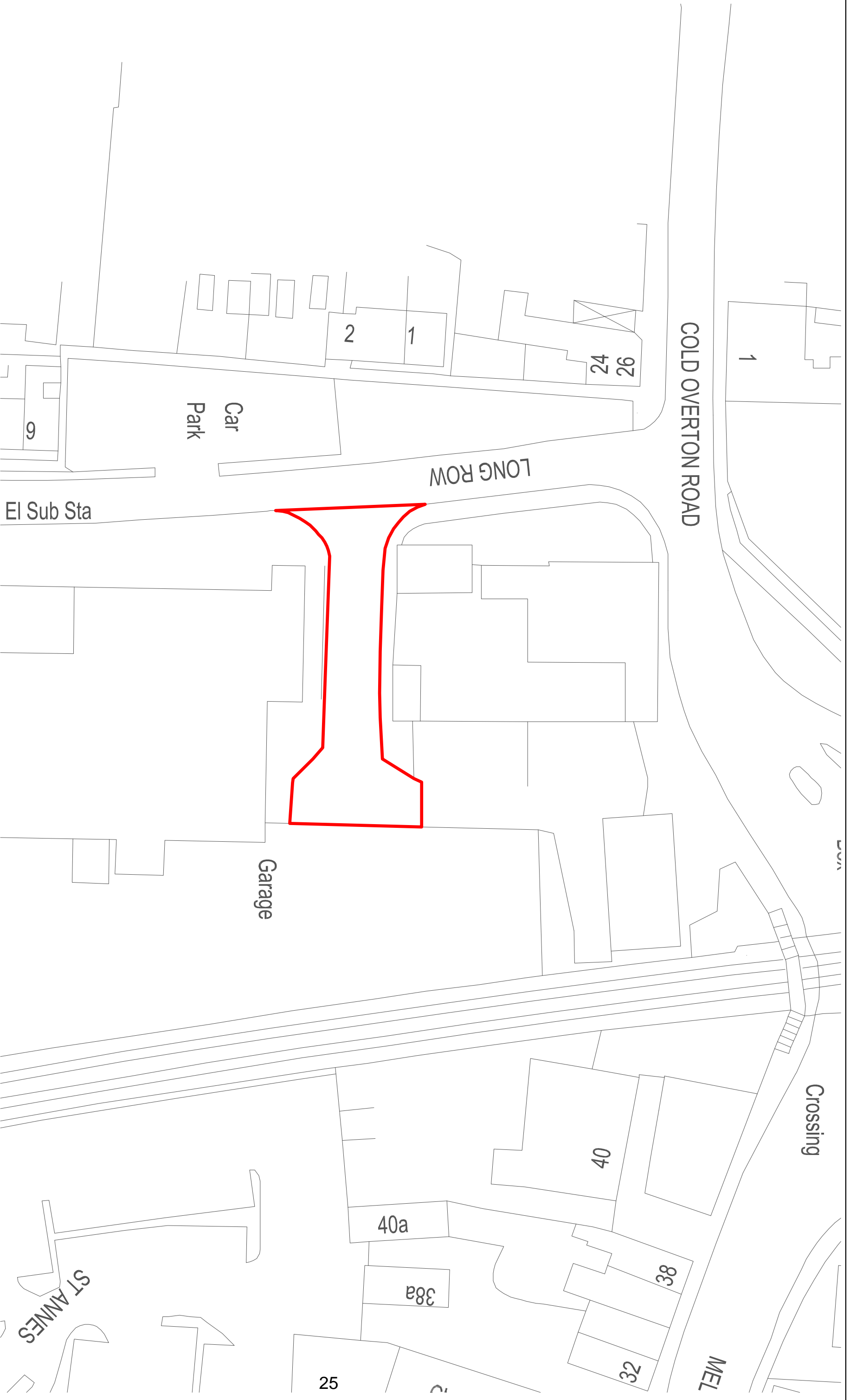
13. BACKGROUND PAPERS

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

14. APPENDICES

- 14.1 Appendix: Plan of Long Row Access Road.

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



Revision	Description	Date
Rutland County Council		

Property Services
Building Surveying
 Catnouse, Oakham, Rutland
 T:01572 758393 E:propertyservicesdesk@rutland.gov.uk

Asset	Long Row Access Road
Title	Red line plan

Drawn by	LH	Checked		File	
Drawing Number	002	Revision		Scale	1:500 A3
Date	7.6.23				

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CABINET

11 July 2023

HIGHWAY CAPITAL - ADDITIONAL POTHOLE FUNDING 2023/24

Report of the Portfolio Holder for Highways, Transport and the Environment

Strategic Aim:	Sustainable Lives	
Key Decision: No	Forward Plan Reference: FP/090623	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr Christine Wise, Portfolio Holder for Highways, Transport and the Environment	
Contact Officer(s):	Penny Sharp, Strategic Director of Places	Tel: 07973 854906 psharp@rutland.gov.uk
	Andrew Tatt, Principal Highways Manager	atatt@rutland.gov.uk
Ward Councillors	All	

DECISION RECOMMENDATIONS

That Cabinet:

1. Approves the spend of the allocation from the Department for Transport (DfT) for the Highway Capital Additional Pothole Funding as per Appendix A.
2. Authorises the Strategic Director of Places in consultation with the Portfolio Holder with responsibility for Highways to agree any substitution of projects if the identified schemes cannot proceed or if prohibitive circumstances arise on a site, costs increase, or a more serious defective site occurs over the year 2023/24, which is deemed to warrant more urgent intervention for health and safety reasons, then a site may be substituted to allow for this within the allocated budget. The substituted site would then feature high on the list for next allocation.

1 PURPOSE OF THE REPORT

- 1.1. To approve the spend of the Highway Capital - Additional Pothole Funding, allocation by the Department for Transport (DfT) for 2023/24.
- 1.2. Recommends Cabinet authorises the Director of Places in consultation with the Portfolio Holder for Highways, Transport and Environment to agree any substitution

of projects if the identified schemes cannot proceed or if prohibitive circumstances arise on a site, cost increase or a more serious defective site occurs over the year 2023/24, which is deemed to warrant more urgent intervention for health and safety reasons, then a site may be substituted to allow for this within the allocated budget. The substituted site would then feature high on the list for next allocation.

2. BACKGROUND AND MAIN CONSIDERATIONS

- 2.1. The Highway Capital Additional Pothole funding supports the Council's statutory duties as a highway authority. The programme is prioritised from highways asset condition surveys and inspections and a risk-based approach. The additional capital pothole funding helps deliver on the targets as set out in the 2020 -2026 Corporate Plan.
- 2.2. The Highway Capital Additional Pothole Funding was confirmed by letter from the DfT on 30th March 2023. This supports the desire to ensure the continued safe operation of the highway network.
- 2.3. Appendix A sets out the allocation of the Highways Capital additional pothole funding, which covers, Carriageway patching and resurfacing as well as a programme of Thermo patching following a successful trial last year. The Thermo patching process works by introducing controlled heat into failed or failing bituminous road surfaces. The controlled Thermo heating softens the road surface with new material mixed in and levelled before being compacted.
- 2.4. The process benefits from no joints, carbon emission reductions and zero waste. The programme of works as outlined in Appendix A will be followed, however if unknown prohibitive circumstances arise on a site, or a more serious defective site occurs over the year 2023/24, which is deemed to warrant more urgent intervention for health and safety reasons, then a site may be substituted to allow for this within the allocated budget. The substituted site would then feature high on the list for next allocation. Delegation of authority is sought for the Director of Places in consultation with the Portfolio Holder for Highways, Transport and Environment to agree any substitution of projects if the identified schemes cannot proceed.
- 2.5. The highways capital additional pothole funding from DfT is £423,200.
- 2.6. It should be noted that the current volatility in the market, particularly with higher bitumen and fuel costs as well as other construction materials has increased sharply in some cases and there is reasonable assumption that this may continue through 2023/24 which may have an impact on scheme estimates.
- 2.7. The programme of work will include the following;
 - Proactive programme of works to intervene before potholes form.
 - A further programme of carriageway patching and resurfacing to stop minor defects becoming potholes.
 - Thermo patching programme.

Note: All above as per Appendix A.

3 CONSULTATION

- 3.1 No consultation required, the programme is developed to address planned maintenance and to address areas of the network requiring intervention.

4 ALTERNATIVE OPTIONS

- 4.1 Not to accept the additional allocation.

5 FINANCIAL IMPLICATIONS

- 5.1 The council has received grant funding for highways and this report proposes using that funding on its intended purpose.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 The Council has a 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 capital programme is part of the Councils evidence that it is fulfilling its statutory duty and also meets the strategic aims of “sustainable growth.”

7 DATA PROTECTION IMPLICATIONS

- 7.1 A Data Protection Impact Assessments (DPIA) has not been completed for the following reasons, because no personal data is being processed.

8 EQUALITY IMPACT ASSESSMENT

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

9 COMMUNITY SAFETY IMPLICATIONS

- 9.1 Well maintained highways contributes towards road safety.

10 HEALTH AND WELLBEING IMPLICATIONS

- 10.1 Failure to deliver a sustainable maintenance programme will lead to a decline in the quality of the highway networks throughout Rutland, leading to reductions in the quality of:

11 TRANSPORT LINKS.

- 11.1 Access to safe and useable highways, footway and cycleways, which promotes activities such as walking and cycling.

12 ORGANISATIONAL IMPLICATIONS

- 12.1 **Environmental implications**

- 12.2 To explore and implement the use of materials where practicable, which optimise the carbon reduction measures and their usage, while ensuring a functional and cost-effective balance is maintained. Implementing environmental best practice where practicable throughout the contract.

13 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 13.1 The report sets out the grant allocation made by the DfT for the Highway Capital - Additional Pothole Funding for 2023/24 and proposes how the allocation will be spent in a new programme of work set out at Appendix A.
- 13.2 The additional funding for potholes has been allocated to all authorities in England to undertake additional maintenance to address the level of pot-holes. This additional grant funding provides the opportunity for Rutland to take a pro-active approach to maintenance of the network to reduce the number of potholes on our roads.
- 13.3 The report seeks the approval of delegation of authority to the Director of Places in consultation with the Portfolio Holder for Highways, Transport and Environment to agree any substitution of projects if the identified schemes cannot proceed or if prohibitive circumstances arise on a site, cost increase or a more serious defective site occurs over the year 2023/24, which is deemed to warrant more urgent intervention for health and safety reasons, then a site may be substituted to allow for this within the allocated budget. The substituted site would then feature high on the list for next allocation.

14 BACKGROUND PAPERS

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

15 APPENDICES

- 15.1 Appendix A - Proposed Allocation for Highway Capital – Additional Pot-Hole Funding for 2023/24

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

Appendix A- Proposed Allocation for Highway Capital – Additional Pot Hole Funding for 2023/24.

	Maintenance Function Areas	Allocated amount
CE1112	Carriageway Maintenance- Patching and minor resurfacing	£348,200.00
CE1060	Carriageway Maintenance - Thermo Patching	£75,000.00
	Total	£423,200.00

Carriageway Maintenance - Patching and minor resurfacing (Budget £348,200)- Identified from the GAIST visual condition surveys, visual inspections and SCRIM data.

Scheme ID	Parish	Road name	Location
CE1112-CP-27	Oakham	Kestrel Road	Section just off the Burley parkway
CE1112-CP-29	Oakham	Welland Way	Brooke Road to Trent Road
CE1112-CP-30	Ryhall	Salters Lane	End to end
CE1112-CP-31	Tinwell	A606	Form bridge scheme to water lane
CE1112-CP-32	South Luffenham	Pinfold Lane	A6121 to The Street
CE1112-CP-33	Brooke	Braunston Rd	America Lodge X roads to Leighfield
CE1112-CP-34	Seaton	Penns Hill	B672 junction to Village
CE1112-CP-36	Lyndon	Nth Luffenham Road	Opposite Pick Barns
CE1112-CP-38	Bisbrooke	Manton Road	A47 to Preston / Glaston Rd
CE1112-CP-39	Morcott	Willoughby Road	Main St to end
CE1112-CP-40	Seaton	Main Street	30mph to PH
CE1112-CP-41	North Luffenham	Moor Lane	Digby Drive to Pilton Road junc.
CE1112-CP-44	Hambleton	Oakham Road	From Egleton Rd Junc to Village
CE1112-CP-46	Morcott	Red Hill B672	Barrowden Rd Junc to Seaton Rd Junc
CE1112-CP-48	Ryhall	Uffington Lane	In the dip

Carriageway Maintenance - Thermo Patching (Budget £75,000) - Identified from the GAIST visual condition surveys, visual inspections and SCRIM data.

Scheme ID	Parish	Road name	Location
TBC	Rutland	Various Locations	Various Locations

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CABINET

11 July 2023

ADULT LEARNING OFFER – ACADEMIC YEAR 2023-2024

Report of the Portfolio Holder for Children’s Services, Homelessness and Housing Policy

Strategic Aim:	A County for Everyone	
Key Decision: No	Forward Plan Reference: FP/090623	
Exempt Information:	No	
Cabinet Member(s) Responsible:	Cllr Raymond Payne, Portfolio Holder for Children’s Services, Homelessness and Housing Policy	
Contact Officer(s):	Dawn Godfrey, Strategic Director for Children and Families	01572 758358 dgodfrey@rutland.gov.uk
	Gill Curtis, Head of Learning and Skills	01572 758460 gcurtis@rutland.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That Cabinet:

1. Approves the recommendation to provide an in-house adult learning offer for the academic year 2023/4 whilst a review of the service delivery model is undertaken to identify and deliver a service which best meets the needs of Rutland residents and employers in the long term.

1. PURPOSE OF THE REPORT

- 1.1 This report sets out the options available for adult learning in Rutland for the coming academic year, September 2023 to August 2024, and identifies the recommended short-term service delivery model.
- 1.2 The adult learning delivery model will then be further reviewed and evaluated during the academic year 2023/4 to enable the development of a sustainable offer which will better meet the needs of the residents of Rutland in the long term.

2. BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 Adult Learning is a service provided by Rutland County Council (RCC) utilising funding from the Education and Skills Funding Agency (ESFA) to meet statutory

duties to influence and shape the adult learning provision on offer in the local area. The Adult Learning Service offers a range of learning opportunities aiming to upskill and boost productivity, pay, employment opportunities and the living standards of learners, delivered through our well-equipped building on the outskirts of Oakham.

- 2.2 Rutland County Council commissions a single contract with Inspire Education Group (IEG), who are contracted until 31st July 2023 to deliver qualification-based courses which include GCSE English and mathematics and AAT Accountancy. The Community Learning offer delivered through Rutland Adult Learning and Skills Service (RALSS) is not included in the contract with IEG and is delivered in-house through tutors employed through the ESFA budget.
- 2.3 Following changes to subcontracting rules, the current provider can no longer offer the same level of provision as originally planned. This meant that an extension of the existing contract for an additional year, as provided for in the contract was no longer an option, and therefore a decision was required on the future of Adult Learning in Rutland.
- 2.4 In January 2023, a tender went out for a new subcontractor to deliver from August 2023.
- 2.5 In February 2023, a bid was received from one company and was assessed against criteria identified in the award questionnaire. The tender did not meet the minimum requirements within the contract specification for the Adult Learning Service because the company is not currently an Adult Education Provider, did not have any previous experience of this kind of delivery and is not Ofsted registered as an education provider. This tender was therefore non-compliant and had to be rejected. No other bids were received.
- 2.6 A questionnaire was then sent out to 51 education or training organisations to determine why there had not been greater interest. None of the organisations replied.
- 2.7 On the 19th of April, Rutland Adult Learning and Skills Service management met with IEG to discuss the end of the contract, and implications for any relevant staff and subsequently consulted with Rutland's Human Resources Service to determine next steps. Dependent on future service operation, there would be implications for TUPE and redundancy which would need to be considered.
- 2.8 Three options for adult learning in Rutland, were identified:
 - i) bring the provision back in house.
 - ii) cease delivering adult qualification courses and just to focus on community learning
 - iii) cease offering any adult or community learning at all.
- 2.9 It is recommended that the option (i) to bring the adult learning offer back in-house would be the most pragmatic solution at this time.
- 2.10 Rutland Adult Learning and Skills Service will not have the resource available at the level of the subcontract, however, could continue to deliver a more focused programme of adult learning courses in-house. This offer would include delivering qualifications in Mathematics, English, Digital Skills and English as a Second or

Other Language (ESOL) up to GCSE level. During this academic year which runs from September 2022 to July 2023, these were the courses which had the highest numbers of enrolments. From the 118 enrolments so far this year, 28 were for Functional Skills qualification (levels 1,2 or 3) in English, and 26 for Functional Skills qualification in mathematics and 23 for ESOL (levels 1 -3).

- 2.11 The offer of community learning, which is already established and successful, could be increased or extended within this arrangement if needs-analysis identified an adapted offer was required.
- 2.12 Feedback indicates that Rutland residents value these courses. Adult learning has the potential to increase social mobility, encourage the economically inactive to participate and feedback indicates that wellbeing and mental health can be improved through greater employment opportunities.
- 2.13 This option would continue to provide a good adult learning offer to Rutland residents:
 - 2.13.1 By looking at learner data trends over time we know that this new offer would suit the needs of our local community.
 - 2.13.2 By bringing the offer back in house it would give RCC more influence over the overarching curriculum offer and the control of the provision rests internally. This would include complete control over quality assurance procedures and ensure high standards are maintained.
 - 2.13.3 By choosing this option, further collaboration across the council would ensure best value and impact of other Government funded initiatives such as the Department for Education's Multiply programme, the UK Shared Prosperity Fund and Levelling Up funding, utilising the skills of existing staff and supporting economic development within the area.
 - 2.13.4 This option provides the flexibility to find a subcontractor to work with in the future if the needs of our community change, or to formalise with a partner organisation to offer a learning hub within Rutland if numbers were sufficient.
 - 2.13.5 Options to deliver in venues across Rutland, utilising existing community spaces and linking to the development of the Family Hub, can also be expanded through the in-house delivery model.
- 2.14 This option is not a full replica of the subcontract and therefore not all staff currently employed through the subcontract would be eligible for TUPE. The in-house delivery-model would require staffing, with five of the nine staff currently employed by IEG through the sub-contract continuing in a role similar to their current role and therefore liable to TUPE transfer to the Council's employment. This option does not include any offer for apprenticeships or AAT (accountancy) which would continue to be offered at Stamford by IEG and therefore those members of staff would need to be redeployed by IEG and not in scope for employment by RCC.
- 2.15 Under this option there would be no impact on staff being lost due to any delay in transfer of an in-house provision. As we use a tutor bank, we would be able to utilise these staff therefore avoiding a recruitment crisis and any potential delay in learning.
- 2.16 Whilst a reduced offer within Rutland may be perceived, because some of the

courses would no longer be available within the county, indications are that Stamford will continue to deliver on their main site and available to Rutland residents and a wide range of courses are available online. Other adult learning providers are also available within a short distance of the county's border. Should demand be such that it would be financially viable to run these at RALSS, this would be considered as the provision developed.

3. CONSULTATION

3.1 Consultation on the future offer of adult education will be intrinsic to the development of the future service model for adult and community learning.

4. ALTERNATIVE OPTIONS

4.1 Offer community learning only.

4.1.1 Rutland Adult Learning and Skills Service could continue to deliver all courses not included within the sub-contract, which are referred to as the Community Learning offer funded through the Education and Skills Funding Agency.

4.1.2 Whilst this option would mean there would be no offer within Rutland to those residents wishing to gain a qualification, the option to provide a well-established and successful community learning offer to Rutland residents would continue:

4.1.3 By looking at learner data trends over time we know that this offer is well attended and reflects the needs of Rutland adults. As shown on page 15 of the Adult Learning Self-Assessment Review (Appendix 1), high retention, achievement and success rates have been sustained over time.

4.1.4 This offer supports Rutland's economic development strategy by encouraging participants to consider enterprise opportunities utilising their new-found skills but does not readily offer progression through to qualifications-based courses, although this would still be available within reasonable travelling distances in Stamford, Peterborough or Melton Mowbray.

4.1.5 Feedback indicates that community courses improve wellbeing and mental health however, it would not provide the in-house opportunities for supporting economic development within Rutland or support social mobility; both of which are key priorities for the County.

4.2 Cease providing the service altogether.

4.2.1 When reviewing the adult and community learning offer in Rutland, consideration was given to cease all adult and community learning provision.

4.2.2 This would have a negative impact on adult education in Rutland, and drastically reduce potential options for improving the profile and take up of non-academic routes into further education. As well as significant financial implications, there would be high reputational risk for the council due to the gap in the offer we have available for our local community.

5. FINANCIAL IMPLICATIONS

- 5.1 Bringing the provision back in-house.
 - 5.1.1 Projections indicate that the service outlined can be delivered in-house. In addition to the DfE Adult Education Budget, grants such as the DfE Multiply Programme, will cover costs associated with the planned offer. The offer will be regularly monitored to ensure spending remains within the DfE budget allocation.
 - 5.1.2 The extended offer of community learning would be developed to reflect need identified through employer engagement or resident feedback and would utilise the DfE adult budget for community learning. The offer would be planned within the constraints of the budget.
 - 5.1.3 There could be a short term financial risk due to Adult Education Budget funding being clawed back, and funding for the following year being reduced in the next academic year by £10,000. However, this will be dependent on the level of adult learning taken up over the academic year.
 - 5.1.4 Whilst there will be 5 members of staff currently employed by Inspire Education Group in scope for TUPE to Rutland County Council, it is anticipated that they will be employed in the proposed service model and funded through the Adult Education Budget. Two of the members of staff would be employed with similar terms and conditions, at a total cost of £53,932 plus on-costs. The three tutors are employed on zero hours contracts and would be employed to meet service requirements.
- 5.2 Offer Community Learning only.
 - 5.2.1 Increased financial risk in the short term due to the potential for the Education and Skills Funding Agency to claw-back any underspent Adult Education Budget and the overall adult and community learning grant funding reduced in the next academic year.
 - 5.2.2 The staff associated with the TUPE from IEG would not be required to deliver the Community Learning offer therefore there is potential for significant cost implications associated with redundancy payments and pension liabilities.
 - 5.2.3 The Adult Learning offer contributes to the overheads of running the adult and community learning service from the unit at Oakham Enterprise Park. If the overheads are not reduced, there is potentially a £42,000 pressure on the budget. However, a smaller offer would require fewer classroom and office spaces, and these could be rented to reduce some of the overheads.
- 5.3 Cease providing the service altogether.
 - 5.3.1 This could be a high financial risk for the local authority due to potential redundancies of the six existing staff employed to deliver this offer and up to 18 part-time tutors as well as those five for whom the TUPE process is already underway. This would also have a potential pension strain placed on the Council for these members of staff.
 - 5.3.2 There is an additional potential for impact on two members of staff who contribute to the adult learning offer but are not fully funded through the AEB whose part-salary would have to be funded through the Council budget, or whose current employment pattern may need to be reconsidered.

- 5.3.3 The Adult Education Service makes an annual contribution towards Council overheads of £36,000 per annum.
- 5.3.4 Repayment of full Education and Skills Funding Agency funding which could amount to £382,000 in total.

6. LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 The Local Authority has a statutory duty to influence and shape the adult learning provision on offer in the local area but does not, itself, have an obligation to provide an adult learning service.
- 6.2 Consideration has been given to employment law and sub-contacting rules.
- 6.3 Governance of the adult education offer will continue to be provided through the Performance Board, and quality assured through Ofsted and the Education and Skills Funding Agency.

7. DATA PROTECTION IMPLICATIONS

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

8. EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact Assessment has not been completed.

9. COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are no community safety implications associated with the potential change to the Adult Learning Offer. The Adult Learning Service works closely with the Community Safety Team and utilises DfE and Ofsted guidance to ensure the curriculum policies and processes promote community safety.

10. HEALTH AND WELLBEING IMPLICATIONS

- 10.1 Adult learning contributes to increased well-being and social mobility and is recognised as supporting vulnerable adults and those with additional needs.

11. ORGANISATIONAL IMPLICATIONS

11.1 Human Resource Implications

- 11.1.1 There will be Human Resources implications associated with staff currently employed through the existing sub-contract with IEG. Formal consultation is currently taking place.

11.2 Procurement Implications

- 11.2.1 There is potential for sub-contracting the Adult Learning offer in future academic years if this is deemed appropriate through review of the service delivery model.

12. CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 12.1 Recommendation that Cabinet agrees that the option to deliver adult education in-house is the preferred option for the next academic year 2023/24. This will continue to provide Rutland residents with a valuable programme of qualification courses delivered locally, augmented by a strong community learning offer, much of what would be seen as 'business as usual.' Any qualification courses that can no longer be delivered through Rutland Adult Learning and Skills Service will be available at other local Further Education providers and, should numbers be sufficient, offered within county through a formal partnership arrangement with a local college or Further Education provider.
- 12.2 The longer term delivery model can then be determined through evaluation of the adult and community learning offer in Rutland, as well as feedback from the community, so that it can best meet the needs of residents and employers going forward.
- 12.3 It is intended that for academic year 2023-24, the offer proposed in option 1 would be delivered alongside funded offers such as the DfE Multiply Programme which aims to improve mathematical capability for adults with low mathematical skills. This provides options for adults to re-engage with education through informal activities, such as cookery or art, held in locations around the county. This will also enable a programme of employer engagement activities to be undertaken to identify skills gaps and training requirements.
- 12.4 In the academic year 2024 to 2025, following a review of the curriculum offer and engagement with employers and residents during the previous year, the adult education offer will more accurately reflect the needs of the community, with the potential to identify if a sub-contractor would be required to support delivery.
- 12.5 In the academic year 2025-2026, it is anticipated that an offer will be in place that satisfies the desires of residents, the requirement of employers and is effectively contributing to the wider economic development of the area.
- 12.6 Reputational risk is low because this option would not be seen as significantly reducing adult education offer within Rutland. The majority of employees currently involved with the sub-contract would be continuing to deliver a similar offer and therefore eligible for TUPE to the LA and funded through the Adult Education Budget.
- 12.7 Although there is a small financial implication associated with staffing, this option would still be preferable as the curriculum offer would limit any potential reputational risk of the LA and still meet the needs of learners.

13. BACKGROUND PAPERS

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

14. APPENDICES

- 14.1 Appendix – Rutland Adult and Community Self-Assessment Review 2021-2022

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

Contents

1. Context
2. Progress made since previous SAR
3. Progress made since the last inspection
4. Overall Effectiveness
5. The quality of education
6. Behaviours and Attitude
7. Personal Development
8. Leadership and Management
9. Adult learning programmes
10. Multiply
11. Celebrations
12. Summary

Appendix 1 Quality Improvement Plan 2022/23

Appendix 2 Feedback from learners

Appendix 3 Data breakdown

Appendix 4 Multiply Investment Plan and Spreadsheet

Context

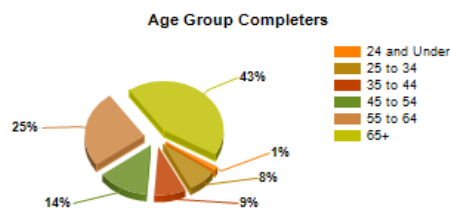


Rutland is the smallest county in England with a population of 41,000¹ an increase of 9.7% in the last 10 years.

This population increase is higher than 6.6% nationally and 7.7% in the East Midlands.

When looking at population changes, there has been growth in the 65 years and over

aged group with an increase of 31.2%. This fits in with the community learning age breakdown from 2021/22.



The Rutland Adult Learning and Skills Service in collaboration with Stamford College – Inspire Education Group, offers a range of learning opportunities to upskill and boost productivity, pay, jobs and living standards, delivered through our well-equipped building on the outskirts of Oakham. Rutland Adult Learning and Skills Service (RALSS) has been based at Oakham Enterprise Park (OEP), on the outskirts of Oakham since October 2014 and is part of Rutland County Council.

In the year 2021-2022, Rutland Adult Learning and Skills Service has continued to adapt and reflect on its provision, whilst dealing with challenges including the ongoing effects of the coronavirus pandemic.

This provision is an important service provided by Rutland County Council and sits within the Learning and Skills Service. The service strategically fits within the councils 'Corporate Strategy 2022-2027' and focuses on the following five priorities.

- 1. 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.
- 2. Sustainable lives:** Living sustainably and combatting the climate crisis through the power of choice, the removal of barriers, and real collective action.
- 3. Healthy and well:** Promoting health, happiness, and wellbeing for people of all ages and backgrounds.
- 4. A county for everyone:** Celebrating diversity and ensuring everyone has the opportunity to live well, be heard and overcome any challenges they may face.
- 5. A modern and effective Council:** Transforming the way we work to deliver effective and efficient services fit for the future.

The Rutland Adult Learning and Skills Service supports the following commitments that have been identified in the strategy:

- Inclusive Education
- Supporting local businesses
- Customer experience and digital – using digital services and online offers

As a result of the **Greater Lincolnshire local skills report 2022**, the service is aware of the workforce locally and how we can support with: Computer literacy/basic IT skills, Reading and understanding and Problem solving. This has been taken into consideration when planning for courses and the 'Multiply investment'. By using this data, we can target the 14% of residents who do not have a Level 2 qualification.

¹Census2021 Rutland population change, Census 2021 – ONS

Working in partnership with Stamford College - IEG, RALSS offers a range of informal and formal learning opportunities, from entry-level courses to professional qualifications, interview support and confidence-boosting programmes in a range of community settings, we strive to:

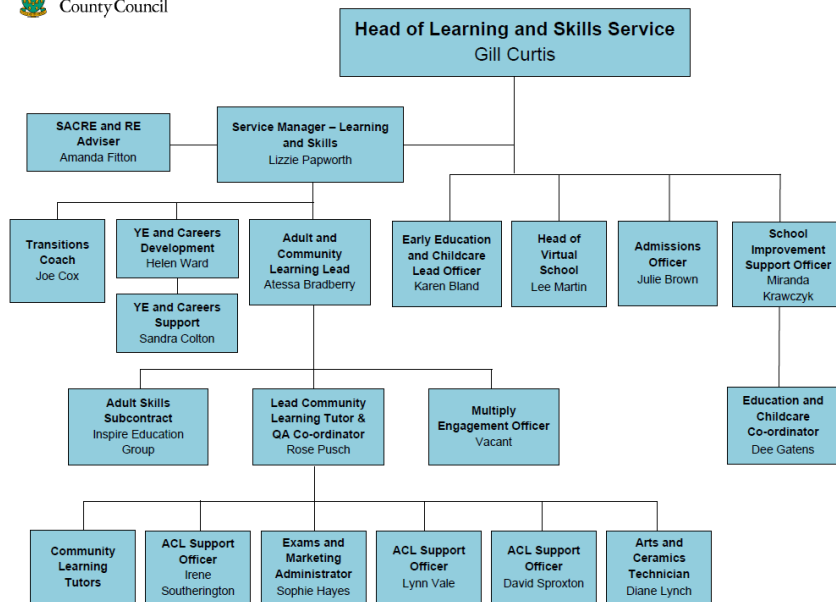
- Reduce isolation, promote interaction and integration, and bring people together
- Help adults get onto the skills ladder and gain, retain and progress in the workplace
- Support adults to participate fully in work and life, navigating life's challenges and becoming creative and cultural producers

Covid

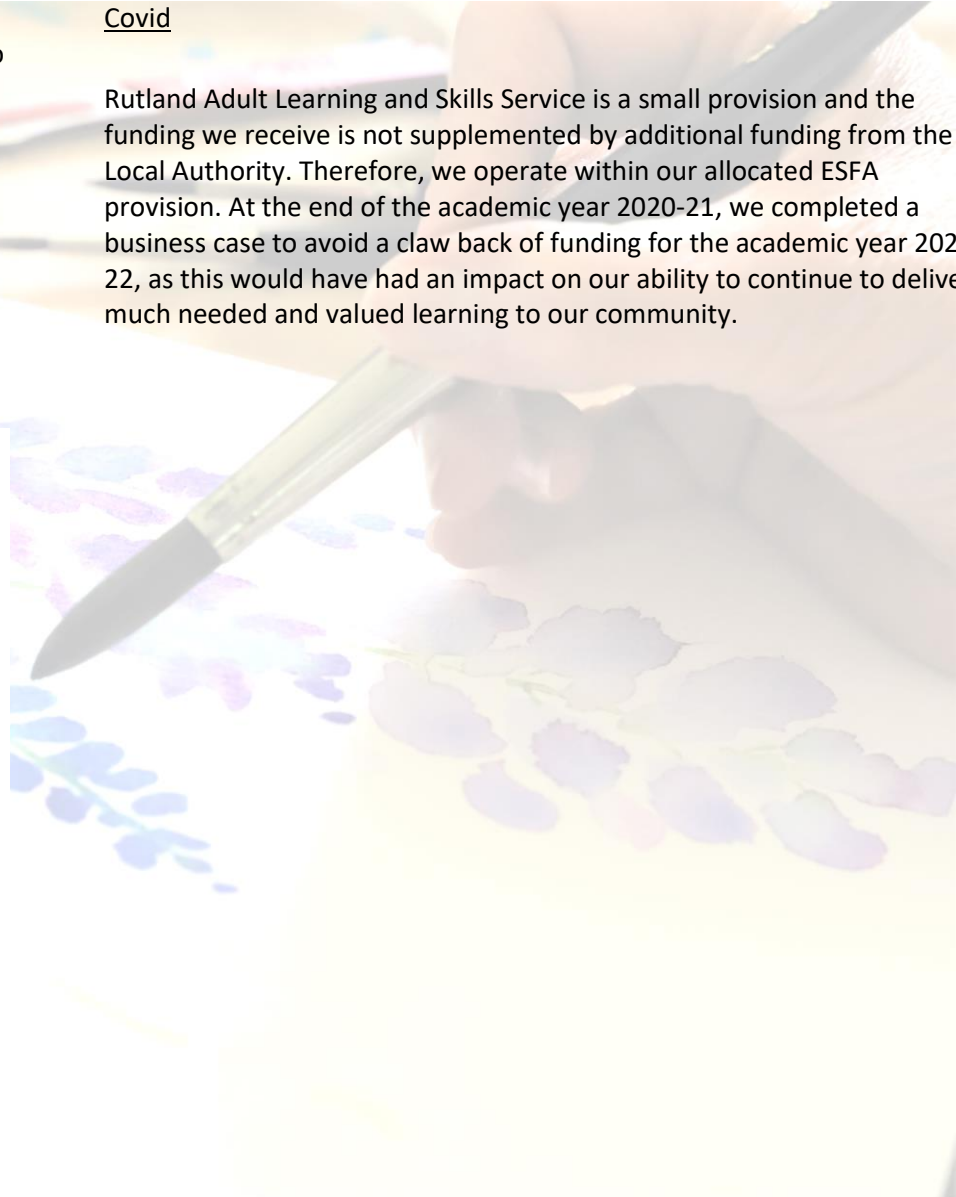
Rutland Adult Learning and Skills Service is a small provision and the funding we receive is not supplemented by additional funding from the Local Authority. Therefore, we operate within our allocated ESFA provision. At the end of the academic year 2020-21, we completed a business case to avoid a claw back of funding for the academic year 2021-22, as this would have had an impact on our ability to continue to deliver much needed and valued learning to our community.



Learning and Skills Service – November 2022



*Multiply Engagement Officer now recruited – Sue Brown





Progress made since the last SAR

The following areas for development were identified in the 2020/21 SAR:

Area for development	Progress made
Delivery of AEB budget totals with particular reference to reduced budget.	<ul style="list-style-type: none"> In spite of more online courses and increased monitoring of the subcontract the AEB budget has still been underdelivered.
IEG to increase AEB retention rates in line with the KPI's	<ul style="list-style-type: none"> Retention rates have improved despite the legacy of Covid.
Continue to use marketing strategies which extend to and engage the 'hard-to reach' learners.	<ul style="list-style-type: none"> Following on from the County wide survey conducted by RCC, which included questions about training and upskilling needs for individuals and employers, our curriculum was devised based around the responses. Online learning is marketed via social media and RCC websites. We have attended job fairs and liaised with JCP Stamford to identify the needs of their clients. We reach out to Community and Voluntary sector organisations for referrals.
Develop tutors' knowledge and skills as Observers of T & L	<ul style="list-style-type: none"> Peer reviews are scheduled to take place in the Summer term. We will be producing documentation to identify best practice and sharing opportunities.

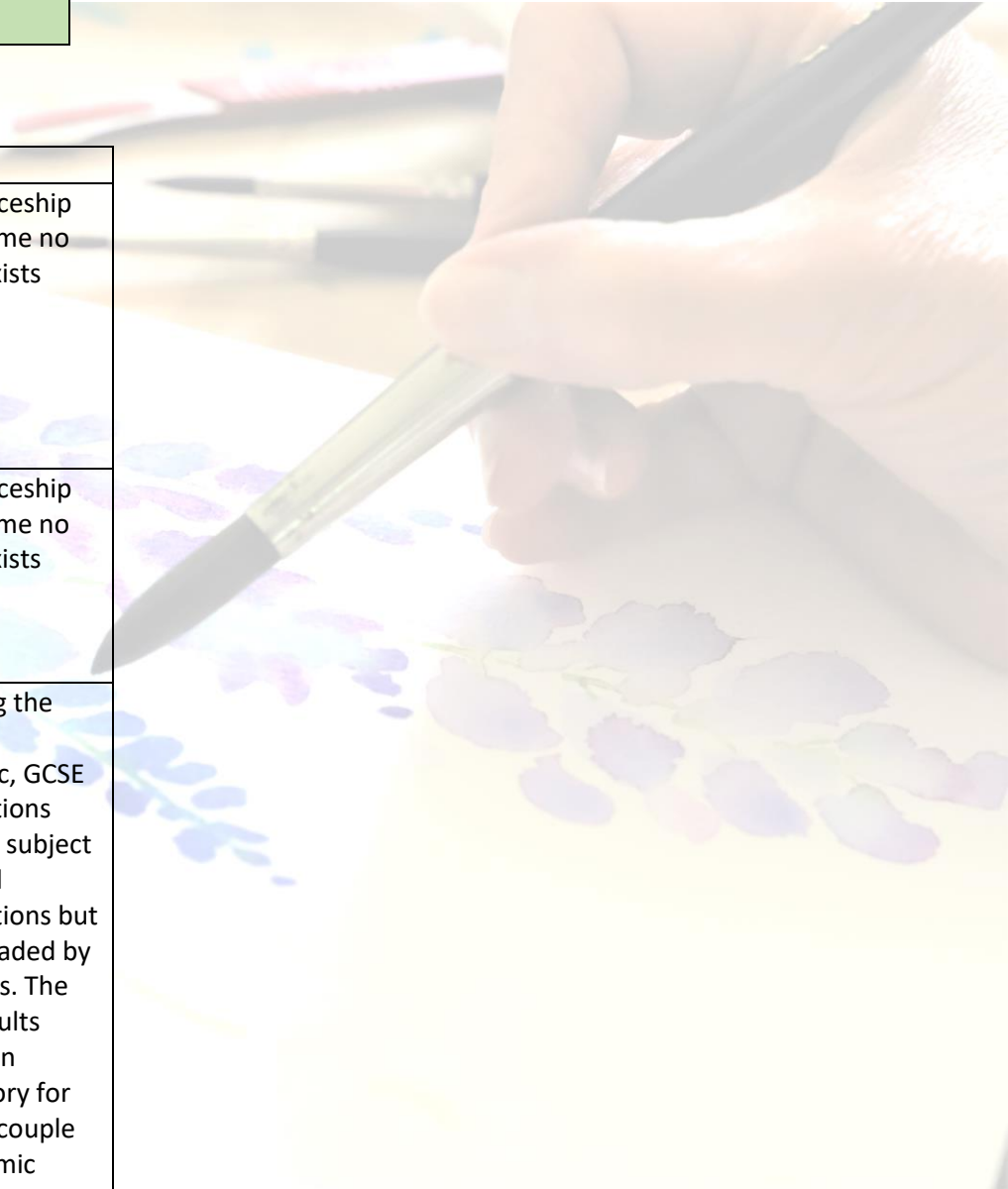
Develop CL online provision if and where appropriate.	<ul style="list-style-type: none"> We are currently looking at introducing some online ESOL courses to support those learners who are in work or have childcare commitments and find it difficult to attend face to face lessons.
CL tutors to seek more training opportunities to enhance skills and practice.	<ul style="list-style-type: none"> Pottery tutors have attended external courses to increase their knowledge of glazes. All tutors have been invited to attend a training session hosted by an external consultant to cover: <ul style="list-style-type: none"> -Understanding and clarifying effective teaching and learning -How learners retain knowledge -How to approach planning -Course content and progression
CL tutors to challenge further their learners' aspirations & intentions re next stage of learning	<ul style="list-style-type: none"> Tutors asked to research possible progression opportunities, discuss with learners, and add this to their Individual Learning Plans.
Seek out training opportunities for CL tutors to increase awareness and understanding of vulnerable learners	<ul style="list-style-type: none"> Safeguarding, prevent and county lines training is offered through Rutland County Council and additional information is given to tutors to increase learner awareness of these issues. In addition, emergency first aid at work is offered and a sign along course has been offered to all staff and to external candidates.



Progress made since the last inspection (2018)

The following areas for development were identified in the 2018 inspection:

	Area for development	Progress made
Leaders and those responsible for governance should ensure that:	PRC's management and delivery of the apprenticeship programme continue to receive careful scrutiny and monitoring so that in-year improvements in retention and achievement become consolidated and strengthened	➤ Apprenticeship programme no longer exists
	PRC's managers and assessors work with employers to provide sufficient off-the job training and suitably challenging targets to help apprentices reach their full potential	➤ Apprenticeship programme no longer exists
	they identify the reasons for learners' poorer performance in GCSE English and take appropriate actions to help more learners achieve a high grade in this subject.	➤ Following the Covid 19 pandemic, GCSE qualifications were not subject to formal examinations but rather graded by the tutors. The GCSE results have been satisfactory for the past couple of academic years.





Overall Effectiveness

Good

Grades up to 2018 (Ofsted Common Inspection Framework)	SAR 2017/18 Ofsted 2018		SAR 2018/19		
Overall effectiveness of provision	2		2		
Effectiveness of Leadership and Management	2		2		
Quality of Teaching, Learning and Assessment	2		2		
Personal development, behaviour, and welfare	1		1		
Outcomes of learners	2		2		
Grades from 2019 (Ofsted Education Inspection Framework)	SAR 2019/20	SAR 2020/21		SAR 2021/22	
Overall effectiveness of provision	2	2		2	
Quality of Education	2	2		2	
Behaviour and attitudes	1	1		1	
Personal development	1	1		1	
Leadership and management	1	1		2	
Types of provision Apprenticeships	SAR 2017/18 Ofsted 2018	SAR 2018/19	SAR 2019/20	SAR 2020/21	SAR 2021/22
Apprenticeships	2	2	2	2	2
Adult Learning Programmes	2	2	2	2	2
Learners with high needs	2	2	2	2	2

Key Strengths

- Rutland Adult Learning and Skills Service has a new and ambitious leadership and management team, who are supported by the local authority (LA), Performance Board and the ESFA. At the LA, the service can utilise a range of professionals for support around: finance, HR, procurement, contracts, and other areas. Through this strong partnership work, the service is suitably challenged, and strategic actions are closely monitored.
- Through clear communication to our stakeholders, we have established the intent of our curriculum and how we can work together to support our community and wider. The implementation of the curriculum is also good with tutors working with their learners to shape their learning experience. With a mix of online and face to face learning, standards of teaching and learning is high and learner feedback is positive. Strong partnership working with Inspire Education Group (IEG) ensures that the subcontract is regular monitored and fulfils its responsibilities.
- We have responded to the changing needs of the community by supporting adults fleeing Ukraine by offering: ESOL classes, Pottery sessions, Watercolour with English and English conversation classes.
- Teaching, learning, and assessment remains good due to regular quality assurance processes. This has identified good teaching and learning across classes and this good practise is then shared and modelled to support any underperformance.

- As a service, we pride ourselves with effective safeguarding practise and work collaboratively with our Community Safety Manager to make sure clear messages are shared. We always maintain an attitude of 'it could happen here' when faced with a concern relating to a child or an adult.

After 2 years of lockdown, this is my first class and venture out of the house to mix with non-family members. I felt safe and really enjoyed the session.

The Quality Improvement Plan (QIP) has been created for the year 2022/23, based on our strategic actions. This QIP is shared with our Performance Board at regular intervals throughout the year and progress is shared. This can be found in **Appendix 1**

- Over the last year, we have shared our building with community care and have worked together to support some of our more vulnerable residents. As well as working closely with community care, we have also continued our work with the wider community including Job Centre Plus, Education settings, Armed Forces, Food bank, local employers, and Citizens Advice.

Areas for improvement

- As a new leadership team, we will continue to learn through Continuing Professional Development (CPD) to gain skills, knowledge and experience that will benefit the service and community. This includes the management of our subcontract as we move from one provider to another in 2023.
- To strengthen our links with the volunteers and organisations within the local community to support our service and the multiply initiative.



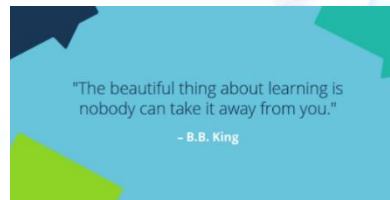
The quality of education

Good

Intent

You're teaching and training staff, including those working for the subcontractor, are highly qualified and enthusiastic for their subjects, which they communicate well, especially in modern foreign languages and in art. An appropriate range of staff development activities helps teaching staff and assessors to improve their practice.

You have designed your curriculum offer to meet specifically the needs of the communities that you serve. In particular, your links with a nearby army barracks, local schools and small- and medium-sized employers have resulted in a clearly defined curriculum that meets the learning needs of army families, school leavers and employees (Ofsted 2018)



Strengths

- Leaders ensure that the Adult Learning and Skills Service strategically fits within the councils 'Corporate Strategy 2022-2027' and focuses on the following five priorities: **A special place, Sustainable lives, Healthy and well, A county for everyone and A modern and effective Council.**
- With the input of the community through the '**Future Rutland Conversation**', feedback from courses and the **Greater Lincolnshire local skills report 2022** we have designed a curriculum that fits in with the county's priority of '**A county for everyone**'.

- By working collaboratively with our sub-contractor: Inspire Education Group (Stamford College) on our curriculum, we are able to deliver a variety of accredited qualifications to adults in and around Rutland. Through monthly meetings with our sub-contractor, increasing to fortnightly when necessary: we can discuss actions so we can make changes promptly when needed.
- Before learning takes place, formal and informal assessments happen to tailor the learning journey for each individual so they can attend a class that is both accessible and challenging. Using feedback from learners and tutors has tailored these assessments to iron out any inconsistencies to lessons that learners attend. As a service, it is important to identify individual targets and goals that fit with their individual circumstances. Learners may access courses that can lead them into direct employment or to support their own independence and wellbeing.

"The Functional Skills Maths course is excellent. It's provided me with the right skills, knowledge and understanding to progress in further education and life in general. I am more confident and independent."

Implementation

Tutors have high expectations of their learners and expect them to achieve and progress well. The standard of work of many learners is high (Ofsted 2018)

- Through well planned lessons and individual learning plans, learners achieve well with individual needs being met.
- Through regular quality assurance processes teaching and learning is judged as good or better. This has led to high quality outcomes.
- Learners have access to high quality IAG (Information, advice, and guidance) at Rutland Adult Learning and Skills Service.

Impact

- Learners produce high quality work due to the careful planning of a rich curriculum.
- The service provides excellent facilities and links with the local community.

Areas for improvement

- Consistency of initial assessment procedures
- Develop tutor peer reviews and sharing of good practise for experienced and new tutors



Behaviours and Attitude

Outstanding

...Suitable arrangements for recording and responding to safeguarding referrals are in place. Links with social services, the police, local mental health services, as well as with other directorates of the council, ensure that you have a network of relevant agencies to whom you can make referrals when necessary (Ofsted 2018)

Strengths

- There is an exceptional relationship between staff, colleagues, and learners, creating an environment that is both positive and respectful. This can be evidenced by the compliments that are received from learners past and new.
- Staff and learners appreciate each other, and this is evidenced through the British Values of Mutual respect and tolerance.
- The service sets high standards for its staff and learners in terms of behaviour and conduct and it is evident that colleagues and students support and value each other. Because of this culture, we have waiting lists for many programmes and attendance is high with learners punctual for lessons.
- Through learning walks and reviews of attendance data it shows that most learners are punctual and prepared for learning. This has also been discussed at regular monitoring meetings with our sub-contractor.
- The commitment of learners is shown through the pride they take in their work and as well as hosting stalls on markets, the RALSS' next Arts and Ceramics Exhibition, will showcase work at Rutland County Museum.

- As part of the RALSS' Arts offer, which includes Pottery, Watercolour, Fused Glass and Drawing, some of our Arts learners, having been inspired by what they've learnt with us, and gone on to sell work that they've produced or even considered a career in that subject.

Areas for improvement

- Continue to prioritise regular mandatory training of tutors and staff by Inspire Education Group and RALSS covers peer on peer sexual abuse, prevent, radicalisation, county lines, ACT, safeguarding and other forms of abuse.



Personal Development

Outstanding

Assessors and tutors review apprentices' and learners' understanding of how to keep safe well, including in relation to the 'Prevent' duty. As a result, apprentices and learners have a reasonably good knowledge of how to stay safe from the risks of radicalisation and extremism, for example when using the internet and working online. Apprentices' and learners' understanding of British values is generally good (Ofsted 2018)

Strengths

- As a service, we pride ourselves on providing information, advice, and guidance to our learners before, during and after their learning journey with us. Before the pandemic, RALSS offered a range of informal and formal learning opportunities that not only allowed learners to gain employment, skills and qualifications but also supported: health, wellbeing, integration, and inclusion.
- During the pandemic, the service had to adapt, and the introduction of online learning helped to keep as many courses running as possible. This was a learning curve for staff and learners alike with training put in place to support with accessing courses virtually.
- By supporting each other, the staff could work collaboratively together to help set up online learning through a range of platforms including teams. This allowed learners to continue with their classes but more importantly stay in touch with each other to support their own wellbeing. As a service that strives to reduce isolation, promote interaction and integration online learning and regular contact with our learners was our top priority.

- Due to the nature of the lockdowns, we continued to reflect and change our risk assessments to support our learners with reintegrating to face to face learning. However, we could also learn from the pandemic and keep adaptations that work well. This is reflected in our new curriculum where a hybrid approach to working, and learning has been introduced.

- Each year, we reflect on how we can improve the quality of our curriculum and through the tutor course review reports we can share good practise on how tutors develop and discover their interests and talents beyond the academic curriculum, including self-confidence, independence or improved mental health.

- In the courses available at RALSS, it is important to offer a wide range of personal development opportunities, and this will be tailored to each individual learner. For example, in the 'Independent Living and Life Skills Courses' one learner needed support with completing tasks independently. By working with the learner and family, the developments in independence have created an understanding of social responsibility and the use of fine motor skills. This learner then progressed with taking on a new role as a helper within the group.

"I am a helper now. I am still a learner too. I have a badge with the words on it."

- British Values is embedded through our curriculum, evidenced through learning walks, briefings, and tutor course review reports.

Areas for development

- Consistent delivery of the awareness and understanding of the fundamental British values, Prevent, radicalisation and extremist views and abuse.



Leadership and Management

Good

Strengths

- The leadership team continues to liaise with other providers at a local and regional level and has strong strategic links across the local authority. The service is held to account through regular Performance Board meetings where targets and actions are discussed and challenged. The Performance Board consists of senior management leads including Strategic Director for Children and Families and the Portfolio Holder for Education and the Children's Services.
- The service has high expectations of staff and learners, and achievements are monitored on a monthly basis. These monthly meetings are vital in ensuring that the curriculum meets the needs of the learners, and the quality of education is to a high standard. When needed these meetings are held on a more regular basis when rapid change is needed.
- Regular finance meetings are held to discuss the budget and the monitoring of the budget from the LA is rigorous and challenging.
- Self-assessment processes are used to inform future provision and all courses have a completed tutor course review report. These reports have been essential for tutors to reflect on what works well and what changes need to be made to improve the learning experience further.

- All members of staff are encouraged to discuss CPD requirements and keep up to date with their skills and knowledge. This good practise enables tutors to keep up with new developments in teaching and learning and in time share this good practise with others. With a new management structure, CPD has been crucial to develop new skills and transfer already existing skills to the service.
- Quality assurance procedures have been updated and strengthened and key findings of strengths and areas of development are shared quickly. This has been developed further through the introduction of learning walks rather than formal lesson observations.
- Safeguarding practises are effective and leaders adopt and deliver safer recruitment practises. Through inset days the local Community Safety officer can provide updates in a local context. The Designated Person for Safeguarding Vulnerable Adults keeps the service up to date with good practice and information surrounding the safeguarding of adults.
- Leaders and managers have taken on learning from the Covid-19 pandemic, by continuing with hybrid learning with a mix of face to face and online learning opportunities to meet the needs of all learners.

Areas for development

- Develop engagement with the community and local employers
- Greater flexibility of provision to offer courses across the county
- Increase the uptake of AEB learning through the current sub-contractor.



Adult learning programmes

Good

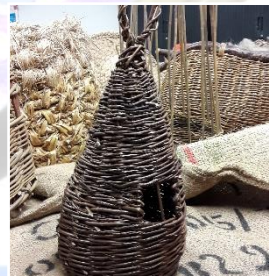
Strengths

- RALSS works in partnership with Stamford College to offer a range of learning opportunities including English and maths from basic Skills to GCSE along with a range of online qualifications. Arts and language courses are popular and continue to fill up quickly. ESOL courses continue to support the local community as the need increases.
- Community learning courses are thriving and continue to be popular for the learners of Rutland. These courses allow our learners to pursue their interests and develop new skills, but more importantly encourage a sense of community, local pride and belonging.
- Supporting learners with Information, advice, and guidance (IAG) is a priority for the service and staff can help with creating or updating CV's or supporting with job search skills for free.
- Collaborative working with Community Care. The wider learning and Skills team, Adult Social Care and the Inclusion team enables the service to focus on 'hard to reach' and vulnerable earners and this will continue to improve with the engagement side of the Multiply Initiative.
- Teaching, learning and assessment is good. In liaison with Rutland County Council's Aiming High Service, opportunities are provided for young people to enrol on courses which will prepare them for adulthood. These courses include guidance and training on public transport, managing money and learning to live independently.

Areas for development

- To use a range of approaches to reach those hard to engage learners in the rural community.

Willow basketry



Independent Living - Cooking



Independent Living - Gardening



Watercolour



Watercolour



Understanding Our World



Adult education data

AEB data		2017/18	2018/19
16-18	Leavers	4	4
	Achievement rate	100%	100%
	Pass rate	100%	100%
	Retention rate	100%	100%
19+			
19+	Leavers	162	172
	Pass rate	88%	85%
	Retention rate	92%	90%
Total			
Total	Leavers	166	176
	Achievement rate	88%	89%
	Retention rate	92%	85%

AEB data		2019/20	2020/21	2021/22
19+	Leavers	128	126	74
	Pass rate	88.3%	76.74%	86.67%
	Retention rate	88.5%	68.25%	81.08%

Community Learning - 5 Year Success Rates

	Starts	Retention	Achievement	Success
2017/18	1280	95.6%	99.5%	95.4%
2018/19	1189	96.5%	98.8%	95.4%
2019/20	902	97.5%	98.2%	96.5%
2020/21	737	97.01%	99.3%	96.34%
2021/22	936	97.09%	98.89%	96.02%

NB: There has been no 16-19 funding allocation since 2018-19

Apprenticeships

	2017/18	2018/19	2019/20	2020/21	2021/22
Leavers	41	26	10	7	12
Success rate	66%	92.6%	100%	57.14%	66.67%
Retention			80%	57.14%	66.67%

NB: In 2021/22 the final apprenticeships completed. RALSS will no longer have this service.



Multiply

Multiply

- In June 2022, Rutland Adult and Learning Skills Service submitted the Multiply Investment plan. The service were successful and have been allocated £43,633.56 for the first year.
- The first year of the plan will focus on the initial identification, engagement and participation of the target group by an appointed Engagement Officer to ensure that hard to reach or unknown participants do not miss out on this opportunity.
- Rutland County Council Adult and Community learning currently offers fully funded maths courses up to level 2 as part of the legal entitlement and engagement with this target group will be essential in order to identify a different cohort from existing to avoid any duplication. By engaging with local businesses, we can identify and develop a relevant and complimentary program of numeracy upskilling which will not duplicate existing AEB provision.
- Multiply provision will include an element of IT skill development, to enable participants to continue to develop numeracy skills and understanding through additional independent on-line/ digital offers, including Multiply digital platform, and removing any potential for dependency.
- Further engagement and participation will be encouraged through a range of practical activities in partnership with local sports, leisure and recreation providers with the intention of increasing mathematical confidence through an inclusive, fun and less formal approach. The aim is to provide a supportive program of learning for those needing the first steps towards formal qualifications.



Celebrations and student successes

Two learners achieved a Level 1 qualification in the First Steps English class – the first exam they had ever taken.

All students in the Functional Skills English class have achieved their Level 1 reading and speaking, listening and communicating components.

“I have recently passed AAT Level 2 Foundation in Accounting with Rutland Adult Learning and passed with distinction...I am very much looking forward to starting Level 3!”

All GCSE English students achieved distinctions in their spoken English component.



Rutland Adult Learning & Skills Service
Unit 16a, Ground floor
Gate 2
Oakham Enterprise Park
Ashwell Road
Oakham
Rutland
LE15 7TU

Directions:

From the A606 (Burley Park

Way/Oakham Bypass), following signs to Oakham Enterprise Park, turn onto Ashwell Road. After about a mile, cross the mini-roundabout and immediately turn right into Gate 2 – we have blue gates. Drive past Rutland Cookery School and Oakham Day Nursery, and our building is on the left. There is plenty of free parking available.



Get in touch:

Phone: 01572 758122

Email: adultlearning@rutland.gov.uk

Website: www.ralss.org.uk

Monday to Friday
8.30am – 4.30pm



CABINET

11 July 2023

2022/23 REVENUE AND CAPITAL OUTTURN

Report of the Portfolio Holder for Resources

Strategic Aim:	A modern and effective Council	
Key Decision: Yes	Forward Plan Reference: FP/280423	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr A Johnson, Portfolio Holder for Resources	
Contact Officer(s):	Kirsty Nutton, Director for Resources (s.151 Officer)	01572 758159 knutton@rutland.gov.uk
	Andrew Merry, Head of Finance (ds151)	01572 758152 amerry@rutland.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS
<p>That Cabinet:</p> <ol style="list-style-type: none"> 1. Notes the outturn position, subject the external audit of the statutory statement of accounts, for: <ul style="list-style-type: none"> • Revenue Budget - Section 3 • Capital Programme - Section 4 • Dedicated Schools Grant (DSG) - Section 5 2. Consider and approve the pilot for the reception at Catmose, as contained in Section 4, agreeing an additional budget £45k to be funded from reserves over 2023/24 and 2024/25. 3. Approves the revised presentation and categorisation of General Fund balance and Earmarked Reserves as contained in Section 6 and Appendix D 4. Approves the commitments for the Departmental Reserves as outlined Appendix D 5. Approves the balance shown in the Innovation Fund to be used to invest in transformational activities required to deliver the savings as outlined in the Medium-Term Financial Plan. Drawn downs of this reserve will be subject to the usual governance processes. 6. Recommends the use of additional grant funds for the Capital Programme as detailed in section 5.6

1 PURPOSE OF THE REPORT

- 1.1 Under the Council's constitution Cabinet is responsible for overseeing matters relating to the Council's financial (capital and revenue) resources, within the budget set by Council each year at Budget Council.
- 1.2 This report provides Cabinet with the outturn position for both the revenue budget and capital programme for 2022/23, subject to any changes that may be needed as part of the finalisation of the Statement of Accounts and subsequent audit.

2 EXECUTIVE SUMMARY

- 2.1 This report sets out the financial outturn for 2022/23 at the end of March 2023. The report compares the final outturn position to the revised budget and shows how the forecasted variance has changed during the year for revenue and capital expenditure. Use of Reserves and contributions 'to and from' are also detailed.
- 2.2 The key areas to note are as follows:
- The outturn position shows an overall underspend of £0.4m which mainly relates to income received in advance of the service activity being undertaken.
 - The Council incurred legacy expenditure with regards to the pandemic such as additional staffing support as reporting requirements continued, the repayment of unspent grants, and delays in businesses claiming support. This was expected and funding was set aside in the Reserves to cover these costs.
 - The Peoples Directorate spent a net £0.3m more than budget. Pressures incurred for this directorate during the year included demand increases for Homecare, a small number of high-cost placements in Homecare and Residential provision. These pressures were offset by a fall in demand for direct payments and vacancies from difficulties in recruitment.
 - The Resources Directorate underspent to budget by £0.2m where vacancy savings were achieved in the Business Support Team, and Legal were able to complete more work in house, an increased focus on when external advice was requested, and increasing income from third parties.
 - Whilst the Council experienced financial challenges during the year due to economic challenges nationally, it was able to benefit from the increase in interest rates on its cash balances. This raised additional interest receipt income of £1.0m compared to the budget set.
 - The Council's net position meant that £1.4m of the approved £1.7m additional reserves was applied to the budget. Overall, the Council used £3.6m of reserves to fund activities in 2022/23. Section 7 contains further detail.
 - Capital Programme expenditure for the year is £7.1m. Projects which have completed during the year include works completed on highways, and the digital Rutland scheme providing superfast broadband to the County. Ongoing schemes include Catmose school expansion and works on highways. New schemes included in the programme include the Levelling Up Fund and Potholes. Section 4 provides further detail.
 - Work completed in year to manage the pressure on the Special Educational Needs block of the Dedicated Schools Grant (DSG), has reduced the gap between expenditure and funding from £0.7m in 2021/22 to a smaller deficit for 2022/23 of £0.3m. This increases the overall deficit to £1.3m, section 6 provides

further detail. The Council continues to work with the Department for Education (DfE) on its Delivering Better Value scheme to create a more financially sustainable service provision.

3 2022/23 REVENUE OUTTURN

- 3.1 During the year the Council faced a challenging financial environment largely the result of national and international events. Within days of the budget being approved, Russia invaded Ukraine, leading to global economic turmoil. In the following months significant inflationary pressures emerged across all directorates which created a considerable challenge for the Council in managing its 2022/23 budget and created a budget shortfall for 2023/24 and future years. The immediate pressures were managed quickly and effectively by all directorates through one-off measures, including holding vacancies, the use of the revenue contingency budget of £0.4m, and use of uncommitted reserves £1.4m. This was reported and approved by Cabinet in June, and Council in July 2022 by way of an exceptional report.
- 3.2 Against the backdrop described above Council approved an additional £1.7m use of reserves to underpin the 2022/23 revenue budget. This additional budget was approved under a modified approach to budget management in that additional budget funded from this reserve allocation would only be applied once the Strategic Director for Resources, working alongside the Corporate Leadership Team, assessed that all other possible mitigating actions to contain the additional budget pressures had been taken. This action resulted in the final application of additional budget being £1.4m from the approved total of £1.7m.
- 3.3 In summary, the net revenue budget for 2022/23, agreed at Full Council in February 2022 was approved at £42.3m. The following table reconciles the movements to the budget through the year to the revised budget for the 'Net Cost of Services' the year of £44.0m. (*Appendix A provides a reconciliation of the Directorate budgets compared to the November 2022 reported position*).

Budget allocated for 2022/23	£000	Approved at:
General financing for the year	39,656	Council February 2022
Application of reserves	2,689	Council February 2022
Total Net Cost Services Budget	42,345	Council February 2022
Additional application of reserves*	1,424	Council July 2022
Revenue funding of capital schemes	243	Council July 2022
Revised Net Cost Services Budget	44,012	

* £1.4m of the approved £1.7m applied to fund the budget in year

- 3.4 In addition to inflation, services have continued to be impacted by increased demand for services. The level of demand for social care in Adult's and Children's services have continued to increase, with other services experiencing higher demand and cost, such as Home to School Transport for pupils with Special Educational Needs.
- 3.5 To manage within the budget set vacancies have been held as a mitigating action to the forecast overspends of budgets across the Council. This action was in line with the reports presented to Cabinet and Council throughout the year and part of a wider strategy for managing resources which has enabled the priorities in the Corporate Plan to still be progressed. Where schemes have been funded from external short term grants, and where there are short term project needs, officers have sourced additional resources to complete projects using private sector organisation who have relevant skills, expertise, and can increase capacity in the short term to deliver priorities. Examples of this includes the economic development

investment bids such as the Levelling Up Fund, furthering the waste management contract approach, drafting Rutland's Economic Strategy and reviewing the Council's asset base.

3.6 The Council has been able to benefit from additional investment income compared to the revised budget of November 2022. The Bank of England base rate performed above the expectations of economists. These expectations had been used to inform the Council's revised assumptions in the Autumn 2022 however income receipts achieved were greater than the revised budget due to interests' rates being higher and the Council benefitting from a more positive cash position due to delays in the capital programme and being in receipt of grant payments before expenditure has been incurred. The revised investment strategy enabled the Council to achieve an additional interest receipt income of £1.0m.

3.7 Despite these challenging circumstances the Council's revenue outturn position for 2022/23 is an underspend position of £0.4m compared with the revised budget. This small underspend reflects monies received in advance of activity being undertaken. This funding is requested to be carried forward to be used in future years through reserves. Section 7 shows the reserves position.

Directorate and key services	Revised Budget £000	Net Expenditure £000	Variance to Budget £000	Overall Status
People – Adults Social Care	14,205	14,469	264	Overspend
People – Childrens Social Care	6,540	6,566	26	Overspend
Places	15,875	15,973	98	Overspend
Resources	7,963	7,740	(223)	Underspend
Projects	217	198	(19)	Underspend
Covid	-	444	444	Overspend
Directorate Total	44,800	45,390	590	Overspend
Appropriations	(2,478)	(2,473)	5	Overspend
Revenue Contribution to Capital	243	187	(56)	Underspend
Capital Financing	1,647	1,648	1	Breakeven
Interest Receivable	(200)	(1,182)	(982)	Underspend
Net Cost of Services	44,012	43,570	(442)	Underspend

3.8 The key budget variances are outlined in the following table by Directorate and by service area, with the pressures being highlighted in red and the underspends in green:

Directorate	Service area	Variance £000	Commentary
People – Adult Social Care	Community inclusion	116	Reliance on overtime and agency to fill rotas put pressure on the budget during the year. However, new recruitments appear to be successful. External funding ceased during the year for the supported living service.
	Daycare	(90)	Reductions in the number of people that meet the criteria to use the service. Future years budgets have been amended to reflect this.
	Direct payments	(256)	Reductions in the number of users as opposed to directly commissioned service. Future years budgets have been amended.
	Homecare	811	Demand increased by over 20% during the year along with a small number of high-cost

Directorate	Service area	Variance £000	Commentary
			placements. A fuel surcharge payment was also made during the year. Future years budgets have been amended.
	Prevention & Safeguarding	(83)	Activity was less than originally planned. Future years budgets have been amended.
	Residential	210	Additional high-cost placements, and an increase in rates due to a lack of beds at local authority rates. Future years budgets have been amended.
	Support & review staffing	(126)	Difficulties in recruiting to several posts. Further posts held in reflection to a future redesign of the service provision.
	Health and wellbeing in the community	(254)	Favourable variance reflects an amended approach to funding of the service through alternative grant funding where outcomes are a better match. This variance was expected.
People – Childrens Social Care	Referral & inclusion service	50	Additional costs incurred through use of agency staff to cover vacant post.
	Fostering, adoption & care leavers	177	Placement costs and demand have increased during the year.
	Safeguarding - children's	(106)	Favourable variance from holding vacancies and some savings made with partnership costs
	Contracts & Procurement	(106)	Favourable variance from holding vacancies and additional contributions from Health.
	SEND & inclusion	68	Additional costs incurred through use of agency staff to cover vacant post. Post has now been recruited to.
	Early intervention	(115)	Demand for services less than originally budgeted. Expected to be a single year occurrence.
	School & early years	(67)	Favourable variance reflects grant receipts contributing towards Council overheads in accordance with their terms and conditions
Places	Development control	(83)	Favourable variance reflects an increase in planning fee income because of large and speculative applications
	Economic development	(108)	Favourable variance from holding the climate change officer post and the use of grants received which funded bid submissions rather than use of General Funds
	Highways maintenance	(61)	Developer funds received late in the year contributed to being in receipt of additional income
	Commissioned transport	740	Adverse variance from additional demand in transport for children with Special Educational Needs (SEN).
	Transport management	(137)	Favourable variance from holding vacancies
	Waste management	(242)	A few factors have resulted in this favourable variance including lower tonnage of green waste due to dry summer weather experienced, and high market rates for the recyclable

Directorate	Service area	Variance £000	Commentary
			materials.
Resources	Finance	72	Agency staff used and whilst funding agreed the pressure was absorbed by the directorate. Additional bad debt provision provided for the Council and funded from this budget grouping.
	Business support	(126)	Favourable variance from holding vacancies
	Legal / governance	(103)	Revised approach to complete more work in house, an increased focus on when external advice was requested, and increasing income from third parties
	Revenues & benefits	100	Use of agency staff to cover planned leave, and pressure from the shortfall in subsidy for housing benefit administration costs.

3.9 Additional information as to the final performance of services compared to budget and movement since last report is provided in Appendix B.

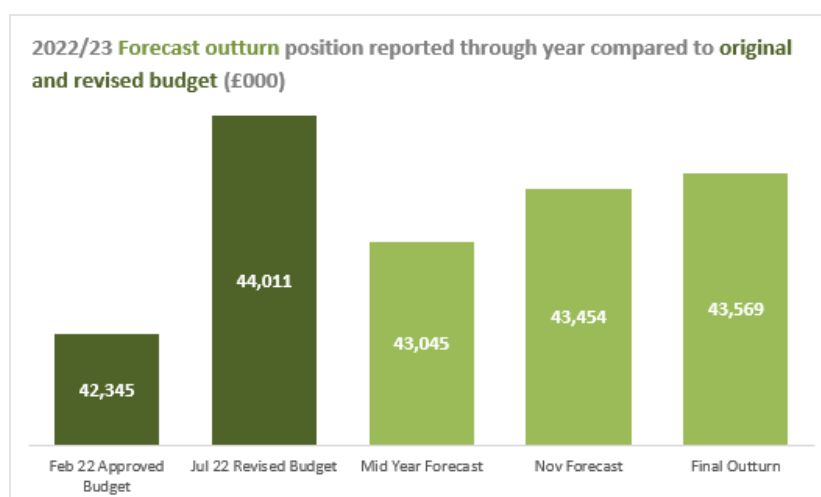
Financing the Net Cost of Services

3.10 The following table shows the sources of income for the Council to fund the expenditure for 2022/23. As noted above, the drawn down from reserves was less than previously forecast. Additional income was received for Business Rates, Council Tax and slightly less Income from General Grants as the budgets were based on estimates due to the timing of receipt of more accurate information.

Financing items	Revised Budget £000	Net Income £000	Variance to Budget £000	Overall Status
Council Tax	(30,451)	(30,493)	(42)	Additional income
Business Rates	(3,463)	(3,519)	(56)	Additional income
General Grants	(5,987)	(5,983)	4	Less income received
Use of Reserves	(4,111)	(3,575)	536	Less reserves used
Financing Total	(44,012)	(43,570)	442	

Financial Management through 2022/23 & impact on the Medium-Term Financial Plan

3.11 This section considers the movement in forecast outturn reported through the year in comparison to the original and revised budget approved by Council. The following chart illustrates this movement and reflects the uncertainty in the financial environment the Council has operated within during 2022/23.



3.12 Whilst the final outturn position for the Council has been delivered within budget the actual expenditure for the year was greater than the original budget, i.e. expenditure

exceeded the general fund income receipt. As a result, the use of additional funds through the application of reserves was required to support the 'everyday' expenditure of the Council which was the agreed short term strategy in advance of the transformation savings planned for future years.

- 3.13 Movement in the directorate forecast outturns are shown in greater detail in Appendix B alongside the outturn position for service areas which have over or underspent by more than £0.025m. Some of these movements relate to an update in assumptions as uncertainties encountered during the year were refined, and other changes reflect the management action taken to mitigate the risk of cost pressures materialising.
- 3.14 The Finance Team, working with Heads of Services and budget managers in the directorates are looking in further detail at the financial performance against service delivery during the year to understand what lessons there are to be learnt in the budget management and how budget risks can be better managed as the Council moves towards financial sustainability. This analysis is being incorporated in the revised integrated budget process. At this stage no changes are recommended to the MTFP approved by Council in February 2023.

4 REVISION TO THE 2023/24 BUDGET FOR A RECEPTION FACILITY AT CATMOSE

- 4.1 Following recent feedback from customers, Councillors, external third parties and members of staff, a pilot for a reception offering at Catmose is outlined below.
- 4.2 The pandemic necessitated, and in some cases accelerated, a change in behaviour of customers interacting with the Council with fewer face to face contacts being made. This is not a unique position for the Council and can be seen nationally across other Councils and businesses alike.
- 4.3 This change in behaviour was recognised in previous MTFPs, as it has enabled an improved and more efficient service delivery to be design based on a digital experience. Examples include the Council's new internet site, MyAccount facility and increased use of dedicated telephone-based consultation booking system. These have helped enable Council services and information to be accessed on a 24/7 basis, and in turn facilitated savings cross the Council helping to deliver a balanced budget.
- 4.4 As part of a 2021/22 saving proposal to reduce the costs in Customer Services the reception area in Catmose was revised to be a self-service model which facilitated access to the Council via telephone, computer, or by post.
- 4.5 Accurate data on volumes accessing Catmose reception has not been recorded and therefore is not available. However, the Council has received feedback from some customers around their expectation of a face-to-face reception, both via formal letters, social media and comments directly to Councillors.
- 4.6 A solution based on a pilot for a reception / floor walker role for a period of a year, with a six-month review on numbers accessing this area. This additional resource will deal with simple customer requests, providing direction for people wishing to use the postbox or computer, helping customers to use the phone to connect to customer services or taking messages as required. It is proposed that the cover will be for office opening times using temporary contracts or agency staff. Estimated maximum additional costs would need to be funded from reserves at £17k for 2023/24 and £28k for 2024/25.

5 2022/23 CAPITAL OUTTURN

5.1 As part of the 2023/24 budget setting process an updated capital programme of £16.420m was approved by Council in February 2023. Further updates have been made through the year and these are noted in the following table. Updates to the capital programme are made in the following ways:

- Approval by Council or Cabinet;
- Emergency delegations;
- By the s151 Officer – this applies only to funding which is ring fenced i.e. where the Council receives funding which must be used for a specific purpose;
- Delegation within the Council's constitution; and
- Closed or completed projects are removed from the capital programme at Outturn.

5.2 The capital programme was increased by £27.1m, from £16.4m, to a revised capital programme of £43.5m. The majority of this increase relates to the inclusion of the Levelling Up Fund programme of £24.2m.

Project	Approval	£000	£000
Approved Capital Programme (Budget Setting Report 37/2023)			16,420
Oakham Police – Enquiry Desk	Delegation	58	
Emergency Lighting – Oakham Castle	Delegation	13	
Highways Capital Programme 2023/24	Council 11/2023	2,843	
Catmose Sports Hall Floor	Delegation	50	
Levelling Up Funding	Council 58/2023	24,151	
Total New Capital Programme – Approved Since Budget Setting			27,115
Revised Capital Programme 2022/23			43,534

5.3 The table below shows the capital outturn position for 2022/23. More detailed analysis by scheme can be found in Appendix C. The majority of the £543k underspend, resulted from the Digital Rutland project to provide superfast broadband, which is now completed.

Approved Projects:	Total Project Budget	Prior Years Outturn	Outturn 2022/23	Project Future Budget	Est. Total Project Spend	Total Project Budget Variance
	£000	£000	£000	£000	£000	£000
Not Started	5,076	-	-	5,076	5,076	-
In Progress	33,371	3,363	4,254	25,700	33,316	(55)
Completed	5,087	1,708	2,890	0	4,599	(488)
Total	43,534	5,071	7,145	30,775	42,991	(543)
Financed By:						
Grant	(39,810)	(4,640)	(6,852)	(28,131)	(39,622)	188
Prudential Borrowing	(349)	-	-	-	-	349
Capital Receipts	(595)	-	-	(595)	(595)	-
Revenue Contributions	(311)	(66)	(187)	(58)	(311)	-
Developers Contribution	(2,469)	(365)	(106)	(1,992)	(2,463)	6
Total Financing	(43,534)	(5,071)	(7,145)	(30,775)	(42,991)	543

5.4 The following table provides a summary update on key projects, over £500k.

Key capital project	Project update
Highways 2022/23	<p>Highways Capital Programme (Budget £2.6m - Report 52/2022 & 110/2022) - the highways capital programme is grant funded from the Department for Transport (DfT).</p> <p>The Barleythorpe highways scheme was identified in year as being delayed, and funds for this scheme were reallocated to other priority projects within the 2022/23 highways capital programme. The delayed scheme is included in the 2023/24 highways schemes. The remaining highways projects for 2022/23 were all delivered within year, with only a small slippage on bridges and footway dressings.</p>
Integrated Transport	<p>Integrated Transport Capital Programme (Budget £1.3m - Report 25/2021 & 177/2021) - the integrated transport programme is grant funded from the DfT.</p> <p>The programme is to improve the safety and amenity within integrated transport. Schemes valued under £10k are approved by the budget manager, those schemes over £10k but less than £200k are approved under delegation.</p> <p>Examples of schemes completed in 2022/23 include the purchased of two minibuses for the home to school transport statutory service, works to widen the footpath on the southern side of Barleythorpe Road and essential road lines and signage at Tixover.</p> <p>The available budget for 2023/24 will be £803k.</p>
Catmose School Expansion Project	<p>Catmose Project (Budget £5.4m – Report 38/2021) - The capital programme commissioned Catmose college to deliver 30 additional places through development of an 8 Form Entry secondary school.</p> <p>The project is managed by Catmose College with all works are expected to be completed by the October 2023</p>
Digital Rutland	<p>The original project was funded by Building Digital UK (BDUK) and Rutland County Council (RCC) based on a ratio split. The funding from BDUK was paid in full during the early stages of the Project.</p> <p>The clawback amount relating to Digital Rutland phases 1 – 3 has been agreed with BDUK, and the repayment of £232k made 2022/23. This project is now closed. The funding of this project included a further £188k of grant funding but, as the project came under the total budget available, this funding was not drawn down from the grant provider.</p>
Levelling Up Fund	<p>In January 2023, it was confirmed that Rutland and Melton had successfully secured a joint Levelling Up Fund (LUF) bid of £23m to support the economic development in both Rutland and Melton. This was approved by Council in March 2023.</p> <p>Rutland’s Levelling Up projects focus on health innovation, a new sustainable transport scheme, and growing the County’s visitor’s economy.</p>

5.5 Capital schemes that were completed during the year, £5.1m, are shown in the following table.

Closed Capital Projects 2022/23	£000
Revised Capital Programme 2022/23	43,534
Highways Capital Programme 2022/23	(2,537)
Devolved Formula Capital	(12)
School Energy Efficiency Improvement	(26)
Catmose Sports Hall Floor	(50)
Catmose Pool – Contribution	(150)
Digital Rutland	(2,229)
Uppingham Town Centre W/C	(27)
Exton Play Area Refurbishment	(14)
Great Casterton Primary	(43)
Total Closed Capital Project for 2022/23	(5,087)
Capital Programme 2023/24	38,447

Funding Updates

5.6 The following additional funding allocations have been confirmed by Government since capital programme was set in February 2023. This additional funding requires Council approval before the funding can be allocated against any new projects and the capital programme updated accordingly.

Capital programme funding updates	Est. at Budget Setting £000	2023/24 £000
Devolved Formula Capital	12	4
Schools Condition Allocation	116	77
Basic Needs	-	1,758
Highways – Pothole (Additional Allocation)	-	423
UK Share Prosperity (UKSPF)	-	15
Rural England Prosperity	-	100
Total	118	2,377

6 DEDICATED SCHOOLS GRANT

6.1 The Council has a deficit balance on the Dedicated Schools Grant (DSG). From 1 April 2020 a new regulation was introduced that enabled any deficit on the schools' budget to be transferred to the Dedicated Schools Grant Adjustment Account. This had the effect of separating schools budget deficits from the local authority general fund for a period, initially set at three years but extended until March 2026.

6.2 The table below shows the expenditure requirements and funding available.

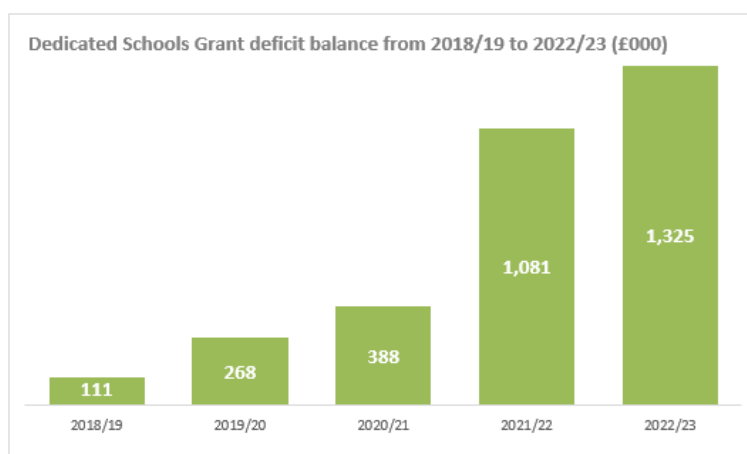
Dedicated Schools Grant (DSG)	Schools	High Needs	Early Years	Central Schools	Total
	£000	£000	£000	£000	£000
(Surplus) / Deficit from 2021/22	(1)	1,257	(107)	(69)	1,081
DSG Allocations prior to recoupment	(28,367)	(5,272)	(1,718)	(184)	(35,540)
Transfer between blocks	142	(142)	-	-	-
Academy Recoupment	26,348	310	-	-	26,658

Dedicated Schools Grant (DSG)	Schools	High Needs	Early Years	Central Schools	Total
	£000	£000	£000	£000	£000
Total Funding	(1,877)	(5,104)	(1,718)	(184)	(8,882)
Expenditure in Year					
Schools' allocations	1,882	-	-	-	1,882
Nationally Agreed School Licences	-	-	-	41	41
Admissions Service- staffing costs	-	-	-	61	61
Statutory & Retained Duties	-	-	-	65	65
Education for under 5's	-	-	83	-	83
3 & 4 Year Old Funding	-	-	1,519	-	1,519
2 Year Old Funding	-	-	115	-	115
SEN Funding Maintained Schools and Academies	-	3,033	-	-	3,033
SEN Funding Post 16	-	159	-	-	159
SEN Recovery Plan Expenditure	-	246	-	-	246
SEN Funding - Independent Special Schools	-	1,113	-	-	1,113
SEN Funding EOTAS & Tuition	-	569	-	-	569
SEN Staff Recharge	-	197	-	-	197
Early Years Inclusion (SENIF)	-	45	-	-	45
Total Expenditure	1,882	5,362	1,717	167	9,128
(Under) / Overspends in 2022/23	5	258	(1)	(17)	245
(Surplus) / Deficit to 2023/24	4	1,515	(108)	(86)	1,325

SEN = Special Educational Needs

6.3 For 2022/23 expenditure demands exceeded the funding available within the grant allocation by £0.2m, (£0.7m 2021/22), and increased the total deficit balance to £1.3m.

6.4 The following chart illustrates the growth of the deficit from 2018/19 to 2021/22 and shows that growth in 2022/23 was arrested by management actions taken to start to address the deficit balance.



6.5 With funding increasing to £5.6m in 2023/24 it is expected that the Council will manage within the funding allocation with further work required to 'make good' the deficit position from future DSG allocations.

6.6 To further support the recovery of the deficit the Council have a recovery plan in place and are part of the national 'Delivering Better Value' (DBV) programme. The Council is not unique in the deficit balance for the High Needs block. Through participation in this national scheme the Council is learning from best practice experienced in other Councils either from the sister programme 'Safety Value', or from the previous rounds of the DBV programme.

6.7 The DBV is commissioned by the DfE and supports 55 Local Authorities and their

local systems to identify the highest impact changes that each system involved can make to better support their local children with SEND and make plans to implement those changes. The programme places children and young people with SEND at the centre of the approach and decision making. The aim is to publish a programme of work to reduce spend on the programme and the DfE will provide the Council with £1.0m funding to support this programme of works. The Council plans to apply for this use of funds to the DfE by the end of June.

6.8 The Council has agreed to underwrite the DSG deficit reserve, although the statutory override removes the immediacy for this requirement through the use of a commitment against reserves of £1.3m. This enables the Council to manage the risk of not making good the deficit through future DSG funding by the end of 2025/26.

7 RESERVES POSITION

7.1 To enable the Council to manage its financial position, the Portfolio holder working alongside the S151 Officer will propose a Reserves Strategy to Council by the Autumn 2023. The Strategy will provide additional transparency in the use of reserves to cover and mitigate the strategic and operational financial risks the Council operates within. It is proposed that reserves will be reported under broad categories rather than the single General Fund use as described in the Budget Report. This will aid the transparency and assessment of use.

7.2 The revised reserve classifications are illustrated below, and will be confirmed as part of the Reserves Strategy:

Reserve	Reserve description
General Fund	<p>This Fund is the statutory fund into which all the receipts of the Council are required to be paid in, and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise.</p> <p>This reserve ultimately smooths the financial impact of unexpected events, major incidents or emerging risks, including:</p> <ul style="list-style-type: none"> • Risks which exceed the other specific risk reserves (budget, inflation, and local taxation reserves) • The capacity to manage in-year budget pressures in relation to demand led service delivery • The general financial climate • Financial risks arising as a result of new government legislation or new burdens <p>The Financial Sustainability Strategy states that this reserve must not be reduced lower than £3m over the period.</p>
Financial Sustainability Strategy Reserve	<p>This balance represents the strategic use of reserves to fund the budget gap whilst transformational activity is undertaken as per Appendix A of the Final Revenue and Capital Budget 2023/24 report.</p>
Departmental Reserves	<p>Amounts set aside by departments in accordance with financial guidance. These funds have been received in advance for specific projects covering multiple years (i.e. grant funding), or funding to cover specific activity (i.e. the Local Plan), or for existing commitments (i.e. DSG deficit). The balance will vary as the projects / commitments progress.</p>
Risk Reserve	<p>This reserve is to be mitigate some of the financial risk resulting from the uncertainty contained within the budget such as from rising rates of inflation, risks associated with delivering a challenging savings programme, and any timing differences due to Section 31 grants, future tax losses and the impact of the cost-of-living on income generating</p>

Reserve	Reserve description
	budgets.
Innovation Fund	The balance of the sums set aside which can be utilised to fund one-off type expenditure such as to fund service transformation with the aim of making current Council funding work harder i.e. efficiency gains.
Process Improvement Fund	<p>This reserve will be used following the application of a series of criteria:</p> <ul style="list-style-type: none"> • Delivers against the Council's corporate strategy and priorities • Provides on-going revenue savings • Provides on-going revenue income • Repays costs back to the fund within an agreed period (preferably not exceeding five years) OR delivers a benefit to a related service that contributes to sustainability <p>This reserve fund is not intended to:</p> <ul style="list-style-type: none"> ▪ Substitute existing funding-streams ▪ Meet on-going revenue needs ▪ Provide financial support for capital works

7.3 The outcome of the above and the Council's underspend position outlined in section 3 is included in the summary table below. Further information is provided in Appendix D.

Statement of Accounts	Reserve name	April 2022 £000	Reclass. £000	(From) / To £000	Revised Cat. £000	March 2023 £000
General Fund	General Fund - minimum balance	13,328	-	(1,431)	(8,898)	3,000
	Financial Sustainability Strategy Reserve	-	-	-	2,865	2,865
Earmarked Reserves	Departmental Reserves	9,488	(4,723)	21	-	4,786
	Risk Reserve	4,154	-	(1,798)	175	2,530
	Innovation Fund	298	146	665	1,391	2,500
	Process Improvement Fund	6,671	(1,196)	(1,033)	4,468	9,000
	Total	34,029	(5,773)	(3,575)	-	24,681

Reclass. – reclassification of reserve balance, see point 7.4 for explanation

Cat. – category based on outturn position, see points 7.1 and 7.2 above

7.4 Following a review of reserve balances, as part of the year-end closure process, it was noted that contributions received as S106 had incorrectly been classified as earmarked reserves, £5.8m. These balances have been reclassified on the Council's balance sheet as Creditors reflecting the 'present obligation' for the Council to spend these funds in accordance with the terms and conditions with developers when these contributions were agreed.

7.5 Further information on the reserve movement is shown in Appendix D. Whilst it is anticipated that the drawn down of reserve requests will be used to fund particular projects in 2023/24 no reserves will be drawn down until a detailed expenditure plan is produced.

8 CONSULTATION

8.1 Formal consultation is not required for any decisions being sought in this report. Internal consultation has been undertaken with officers to agree commentary and final position on all directorates.

9 ALTERNATIVE OPTIONS

9.1 None required.

10 FINANCIAL IMPLICATIONS

10.1 The report highlights the impact of the outturn for 2022/23 and follows the advice from the Section 151 Officer.

10.2 Additional budget is request in relation for a reception offer at Catmose, this is proposed to be funded from reserves of £17k in 2023/24, and £28k in 2024/25.

10.3 The financial performance has been reviewed for potential impact on future budgets, this is provided in Appendix B.

10.4 The Council is in receipt of additional grant funding for capital schemes, an over of this funding and its use is provided point 5.6.

10.5 In recognition of the transformational activity that is required to deliver the savings contained in the MTFP it is proposed that an Innovation Fund is set up to 'seed' fund to deliver future savings.

11 LEGAL AND GOVERNANCE CONSIDERATIONS

11.1 There are no legal implications arising from this report.

11.2 The recommendations include requests for approvals to carry forward budgets and transfer funds to reserves. The recommendations are made in accordance with the Council's Financial Procedure Rules.

12 DATA PROTECTION IMPLICATIONS

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

13 EQUALITY IMPACT ASSESSMENT

13.1 An Equality Impact Assessment (EqIA) has not been completed as this report does not impact on Council policies and procedures.

14 COMMUNITY SAFETY IMPLICATIONS

14.1 There are no community safety implications

15 HEALTH AND WELLBEING IMPLICATIONS

15.1 There are no health and wellbeing implications

16 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

16.1 The report updates Cabinet and all members of the draft outturn position for 2022/23. The report also asks Members to approve budget carry forwards and transfers to/from reserves for the 2023/24 budget, and for use of reserves to fund transformational activity linked to future savings.

16.2 The report recommends a revised approach to the reception area at Catmose, and this proposal requires additional budget in order to resource the pilot approach which will ascertain how the area is used and volume demands.

17 BACKGROUND PAPERS

17.1 Budget Setting Report (09/2022)

17.2 July Report Exceptional Report (104/2022)

17.3 August Update Report (156/2022)

17.4 November Update Report (03/2023)

17.5 SEND Funding (30/2023)

18 APPENDICES

- Appendix A – Budget Movements
- Appendix B – Directorate Appendices
- Appendix C – Capital Programme
- Appendix D – Reserves Position

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

Appendix A. Budget Movements on Directorate net expenditure

This appendix shows budget for directorate net expenditure and the use of reserves.

Description	Net Cost of Services £000	Capital Financing £000	Spend on Capital £000	Funding £000	Transfer to / (from) Reserves £000	Transfer to / (from) General Fund £000
November Council Report	44,765	(1,031)	243	(39,797)	(2,556)	(1,624)
Pay Award 2022/23 (i)	65	0	0	0	0	(65)
Business Intelligence Project (ii)	(100)	0	0	0	100	0
Procurement Projects (iii)	(373)	0	0	0	373	0
Local Plan (iv)	339	0	0	0	(339)	0
Hospital Discharge Funding (v)	104	0	0	(104)	0	0
Revised Budget	44,800	(1,031)	243	(39,901)	(2,422)	(1,689)

- i) Adjust to the final cost of the 2022/23 Pay Award.
- ii) The Council has earmarked £0.1m to develop the Council's performance reporting Capability.
- iii) The Council has three large procurement projects underway (Leisure, Waste and Highways). The Council allocated budgets for the completion of these during the year. Where underspends have been reported on these schemes this reflects a timing difference between activity compared to the original plan and therefore a transfer to reserves for these funds has been requested to reflect the timing difference in expenditure profile with future drawn downs required.
- iv) To fund the expenditure that has been undertaken in the year as required for the delivery of the Local Plan and associated costs that have been incurred as a result of not having a Local Plan in place.
- v) The Council has been awarded £0.1m to facilitate hospital discharges and links with working closely with the Integrated Care Board (ICB) and Leicestershire Partnership Trust. There was the requirement to undertake relevant activity in 2022/23 and this drawn down reflects the completion of the conditions of use such as planned spending reports and provision of weekly activity data.

Appendix B. Directorate Appendices

Function	Revised Budget £000	Net Expenditure £000	Variance to budget £000	Commentary on Outturn Position	Impact on MTFS	Nov.22 Forecast Variance £000	Change £000	Commentary on Movement from November 2022
People Directorate <i>(note ASC – Adult Social Care, CSC – Children’s Social Care)</i>								
ASC Community Inclusion	1,268	1,384	116	Reliance on overtime and agency to fill the rotas for the staffing of the Community Care Services continues to put pressure on these budgets. However, recruitment has been successful to new Community Support Workers (CSW) and good response to other vacancies. There was a £39k pressure in relation to the ICB stopping funding service users at our Supported Living service throughout 2022/23	Recruitment remains a risk to the budget in 2023/24	40	76	The continued reliance on overtime and agency to fill the rotas. It was planned that recruitment into more positions would occur prior to year end. As such the agency costs are greater than was forecast.
ASC Community Based Services Income	(425)	(381)	44	The impact of service users with fewer assets / less income than in previous years.	Budgets realigned	51	(7)	
ASC Daycare	104	14	(90)	Experienced a reduction in older people / physical disability attended day care in the past two years.	Budgets realigned	(90)	0	
ASC Direct Payments	1,415	1,159	(256)	Experienced a fall in the number of service users choosing to take a Direct Payment as opposed to a directly commissioned service.	Budgets realigned. The impact to be monitored regarding the increase in hourly rate leads to increase in demand	(187)	(69)	Continued reduction in service users, see impact of additional costs in following comment.
ASC Homecare	2,050	2,861	811	Increase in demand from 83 at the start of 2022/23 to be consistently over 100 from October. In Physical Disabilities Homecare there were three packages of	Budgets realigned	761	50	High increase in services users in the lasts half a year linked

Function	Revised Budget £000	Net Expenditure £000	Variance to budget £000	Commentary on Outturn Position	Impact on MTFS	Nov.22 Forecast Variance £000	Change £000	Commentary on Movement from November 2022
				care that exceeded £100k which meant the cost was double that of the previous year. The Council agreed to pay a fuel surcharge to all providers in addition to their rate in recognition of additional pressures impacting on suppliers				to drop in Direct Payments
ASC Hospital & Reablement	721	739	18			8	10	
ASC Other	323	284	(39)	New delegation with Leicestershire County Council for Care Act Mental health social work and Mental Health Act AMHP work – signing of contract has been delayed causing an underspend.	The delegation is an ongoing contract with LCC and as such is in the 2023/24 budget	(43)	4	
ASC Prevention & Safeguarding	71	(12)	(83)	The level of activity has been less than was budgeted	None. Budgets realigned	(69)	(14)	
ASC P&S Staffing	206	237	31	Agency staff used to back fill a secondment post that could not be recruited to.	Agency worker will continue into 2023/24	18	13	
ASC Residential	3,803	4,013	210	Overspent by approximately £122k due to more high-cost placements (including payment for non-banded rates during the year as a result of the high level of demand; and people living longer than we expected). The Council increased rates to a number of providers during the year due to lack of beds at the Local Authority rate	Budgets realigned	252	(42)	Fluctuations in demand
ASC Support and Review Staffing	758	632	(126)	Underspent by £126k due to difficulties in recruiting to in-house and agency staff in a number of posts. Vacant posts held as service redesign expected.	A service redesign is planned and therefore there may be a budget saving	(128)	2	

Function	Revised Budget £000	Net Expenditure £000	Variance to budget £000	Commentary on Outturn Position	Impact on MTFS	Nov.22 Forecast Variance £000	Change £000	Commentary on Movement from November 2022
BCF Hospital Flows	1,322	1,374	52	Following a review of current spend against the Public Health (PH) Outcomes Framework, it was agreed to maximise the grant usage of current PH spend with alternative activities (including BCF) which better aligned to outcome requirements of the grant. Timing of agreement occurred close to the end of last financial year and so not reflected in the assumptions of the 2022/23 budget build. This created a reported variance throughout the year	Maximisation of grant funding for suitable outcomes is ongoing and the 2023/24 budgets will reflect this at the start of the year.	9	43	Timing of agreement occurred close to the end of last financial year and so not reflected in the assumptions of the 2022/23 budget build. This created a reported variance throughout the year
BCF Unified Prevention	343	251	(92)			(84)	(8)	
BCF Enablers	170	92	(78)			2	(80)	
BCF Health & Wellbeing in the Community	1,078	942	(136)			(15)	(121)	
CSC – Permanency & Protection Service	476	486	10			28	(18)	
CSC – Referral & Inclusion Service	262	312	50	Overspend is due to agency staff covering vacancies	Potentially impact on future years as there is a national recruitment issue with Social Workers	78	(28)	Reduction in number of days worked by agency staff to mitigate the in year pressure
CSC – Fostering, Adoption & Care Leaver Service	1,981	2,158	177	The Council's placement costs have increased along with the number of children in care compared to the assumptions the budget was based upon. * (UASC – Unaccompanied Asylum Seeking Children)	The cost-of-living increases and fee uplifts have been factored into the budgets. Risk remains regarding the costs of clients with complex needs.	(14)	191	Additional children with complex needs costing a total of £130k require care. Three new UASC* young people and two children with complex needs moved from an inhouse placement to an agency foster placement.

Function	Revised Budget £000	Net Expenditure £000	Variance to budget £000	Commentary on Outturn Position	Impact on MTFS	Nov.22 Forecast Variance £000	Change £000	Commentary on Movement from November 2022
CSC - Safeguarding	378	272	(106)	Staff vacancy that was not filled and underspend in relation to some partnership costs.	None, linked work required as requested reserves funding.	(55)	(51)	Unable to recruit to posts. Alternative delivery of activity linked to the Domestic Abuse grant devised and linked to reserves
Contracts & Procurement	478	372	(106)	A vacancy held during the year and additional contributions to health for the Voluntary and Care Sector (VCS). The work required by the DHSC project has now completed and will have no impact on the 2023/24 budget.	Budget relating to the vacant post remains in the 2023/24 budget to fund additional business support and legal costs for specific contract work.	(64)	(42)	Cost originally code to cost centre were funded from other Council budgets and legal work required was not undertaken in the year due to teams' capacity to initiate it
People - Directorate	1,429	1,391	(38)			21	(59)	
SEND & Inclusion	596	664	68	Agency costs covering vacant post	None, post permanently recruited too	45	23	
Early Intervention - Targeted	1,376	1,408	32	Children With Disabilities (CWD) overspent on placement costs. The service mitigated the full impact by restricting spend in other areas	None	148	(116)	Demand of service fluctuating for individual service user needs and posts not being successfully recruited to
Early Intervention - Universal & Partnerships	316	201	(115)	Underspend in youth services third party payments due to demand and elements of the contracts not fully utilised.	This is not likely to occur into future years.	(57)	(58)	Further underspends experienced for third party payments and demand reductions.
Housing	252	237	(15)			(28)	13	

Function	Revised Budget £000	Net Expenditure £000	Variance to budget £000	Commentary on Outturn Position	Impact on MTFS	Nov.22 Forecast Variance £000	Change £000	Commentary on Movement from November 2022
Public Health	(248)	(234)	14	The 0-19 Children's provision was retendered and brought partially in-house during the year. The previous contract costs reduced and the replacement internal staffing did not start concurrently with the contract changes resulting in reduced expected spend. Additionally, a number of elements of the Public Health spend are activity-based and consequently forecast on a quarterly basis resulting in some changes .	Maximisation of grant funding for suitable outcomes is ongoing and the 2023/24 budgets will reflect this at the start of the year.	23	9	
RALASS	21	22	1	RALASS – Rutland Adult Learning & Skills Services	Potential as the delivery of the service is reviewed	39	(38)	Income levels improved in the final quarter
Schools & Early Years	223	156	(67)	Grant received in the final quarter	None	(30)	(37)	Grant received in the final quarter
Total	20,745	21,035	290			659	(372)	
Places Directorate								
Building Control	15	33	18			2	16	
Commercial & Industrial Properties	(244)	(267)	(23)			(97)	74	In line with the Asset Review report only essential repairs have been carried out when needed.
Crime Prevention	122	105	(17)			(14)	(3)	
Cultural & Regulatory	165	150	(15)			0	(15)	
Development Control	223	140	(83)	Increased planning fee income due to several large-scale speculative applications	If the Council continues to receive speculative planning	(144)	61	The Council has lost two planning appeals

Function	Revised Budget £000	Net Expenditure £000	Variance to budget £000	Commentary on Outturn Position	Impact on MTFS	Nov.22 Forecast Variance £000	Change £000	Commentary on Movement from November 2022
					applications, then additional income could be achieved.			and costs of £38k have been allowed.
Director - Places	438	432	(6)			(9)	3	
Highway Structures	173	174	1			0	1	
Economic Development	249	141	(108)	The Climate Change Officer Post has been held vacant for the year and budget for bids for UKSPF and LUF were not required as funding received to facilitate this	None. Post removed for 23/24 and funding was a one off.	(111)	3	
Emergency Planning	37	36	(1)			0	(1)	
Environmental Services	1,436	1,407	(29)	The underspend is the result of a vacant post that we have been unable to recruit to despite two attempts and an unexpected influx of burials during March which doubled the anticipated income for the cemetery.	None.	47	(76)	Additional income not previously anticipated linked to increased burials at the end of the financial year
Forestry	108	108	0			0	0	
Health & Safety	45	42	(3)			(1)	(2)	
Highways Capital Charges	1,828	1,828	0			0	0	
Highways Management	419	358	(61)	Unexpected S278 fee received late in March of £51k	The staffing position in the highways team is supplemented by agency staff and this could create future pressures	106	(167)	Late receipt of income and costs relating capital works charged to schemes

Function	Revised Budget £000	Net Expenditure £000	Variance to budget £000	Commentary on Outturn Position	Impact on MTFS	Nov.22 Forecast Variance £000	Change £000	Commentary on Movement from November 2022
Commissioned Transport	2,210	2,950	740	Additional demand for Special Educational Needs (SEN) transport mid-year, including placements out of county requiring specialist individual transport contracts at short notice	This budget is likely to continue to be under pressure as demand is continues to rise	322	418	Demand-led and short notice of additional requirements for cases. Contract price increases due to rising transport costs.
Leisure	221	210	(11)			0	(11)	
Libraries	487	483	(4)			0	(4)	
Lighting/Safety/Barriers/Traffic Signal	154	202	48	Pressure related to increased utility costs for street lighting	Budgets realigned	7	41	
Museum	458	458	0			9	(9)	
Parking	(204)	(173)	31	A shortfall in income due to a reduction in income from staff parking permits.	Potentially. Income position will be monitored.	47	(16)	
Pool Cars and Car Hire	107	111	4			(1)	5	
Planning Policy	835	790	(45)	Additional CIL receipts over and above those budgeted and a staff member reduced hours	None	(18)	(27)	
Property Services	1,139	1,160	21			28	(7)	
Public Protection	416	391	(25)	Additional License Fee income		10	(35)	
Public Rights of Way	35	24	(11)			20	(31)	
Public Transport	834	824	(10)	Small final variation in actual performance compared to original budget set. However, forecast outturn variance linked to late	None.	(115)	105	Numbers of concessionary fares to be monitored to see if this was a one off or

Function	Revised Budget £000	Net Expenditure £000	Variance to budget £000	Commentary on Outturn Position	Impact on MTFS	Nov.22 Forecast Variance £000	Change £000	Commentary on Movement from November 2022
				increase in number of concessionary fares paid in the final quarter.				an indication of greater confidence in returning to Public Transport
Road Maintenance	339	351	12			0	12	
Tourism	1	8	7			(1)	8	
Transport Management	412	275	(137)	Underspend due to vacant posts		(128)	(9)	
Waste Management	3,137	2,895	(242)	Green waste tonnages lower than expected due to the dry weather conditions over the summer, and high market rates for recycled materials.	Budgets realigned	(258)	16	
Winter Maintenance	280	325	45	Extreme weather conditions resulted in more gritting runs undertaken and mobilising the ploughs.	Risk remains if extreme weather conditions are over and above our expectations	0	45	
Total	15,875	15,973	98			(299)	395	
Resources Directorate								
Accountancy /Finance	691	763	72	Interim staffing arrangements and bad debt provision increased by £12k. The interim staffing was agreed but funding not drawn down as the pressure was managed as part of the Resources directorate as a whole	None	53	19	
Audits	199	184	(15)			2	(17)	
Business Intelligence	227	197	(30)			(21)	(9)	
Chief Executive	273	282	9			(3)	11	

Function	Revised Budget £000	Net Expenditure £000	Variance to budget £000	Commentary on Outturn Position	Impact on MTFS	Nov.22 Forecast Variance £000	Change £000	Commentary on Movement from November 2022
Communications	213	166	(47)	Staffing underspend due to delays in recruiting two Communications Officers	None. Request made to carry forward £15k underspend to support future communications activity around Transformation Programme.	(62)	15	
Corporate Costs	173	152	(20)			2	(23)	
Business Support Services	674	548	(126)	Staffing Underspends due to vacant posts	None	(113)	(12)	
Customer Services	202	181	(21)			(29)	8	
Director - Resources	332	332	0			(6)	6	
Elections	130	131	1			7	(6)	
Financial Support	40	9	(31)	Fewer awards made for financial crisis and additional administration funding received in year for the Household Support Fund	None. Awards are year specific and can vary based on demand.	(8)	(23)	
Human Resources	488	479	(9)			(7)	(2)	
Corporate Insurance	258	275	17			(1)	17	
Information Communication Technology	1,691	1,695	4			30	(26)	
Legal/Governance	676	573	(103)	More legal work provided in-house and effective gatekeeping / using locum	Potential for additional savings	(89)	(14)	

Function	Revised Budget £000	Net Expenditure £000	Variance to budget £000	Commentary on Outturn Position	Impact on MTFS	Nov.22 Forecast Variance £000	Change £000	Commentary on Movement from November 2022
				solicitors as an alternative to provide practice / recovering costs from third parties where there is an entitlement / generating an income	over and above those already removed.			
Members	290	263	(27)	Vacancies in elected Member positions at various points in the financial year.	None, all posts to be filled as a result of Local Elections	(25)	(2)	
Pensions	1,045	1,046	1			(1)	2	
Revenues & Benefits	363	463	100	The overspend is a result of using agency staff to fill vacancies and to provide cover for maternity leave. There is also a shortfall between Housing Benefit payments and the subsidy received because of: homeless cases, war pensioners etc	None. Benefits vary based on demand, and this will be monitored	37	63	
Total	7,963	7,740	(223)			(234)	8	

2

Appendix C. Capital Programme

Project Description	Total Project Budget	Prior Year Outturn	2022/23 Outturn	Future years Outturn	Total Estimated Project Outturn	Project Over / (Under) Spend	Project Status	2023/24 Capital Budget
	£000	£000	£000	£000	£000	£000	£000	£000
Asset Management Requirements Capital Programme								
School Maintenance	36	16	3	17	36	0	In Progress	36
School Capital Expansion Project	5,400	1,860	3,024	516	5,400	0	In Progress	5,400
Asset Review	565	0	0	565	565	0	Not Started	565
Highways Capital Projects	2,606	0	2,515	86	2,601	(5)	Mixed	86
Highways Capital Projects (2023/24)	2,843	0	0	2,843	2,843	0	Not Started	2,843
Integrated Transport Block	1,324	345	176	803	1,324	0	Mixed	1,301
Emergency Active Travel	103	2	83	18	103	0	In Progress	103
Emergency Lighting – Oakham Castle	13	0	0	13	13	0	Not Started	13
St Eabbass Close	4	0	0	4	4	0	Not Started	4
ITCP – Barleythorpe Roundabout	100	0	105	0	105	5	Completed	0
Subtotal	12,994	2,223	5,906	4,865	12,994	0		10,351
Strategic Aims and Priorities Capital Programme								
Devolved Formula Capital 22/23	12	0	12	0	12	0	Completed	0
Devolved Formula Capital 23/24	12	0	0	12	12	0	Not Started	12
School Energy Efficiency Improvement	26	0	26	0	26	0	Completed	0
Disabled Facilities Grant 22/23	495	0	225	269	495	0	In Progress	269
Disabled Facilities Grant 23/24	270	0	0	270	270	0	Not Started	270
Changing Place at Anglian Water	78	0	0	78	78	0	Not Started	78
Changing Place at Uppingham	80	0	0	80	80	0	Not Started	80
SEND	727	716	3	8	727	0	In Progress	727
SEND 2021/22	821	9	664	148	821	0	In Progress	822
Catmose Sport Hall Floor	50	0	50	0	50	0	Completed	0
Sports Grants	418	343	0	75	418	0	In Progress	418
Catmose Pool - Contribution	150	0	150	0	150	0	Completed	0
Oakham Police – Enquiry Desk	58	0	0	58	58	0	Not Started	58
Digital Rutland – LFFN Project	2,229	1,686	0	0	1,686	(543)	Completed	0
Uppingham Town Centre WC	27	0	27	0	27	0	Completed	0
Exton Play Area Refurbishment	14	0	14	0	14	0	Completed	0
Gt Casterton C of E Primary S106	43	22	21	0	43	0	Completed	0
SMSJ Fire Exit and Lighting	17	6	0	11	17	0	In Progress	17

Project Description	Total Project Budget	Prior Year Outturn	2022/23 Outturn	Future years Outturn	Total Estimated Project Outturn	Project Over / (Under) Spend	Project Status	2023/24 Capital Budget
	£000	£000	£000	£000	£000	£000	£000	£000
Affordable Housing, Brooke Road	650	0	0	650	650	0	Not Started	650
UK Share Prosperity Allocation (UKSPF)	24	0	0	24	24	0	Not Started	24
Levelling Up Fund	24,151	0	10	24,141	24,151	0	In Progress	24,151
Oakham Enterprise Park – Unit 2 and 4	110	66	0	44	110	0	In Progress	110
Website Development	49	0	37	12	49	0	In Progress	49
IT Projects	30	0	0	30	30	0	Not Started	30
Total	30,540	2,848	1,239	25,910	29,997	(543)		27,765
Total Capital Programme	43,534	5,071	7,145	30,775	42,991	(543)		38,116

Appendix D: Reserves Movements

Reserves Movements during 2022/23	April 2022	Reclassification	To / (from) Reserves	Transfer per MTFP	General Fund Allocation	March 2023
	£000	£000	£000	£000	£000	£000
General Fund	13,328	-	(1,431)	(2,865)	(6,033)	3,000
Financial Sustainability Strategy Reserve	-	-	-	2,865	-	2,865
Departmental Reserves						
Commuted Sums	649	-	(233)	-	-	417
Developer Contributions	5,773	(5,773)	-	-	-	-
Public Health	407	-	(53)	-	-	354
Tourism	11	-	28	-	-	39
Better Care Fund	937	-	(200)	-	-	737
High Needs Reserve	-	-	1,025	-	-	1,025
Local Plan	1,705	-	(356)	-	-	1,348
Grants	-	1,050	(797)	-	-	254
Culture Reserve	6	-	-	(6)	-	-
Procurement Reserve	-	-	373	-	-	373
Early Intervention	-	-	54	-	-	54
Children's Safeguarding	-	-	54	-	-	54
Biodiversity	-	-	11	-	-	11
Domestic Abuse Grant	-	-	114	-	-	114
Future use within fund	-	-	-	6	-	6
Total Departmental Reserves	9,488	(4,723)	21	-	-	4,786
Risk Reserve						
Collection Fund Timing Differences	1,983	-	(1,767)	-	-	216
Social Care Reserve	1,316	-	-	(1,316)	-	-
Legal & Insurance	100	-	-	(100)	-	-
Hardship Reserve	187	-	(40)	(147)	-	-
Ash Die Back	500	-	-	(500)	-	-
Rutland Adult Learning	40	-	-	-	-	40
Neighbourhood Plans	27	-	9	(36)	-	-
Future use within fund	-	-	-	2,100	175	2,274
Total Risk Reserves	4,154	-	(1,798)	-	-	2,530
Innovation Fund						
Invest to Save	173	-	(100)	(73)	-	-
Training	125	-	(16)	(110)	-	-
CST Improvements	-	146	(49)	(97)	-	-
PowerBI Project	-	-	100	-	-	100
Future use within fund	-	-	730	279	1,391	2,400
Total Innovation Fund	298	146	665	-	1,391	2,500
Process Improvement Fund						
Oakham North	3,213	-	(45)	-	-	3,168
Repairs	249	-	-	(249)	-	-
Highways	396	-	(30)	(366)	-	-
Brexit	266	-	-	(266)	-	-
Digital Rutland	26	-	-	(26)	-	-
Budget Carry Forward	1,837	(1,196)	(474)	(167)	-	-
Covid	774	-	(484)	(290)	-	-
Future use within fund	-	-	-	1,364	4,468	5,832
Total Process Improvement Fund	6,761	(1,196)	(1,033)	-	5,642	9,000
Total General Fund & Earmarked Reserves	34,029	(5,773)	(3,575)	-	-	24,681

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CABINET

11 July 2023

ANNUAL REPORT ON TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS 2022/23

Report of the Strategic Director for Resources

Strategic Aim:	All	
Key Decision: No	Forward Plan Reference: FP/260523	
Reason for Urgency:	N/A	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr A Johnson, Deputy Leader and Portfolio Holder for Resources	
Contact Officer(s):	Kirsty Nutton, Strategic Director for Resources (s.151 Officer)	01572 758159 knutton@rutland.gov.uk
	Andrew Merry, Head of Finance	01572 758152 amerry@rutland.gov.uk
Ward Councillors	Not Applicable	

DECISION RECOMMENDATIONS

That Cabinet:

1. Notes the actual performance for the 2022/23 prudential indicators within the report.
2. Notes that the treasury management stewardship for 2022/23 was in compliance with the treasury management strategy.

1 PURPOSE OF THE REPORT

- 1.1 Report 02/2022 set the Treasury Management Strategy for 2022/23 linked to the Council's Budget, Medium Term Financial Plan and Capital Plans. It is inextricably linked to delivering the Council's aims and objectives.
- 1.2 This report sets out how the Council has performed against the Strategy.

2 BACKGROUND AND MAIN CONSIDERATIONS

2.1 Background

2.1.1 The economic conditions during 2022/23 have been turbulent due to various factors including stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies. UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields.

2.1.2 The Council's annual treasury report in Appendix A includes information on the performance of the treasury management service. The key points to note in year are:

- The Council has invested with institutions as determined by the creditworthiness criteria approved by the Section 151 Officer and approved by Council. During 2022/23 a Thurrock Council has been subject to Government intervention following its over exposure on commercial investment and subsequent issuance of a S114 notice. The Council had invested a total of £7m with Thurrock Council, in accordance with the TMS investment criteria of £7m with any local authority. The investment was repaid in accordance with the loan agreement the £7m. However, in recognition of state of Local Government nationally the Council amended its operational investment criteria to restrict investments with local authorities that are subject to government intervention, with further control developed for 2023/24 to link any investments with a Council's balance sheet strength and performance.
- The Council made a return on investment of 2.02% compared to the SONIA (Sterling Overnight Index Average) 6 month rate of 3.10%. The unpredictable nature of the rate rises experienced during the year meant that meeting this benchmark would be challenging. At a point in time the SONIA rate on the 1 April was 0.69% which illustrates the speed of change due to the economic conditions detailed in 2.1.1. As Appendix A para 2.2.4 shows the Council outperformed its original budget assumptions due to the uncertainty in the markets during the year. The Council has addressed this issue in the 2023/24 TMSS by moving to the 1-month SONIA rate which is reflective of the current laddering approach to investments to take advantage of the changing base rate environment (Appendix A, paragraph 2.3.2 refers);
- The Council did not undertake any external borrowing in year as planned and therefore did not breach the operational boundary for borrowing (£23m) (Appendix A, paragraph 3.4.5 refers);
- No PWLB 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 was £1.435m (Appendix A para 3.4.4); and
- The Council repaid other loans upon maturity during 2022/23. These were a Salix Loan of £420k for street lighting upgrades, with the final instalment paid April 2022, and a Local Enterprise Partnership loan of £630k to

contribute to the purchase and renovation of Oakham Enterprise Park, with repayment paid March 2023. Both loans were taken rather than using PWLB as they were interest-free loans.

3 CONSULTATION

3.1 No formal consultation is required. Consultation is performed as part of the budget setting process. This report shows actual performance against the indicators and strategy set as part of the budget process.

4 ALTERNATIVE OPTIONS

4.1 This report is for noting there are no alternative options.

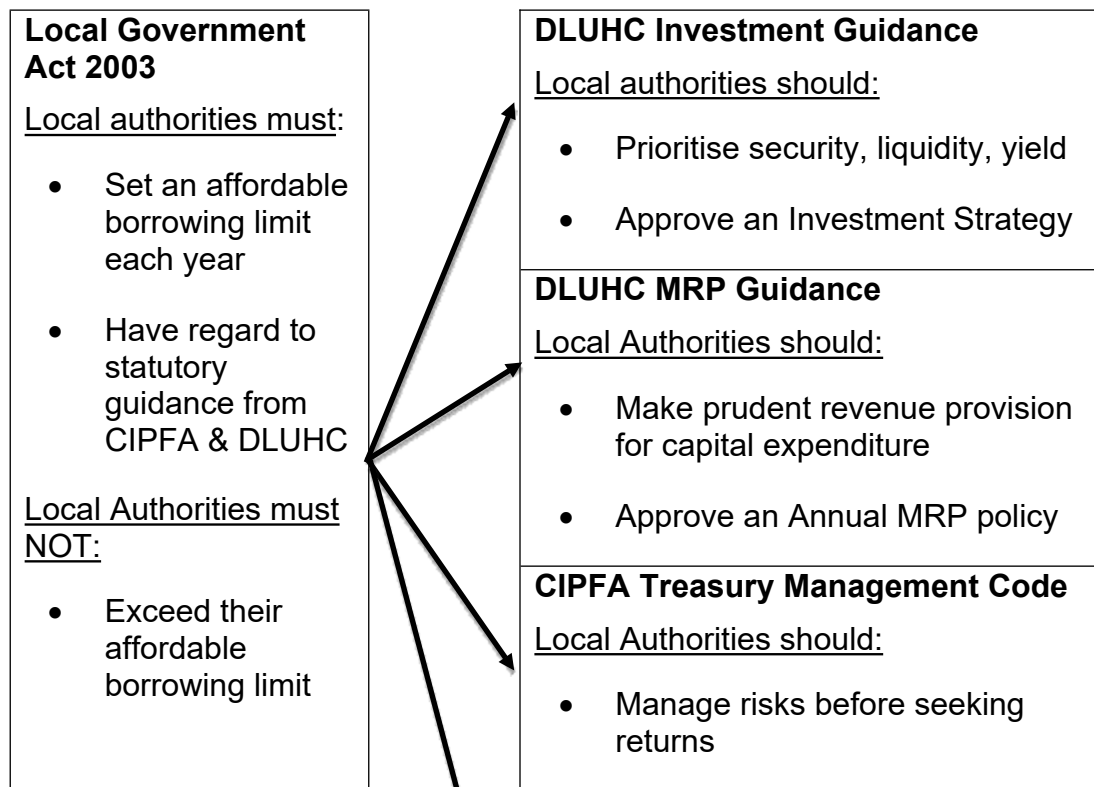
5 FINANCIAL IMPLICATIONS

5.1 There are no financial implications arising from this report. Financial performance is contained in the regular reports to Cabinet through the year, and the Outturn Report as part of the interest payments and receipts performance.

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 A summary of the regulatory framework is shown below.



<ul style="list-style-type: none"> • Borrow in a foreign currency • Mortgage their property as security for borrowing 	<ul style="list-style-type: none"> • Approve an Annual Treasury Management Strategy <p>CIPFA Prudential Code</p> <p><u>Local Authorities should:</u></p> <ul style="list-style-type: none"> • Be prudent, affordable and sustainable • Approve a capital Strategy
---	---

6.1 The Council’s treasury management activities for 2022/23 were regulated by a variety of professional codes, statutes and guidance (which were updated for 2019/20):

- 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. Guidance on Minimum Revenue Provision was issued under this section on 8 November 2007.

6.2 The Council’s Treasury Management Strategy explains how it intends to comply with the legal framework and this annual report confirms compliance.

7 DATA PROTECTION IMPLICATIONS

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

persons.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact Assessment (EqIA) has not been completed because there are no service, policy or organisational changes being proposed.

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 and meets the requirements set out in section 6.

12 BACKGROUND PAPERS

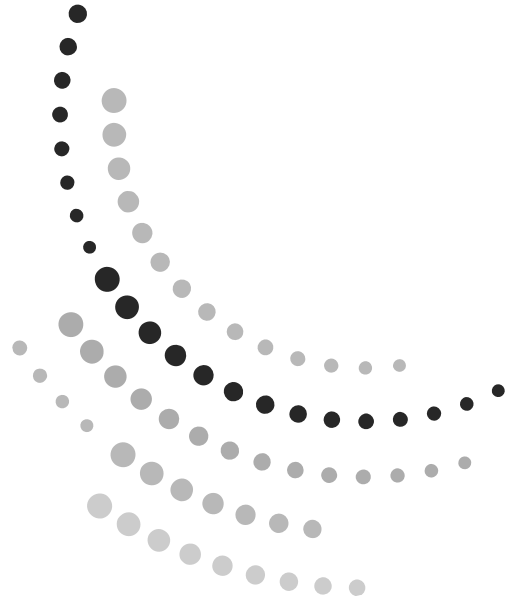
- 12.1 Statement of Accounts 2022/23
12.2 Treasury Management Strategy 2022/23 report 02/2022
12.3 Mid-Year Treasury Management Report 2022/23 report 177/2022
12.4 Outturn report 2022/23

13 APPENDICES

- 13.1 Appendix A Treasury Management Annual Report
13.2 Appendix B Link Commentary on 2022/23
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Appendix A.



Treasury Management Annual Report

2022-23

Version & Policy Number	Annual Report 22/23
Guardian	Andrew Merry, Head of Finance
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1 OVERVIEW OF STRATEGY

1.1.0 In making arrangements for treasury management, a Council is required to follow CIPFA's Treasury Management Code. The Code aims to help ensure that Councils manage the significant risks associated with the function while also ensuring the Council receives value for money.

1.1.1 The Council approved a Strategy in February 2022 (report 02/2022) which covered:

- borrowing strategy, including capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time); and
- the treasury management strategy (strategy guidelines for choosing and placing investments, the principles to be used to determine the maximum periods for which funds can be committed, what specified and non-specified investments will be considered how the investments and borrowings are to be organised) including treasury indicators

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

2 TREASURY PERFORMANCE

2.1.1 The Council receives 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.

2.1.2 At any point of time in the year, the Council had between £50m - £63m available to invest, due to cashflow timings of income received and payments made, for example grants and contributions received in advance of a project occurring. The table below shows the level of investments held during the year, the average level of investments during the year was £57.9m, compared to expected investments of £31.2m.

2021/22 Actual £000	2022/23 Quarter 1 as at 30-Jun-22 £000	2022/23 Quarter 2 as at 30-Sep-22 £000	2022/23 Quarter 3 as at 31-Dec-22 £000	2022/23 Quarter 4 as at 31-Mar-23 £000
52,284	56,192	58,603	60,473	56,343

2.1.3 The Council will invest surplus money to get a return on balances generating income. As per the agreed overall objectives, surplus balances are managed in a way to maximise the income potential whilst having regard to security risk.

2.1.4 The Council's investment strategy primary objectives, in order of importance

are:

- safeguarding the repayment of the principal and interest of its investments on time
- adequate liquidity – the Council needs to ensure that sufficient cash balances are available so it can service the payments of invoices and ensure investments in capital assets can be made on a timely basis.
- Maximising the investment return

2.1.5 All of the Council’s investments during the financial year were made with approved institutions within the agreed limits contained within the Treasury Management Strategy 2022/23 (02/2022). These limits are:

- £7m for a maximum of three years for institutions within the upper limit of the credit ratings (Fitch rating AA-/F1);
- £7m for a maximum of 364 days for institutions within the middle limit of credit ratings (Fitch rating A-/F1); other local authorities and Money Market Funds;
- £1m for a maximum of six months those institutions without a credit rating, normally certain Building Societies whose operation does not require a credit rating.

2.1.6 Following the principles set out in paragraph 2.2.2, the Council made investment returns as shown below:

	Original Estimate 2022/23	Revised Estimate 2022/23 Q2	Actuals 2022/23
	£000	£000	£000
Investment Income	188	922	1,170
Other Interest Received *	12	12	12
Total	200	934	1,182

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

2.1.7 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 (the average interbank interest rate at which a selection of banks on the London money market are prepared to lend to one another).

2.1.8 The Council monitored performance against the 6-month SONIA rate during 2022/23 and the results are shown on the following page.

	2021/22	2022/23 (Q2)	2022/23 (Q4)
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RCC Returns (%)	0.38	1.32	2.02
SONIA (%)	0.34	2.24	3.19

- 2.1.9 The Council's performance was below the SONIA rate due to the time lag between the base rate increasing and an improvement of the Council's average rate achieved. This lag was due to fixed rate investments placed prior to the base rate increases that achieve a lower rate of return. For example, 6-month investment traded in March 2022 achieved an interest rate of 0.95%, comparatively an investment traded in July 2022 with the same maturity achieved an interest rate of 2.03%. Due to the highly volatile financial environment, the Council sought advice from Link, the Council's Treasury advisors, who advised a laddering approach to investments. This approach staggered the maturity of investments to lock in increases in interest rates whilst also being able to take advantage of future increases. This enabled the Council to take advantage of base rate changes.
- 2.1.10 The Council has updated assumptions for the 2023/24 TMSS by moving to the 1-month SONIA rate which is reflective of the current laddering approach to investments to take advantage of the changing base rate environment. The average 1-month rate for 2022/23 was 2.41%.
- 2.1.11 During 2022/23 £7m has been invested in sustainable fixed term deposits, and 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. These provide an equivalent return to the 'traditional' fixed rate investments.
- 2.1.12 During 2022/23 the Council had £7m invested with Thurrock Council, who 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. Due to the government structure of Local Authorities it would be highly unlikely for debts from other local authorities not to be repaid as ultimately, they are underwritten by the UK Government. All investments have now been repaid. In the TMSS 2023/24 the Council has introduced an additional verification on the status of other Local Authorities, where the Authority is subject to DLUHC intervention they will not be included as a suitable counterparty for investment. There will be a further health check to enhance this approach by reviewing balance sheet health and its direction of travel for all local authorities which provides a benchmark to assess security of funds.

3 PRUDENTIAL (BORROWING AND DEBT) INDICATORS

- 3.1.1 Councils borrow to fund capital expenditure or refinance/reschedule existing borrowings e.g. replace one loan with one at a lower rate.

- 3.1.2 If the capital schemes are deemed affordable within the overall context of the MTFs the Council works out its capital expenditure plans and then calculates how much it needs to borrow having considered whether it should fund capital expenditure using other options.
- 3.1.3 The Council's capital expenditure during 2022/23 was £7.1m. The outturn report (73/2023) contains detailed analysis of the capital programme and financing. The £7.1m was financed as per the following table. The financing need represents an increase in borrowing requirements.

Estimates of capital expenditure (PI3) and actual capital expenditure (PI4)

	2021/22 Actual*	2022/23 TMSS	2022/23 Actual***
	£000	£000	£000
Capital Expenditure	5,173	1,939	7,145
Financed by:			
Capital Receipts/Developers Contributions	32	0	106
Capital Grants & Contributions	5,093	1,939	6,852
Revenue Contributions	46	0	187
Net financing need for the year	2	0	0

*Statement of Accounts 2021/22 (unaudited)

*** Note 20 - Statement of Accounts 2022/23 (unaudited)

- 3.1.4 The Council's Capital Financing Requirement (CFR) is the total capital expenditure which has not yet been paid for from either revenue or capital resources. It is a measure of the Council's underlying borrowing need. The CFR is reduced through the Minimum Revenue Provision which is a charge made against revenue to pay back the principal element of the debt taken.

3.1.5 Estimates of CFR (PI5) and Actual CFR (PI6)

	2021/22 Actual*	2022/23 TMSS	2022/23 Actual***
	£000	£000	£000
CFR – 1 April	20,038	19,775	19,426
Movement in Year - CFR	(612)	(629)	(615)
CFR – 31 March	19,426	19,160	18,811
Movement in CFR Represented by			
Net financing need for the year	2	0	0
MRP	(614)	(629)	(615)
Movement in CFR	(612)	(629)	(615)

* Note 20 – Statement of Accounts 2021/22 (unaudited)

** Revised Estimate per Mid-Year Treasury Report (177/2022)

*** Note 20 - Statement of Accounts 2022/23 (unaudited)

- 3.1.6 The CFR was estimated to reduce during 2022/23 by £629k, it actually reduced by £615k, this was for the MRP contribution. The change of £14k was due to a change of funding on the Digital Rutland full fibre project, which had previously been anticipated to require some external borrowing.
- 3.1.7 The Council currently has loans outstanding of £21.4m, these are all long-term loans with the Public Works Loans Board (PWLB).
- 3.1.8 During 2022/23 loans have been repaid, these were
- a Salix Loan of £420k (final instalment paid April 2022) and
 - a Local Enterprise Partnership loan (LEP) of £630k (repayment paid March 2023).
- 3.1.9 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 repaid on the maturity date.
- 3.1.10 The overall debt position is monitored, and advice provided by Link Asset Services to identify opportunities for the repayment or restructuring of debt. No such opportunities were identified as cost effective in the year. Repayment of debt is subject to either a premium or dividend equating to the difference in interest payable for the remainder of the term of the loan and that which could be earned by the lender on a new loan for the same period.
- 3.1.11 The latest advice from Link, the Council's Treasury Management Advisors, indicates that the premium at 19 June 2023 was £1.4m. This would mean it would cost £1.4m in addition to the £21.386m principal to repay the Council's PWLB loans. At this date gilt yields were higher, the premiums on these loans have come down at the time of writing since the start of the year when gilt yields were lower. The Council has some historical loans (15% of total PWLB debt) where the interest rate on the loans is in excess of 7%, these loans in particular will be harder to repay and recoup much benefit unless gilt yields climb significantly higher in order to reduce the premium.
- 3.1.12 The debt position at the 31 March 2023 compared to the previous year is shown in the following table:

Loan Type	2021/22 £m	2021/22 Ave. %	2022/23 £m	2022/23 Ave. %
Long Term Debt (fixed rate) PWLB	21.4	4.83%	21.4	4.83%
Local Enterprise Partnership (LEP)	0.6*	0.00%	0.0	0.00%
Salix Loan	0.042*	0.00%	0.0	0.00%
Total long term debt	22.0		21.4	
<i>Operational Boundary</i>	<i>23.0</i>		<i>23.0</i>	
Capital Financing Requirement	19.4		18.8	
Over / (under) borrowing	2.6		2.6	
Total investments	(54.2)	0.38%	(51.7)	2.02%
Net cash position	(32.2)		(30.4)	

3.1.13 There are a number of prudential indicators to ensure the Council operates its activities within limits. The indicators focus on two key aspects:

- Setting limits to control borrowing; and
- Assessing the affordability of the capital investment plans.

3.1.14 In addition, we also set limits on interest rate exposure.

3.1.15 **Controlling borrowing prudential indicators**

3.1.16 The Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the following two financial years. Consideration of the future CFR is important as the Council could take advantage of 'favourable' rates if there is a borrowing requirement, and thus 'borrow in advance of need'. This indicator measures whether actual external debt exceeds the need to borrow. The Council's position reflects the additional Voluntary Revenue Provision made in 2013/14 for £1.4m and 2015/16 £0.6m, which reduced the Council's underlying borrowing need.

3.1.17 The Council is currently in an overborrowed position. The Council's maturity debt profile remains the same, as all the Council's debt is long term this will not change in future years unless there is a change in CFR e.g. utilising cash balances to repay debt, or the Council repays some of this debt earlier with associated premiums. This is shown in the following table with gross debt shown to be fixed, and the CFR position reducing as the minimum revenue provision is used to 'repay' debt.

3.1.18 Ideally, to reduce interest costs, the Council would have preferred to use capital receipts etc to repay external debt. However, there has not been a viable business case that has enabled existing loans to be repaid earlier than the maturity date. The Council would have to pay a premium to repay early, which would cost the Council more in the long term.

3.1.19 **Actual External Debt (PI9) and Gross Debt and the CFR (PI10)**

	2022/23 Actual £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Gross Debt	21,386	21,386	21,386	21,386
Capital Financing Requirement (CFR)	18,811	18,195	17,930	17,301
Under / (Over) borrowing	(2,575)	(3,191)	(3,456)	(4,085)

3.1.20 **Authorised limit for external debt (PI7)** this is a control on the maximum level of borrowing. The Council approved the Authorised Limit of £28m. This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council. The table in paragraph 3.4.5

shows that Council did not breach this limit for 2022/23.

- 3.1.21 **Operational boundary for external debt (PI8)** – this is the maximum amount of money a Council expects to borrow during the year. This is lower than the Authorised Limit and acts as a useful warning sign if it is breached during the year, as it could mean that underlying spending may be higher or income lower than budgeted. The Council approved an Operational Boundary of £23m within the 2022/23 Treasury Strategy. The table in paragraph 3.4.5 shows that Council did not breach this limit for 2022/23.

Affordability Prudential Indicators

- 3.1.22 The previous section covered 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.
- 3.1.23 **Estimates of Financing Costs to Net Revenue Stream (PI1) and Actual financing costs to net revenue stream (PI2)**. This indicator helps a Council identify if borrowing costs become too high as a proportion of its budget. This is important as borrowing costs always have to be paid and are very hard to cut if income sources fall.

	Budgeted £000	Actual £000	
Capital Financing Costs	1,647	1,647	A
Revenue Stream:			
Government Grants	5,379	6,391	
Retained Business Rates	5,776	7,177	
Council Tax	30,004	31,045	
Total	41,159	44,613	B
Ratio (A / B as a percentage)	4.00%	3.69%	

- 3.1.24 **Incremental Impact of Capital Investment Decisions on Band D Council Tax (PI13)**.

This indicator identifies the revenue costs associated with changes to the three-year capital programme recommended in the TMSS compared to the Council's previously approved commitments and current plans.

Council Tax - Band D	2021/22 Actual £	2022/23 TMSS £	2022/23 Actual £
Services	0.01%	0.07%	0%

3.1.25 Upper and lower of maturity structure of borrowing (fixed & variable) (PI11).

These gross limits are set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing all at the same time causing cash flow problems and are required for upper and lower limits. The Council has met this indicator during 2022/23.

Maturity structure of fixed interest rate borrowing 2022/23			£m	%
	Lower	Upper	Actual	Actual
Under 12 months	0%	25%	0	0%
12 months to 2 years	0%	25%	0	0%
2 years to 5 years	0%	20%	0	0%
5 years to 10 years	0%	20%	0	0%
10 years and above	0%	100%	21.4	100%
Maturity structure of variable interest rate borrowing 2022/23				
	Lower	Upper		
Under 12 months	0%	25%	0	0%
12 months to 2 years	0%	25%	0	0%
2 years to 5 years	0%	20%	0	0%
5 years to 10 years	0%	20%	0	0%
10 years to 20 years	0%	100%	0	0%

£000	2021/22 Actual	2022/23 TMSS	2022/23 Actual
Long term treasury management investments; invested for longer than 365 days	0%	10%	0%

3.1.26 Debt to net service expenditure (PI14)

This indicator shows gross debt as a percentage of net service expenditure, this helps to explain the relationship between gross debt and resources available to deliver services. Net service expenditure is considered to be a proxy for the size and financial strength of a local authority.

£000	Services		Commercial Activities	
	Budget	Actual	Budget	Actual
Gross Debt	21,386	21,386	0	0
Net Service Expenditure	41,925	43,570	41,925	43,570
Debt to net service expenditure %	51%	49%	0%	0%
Maximum Level	60%	60%	0%*	0%*

*Current policy prohibits investment in commercial activities

3.1.27 The new accounting standard IFRS16 Leases was due to be implemented from 1 April 2022. This has now been delayed until 1 April 2024 to allow local

authorities more time to implement following the delays allowed through the need to contribute to the national pandemic response. This task requires all arrangements that convey the right for the Council to use an asset – whether or not there is a formal lease agreement in place, and regardless of whether any payment is made – to be considered potentially as a finance lease.

- 3.1.28 The finance team are working on an implementation plan for this, which will fully establish the potential liability to the Council within the Council's existing lease arrangements. It may impact some of Prudential Indicators as these assets may need to be included on the Council's balance sheet, both recognising the asset which is used to provide services, and the associated liability of the leasing finance. The Council will continue data collection to meet the new implementation date and should any amendments be required to these prudential indicators linked to this work, this will be reported and revised indicators set at the earliest opportunity.

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

Below is a summary of the Economy and financial environment across the UK, the United States of America and Europe. This is provided by Link, our Treasury advisors to give some background as to the current financial climate and challenging environment during 2022/23.

UK Economy. Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022/23.

Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps in 2022. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	4.50%	4%	5-5.25%
GDP	0.1%q/q Q1 (4.1%y/y)	-0.1%q/q Q1 (1.9%y/y)	1.3% Q1 Annualised
Inflation	8.7%y/y (Apr)	7.0%y/y (Apr)	4.0%y/y (May)
Unemployment Rate	3.8% (Apr)	6.5% (Apr)	3.7% (Apr)

Q2 of 2022 saw UK GDP deliver growth of +0.1% quarter on quarter but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Q4 GDP was positive at 0.1% quarter on quarter.

Nevertheless, CPI inflation picked up to what should be a peak reading of 11.1% in October, although hopes for significant falls from this level will very much rest on the movements in the gas and electricity markets, as well as the supply-side factors impacting food prices. On balance, most commentators expect the CPI measure of inflation to drop back towards 4% by the end of 2023. As of February 2023, CPI was 10.4%.

The UK unemployment rate fell through 2022 to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact remains, however, that with many economic participants registered as long-term sick, the UK labour force shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the Monetary Policy Committee who will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food (up 18.3% year on year in February 2023) and energy that have endured since Russia's invasion of Ukraine on 22 February 2022.

Bank Rate increased steadily throughout 2022/23, starting at 0.75% and finishing at 4.25%.

As noted above, GDP has been tepid throughout 2022/23, although the most recent composite Purchasing Manager Indices for the UK, US, EZ and China have all surprised to the upside, registering survey scores just above 50 (below suggests economies are contracting, and above suggests expansion). Whether that means a shallow recession, or worse, will be avoided is still unclear. Ultimately, the MPC will want to see material evidence of a reduction in inflationary pressures and a loosening in labour markets. Realistically, that is an unlikely outcome without unemployment rising and wage settlements falling from their current levels.

Our economic analysts, Capital Economics, expect real GDP to contract by around 0.2% quarter on quarter in Q1 and forecast a recession this year involving a 1.0% peak-to-trough fall in real GDP.

The £ has remained resilient of late, recovering from a record low of \$1.035, on the Monday following the Truss government's "fiscal event", to \$1.23. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 4.5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

As for equity markets, the FTSE 100 started 2023 strongly, rising to a record high of 8,014 on 20th February, as resilient data and falling inflation boosted earnings. But global equities fell sharply after concerns over the health of the global banking system emerged early in March. The fall in the FTSE 100 was bigger than the drop in the US S&P 500. Indeed, at around 7,600 now, the FTSE is 5.2% below its record high on 20th February, while the S&P 500 is only 1.9% lower over the same period. That's despite UK banks having been less exposed and equity prices in the UK's financial sector not falling as far. It may be due to the smaller decline in UK interest rate expectations and bond yields, which raise the discounted value of future earnings, compared to the US.

USA. The flurry of comments from Fed officials over recent months suggest there is still an underlying hawkish theme to their outlook for interest rates. Markets are pricing in a further interest rate increases of 25-50bps, on top of the current interest rate range of 4.75% - 5%. As for inflation, it is currently at c6% but with the economy expected to weaken during 2023, and wage data already falling back, there is the prospect that should the economy slide into a recession of any kind there will be scope for rates to be cut at the backend of 2023 or shortly after.

EU. Although the Euro-zone inflation rate has fallen below 7%, the ECB will still be mindful that it has further work to do to dampen inflation expectations and it seems destined to raise rates to 4% in order to do so. Like the UK, growth has remained more robust than anticipated but a recession in 2023 is still seen as likely by most commentators.

Appendix C. Treasury Management Glossary of Terms

<p>Authorised Limit (Also known as the Affordable Limit):</p> <p>A statutory limit that sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities).</p>
<p>Balances and Reserves:</p> <p>Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.</p>
<p>Bank Rate:</p> <p>The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'.</p>
<p>Basis Point:</p> <p>A unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent). In most cases, it refers to changes in interest rates and bond yields. For example, if interest rates rise by 25 basis points, it means that rates have risen by 0.25% percentage points. If rates were at 2.50%, and rose by 0.25%, or 25 basis points, the new interest rate would be 2.75%.</p>
<p>Bond:</p> <p>A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.</p>
<p>Capital Expenditure:</p> <p>Expenditure on the acquisition, creation or enhancement of capital assets.</p>
<p>Capital Financing Requirement (CFR):</p> <p>The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.</p>
<p>Capital Receipts:</p> <p>Money obtained on the sale of a capital asset.</p>
<p>Credit Rating:</p> <p>Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.</p>
<p>Counterparty List:</p> <p>List of approved financial institutions with which the Council can place investments with.</p>
<p>Debt Management Office (DMO):</p> <p>The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the</p>

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.

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 CLG Guidance for Specified investments (below).

Operational Boundary:

This linked directly to the Council's estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

Prudential Code:

Developed by CIPFA and introduced on 01/4/2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.

Prudential Indicators:

Prudential indicators are a set of financial indicators and limits that are calculated in order to demonstrate that Councils' capital investment plans are affordable, prudent and sustainable.

They are outlined in the CIPFA Prudential Code of Practice. They are indicators that must be used to cover the categories of affordability, prudence, capital spending, external debt/borrowing and treasury management. They take the form of limits, ratios or targets which are approved by Council before 1 April each year and are monitored throughout the year on an on-going basis. A Council may also choose to use additional voluntary indicators.

Public Works Loans Board (PWLB):

The PWLB is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Revenue Expenditure:

Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.

(Short) Term Deposits:

Deposits of cash with terms attached relating to maturity and rate of return (Interest).

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 CLG Guidance and Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than one year. UK government, local authorities and bodies that have a high credit rating.

Supported Borrowing:

Borrowing for which the costs are supported by the government or third party.

Temporary Borrowing:

Borrowing to cover peaks and troughs of cash flow, not to fund capital spending.

Unsupported Borrowing:

Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.

Yield:

The measure of the return on an investment.

A large print version of this document is available on request



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