

Appendix A. Outturn 2017/18

1 REVENUE OUTTURN

1.1 Budget – what is the overall outturn position?

1.1.1 The Council is reporting a year end deficit of £656k. This represents an overspend of £169k on its budgeted deficit of £487k. In the context of an MTFP which shows reducing funding levels (Report 43/2018), the overall outcome is reasonably positive because a) the position is better than that reported in earlier Quarters; and b) in reporting an overall overspend, the Council is setting aside some service underspends (the most significant being an adult social care underspend of £315k) into earmarked reserves to meet future pressures. Without these transfers, the Council would be underspent against its budget. The revenue position at 31 March 2018 is shown below:

| | More detail | Current Budget £000 | Q2 Forecast £000 | Q3 Forecast £000 | Q4 Outturn £000 |
|-----------------------------------|-------------|---------------------|------------------|------------------|-----------------|
| People | | 17,689 | 17,956 | 17,662 | 17,042 |
| Places | | 12,334 | 12,166 | 12,286 | 12,200 |
| Resources | | 6,077 | 5,859 | 5,716 | 5,397 |
| Directorate Totals | 1.2 | 36,100 | 35,981 | 35,664 | 34,639 |
| Pay Inflation | | 45 | 0 | 0 | 0 |
| Social Care Contingency | | 70 | 0 | 0 | 0 |
| Planning – One off Settlement | | 500 | 500 | 500 | 500 |
| Corporate Headcount Saving | | (121) | 0 | 0 | 0 |
| Net Cost of Services | | 36,594 | 36,481 | 36,164 | 35,139 |
| Appropriations | | (1,897) | (1,897) | (1,897) | (1,897) |
| Capital Financing | 1.4.1 | 1,930 | 1,930 | 1,930 | 1,930 |
| Interest Receivable | 1.4.2 | (180) | (220) | (230) | (232) |
| Net Operating Expenditure | | 36,447 | 36,294 | 35,967 | 34,940 |
| Non ring-fenced grants | 1.4.3 | (6,316) | (6,336) | (6,342) | (6,354) |
| BCF Reserve returned to CCG | 1.1.2 | 0 | 0 | 0 | 268 |
| National Non-Domestic Rates | 1.4.4 | (4,786) | (4,786) | (4,786) | (5,186) |
| Council Tax | 1.4.5 | (23,242) | (23,242) | (23,242) | (23,242) |
| Transfers to/(from) reserves | 1.3 | (1,501) | (1,046) | (724) | 295 |
| Transfers from S106/commuted sums | | (115) | (115) | (115) | (65) |
| (Surplus)/Deficit | | 487 | 769 | 758 | 656 |
| General Fund 1 April 2017 | | (9,634) | (9,634) | (9,634) | (9,634) |
| General Fund 31 March 2018 | | (9,147) | (8,865) | (8,876) | (8,978) |

1.1.2 The overall position can be summarised as follows:

- At a Directorate level, the overall underspend was £1.461m. There are many reasons for underspends but the key ones are: a) savings from vacant posts and delays in recruiting staff pending reviews or further work; b) additional grant income received e.g. in respect of the One Public Estate programme; c) additional client income particularly in social care; and d) other cost control measures.
- Despite the overall underspend, there are some areas where there are overspends – there have been significant pressures in adoption and fostering, waste management and children’s social care. Further detail is given in Section 1.2. The reasons for the ‘overspend’ are consistent with those reported in year.
- The £1.461m underspend was increased further by additional grant income of £31k (of which £14k was received in the final quarter), better returns on investment income, £52k, and additional business rates of £400k.
- The underspend is offset by:
 - i) The return of some funding to the CCG. In line with the Section 75 agreement for the Better Care Fund (BCF) between the Council and the Clinical Commissioning Group (CCG), the Partnership Board agreed to the return of £268k of funding to the CCG. The CCG has agreed to make additional investment in 18/19 of the same amount.
 - ii) A request to transfer just under £1.8m to reserves. Officers are requesting to carry forward £320k (for already committed projects) and £1.525m (see table in 1.3.2) to use either next year or in future years. Some of the underspend (£598k) relates to ring fenced funding e.g. public health, Better Care Fund, One Public Estate, (see tables in section 1.2) and is therefore carried forward to next year/put into reserves. This means that the underspend in these areas is not put into the General Fund.

1.1.3 The revenue outturn position reconciles to the Comprehensive Income and Expenditure Statement (CIES) in the Draft Statement of Accounts which will be published by the end of May.

1.2 Directorate spend – how does this compare to budget and Quarter 3 forecast?

1.2.1 A summary of the performance of each function against budget can be found in Appendices B to D. A full analysis of Directorate performance in respect of each function is provided in the accompanying Budget Excel file which is available on the Council website at:

<https://www.rutland.gov.uk/my-council/contacts-facts-and-figures/council-spending/budget-monitoring-quarterly-reports/>

- 1.2.2 Throughout the year, the Financial Procedure Rules (FPR) require Directors to report on functions which are forecast to be £25k overspent and provide a detailed report on functions overspent by more than £100k explaining the reasons why. As 17/18 is now complete, a summary of the position on each function is given in the Directorate appendices. The overall position is as follows:

| Directorate | Within budget? | Ceilings>25k overspent? | | | | Ceilings>£25k underspent? | | | |
|-------------|----------------|-------------------------|----|----|----|---------------------------|----|----|----|
| | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Places | Yes | 2 | 1 | 4 | 6 | 2* | 1* | 1* | 2* |
| Resources | Yes | 0 | 0 | 1 | 1 | 2* | 3* | 2* | 3* |
| People | Yes | 3 | 6 | 6 | 4 | 5* | 5* | 6* | 4* |

***Note:** Only underspends included where Directorates are not currently proposing to carry forward unused budget to next year

People Directorate

- 1.2.3 The People Directorate is underspent by £647k and there has been a favourable movement of £620k since Quarter 3. The net position does not show some of the significant challenges and pressures the Directorate has been dealing with this year. As the Directorate is required to carry forward unspent ring fenced budgets (e.g. Public Health and Better Care Fund) and is requesting budget carry forwards of £108k from other unspent budgets as well as transferring £315k to the Social Care reserve, the Directorate has, in effect, over spent its non-ring-fenced budgets by £182k as shown in the table below.

| People Directorate budget | £'000 | £'000 |
|---|-------|------------|
| (Under)/Over spend People Directorate (Excluding Dedicated Schools Grant) | | (647) |
| Add back: ring-fenced grant underspends (£268k of funding given back to CCG plus £138k transferred to reserves) | 406 | |
| Add back: Adult Social Care underspends to be transferred to Social Care reserve (see 1.2.8) | 315 | |
| Add back: Other budget carry forwards | 108 | |
| (Under)/Over spend after transfers | | 182 |
| Key variances (Excluding Transfers to Reserves): | | |

| People Directorate budget | £'000 | £'000 |
|---|--------------|--------------|
| Directorate Management costs | 13 | |
| Savings – Placements (1.2.7) | 90 | |
| Childrens Services (Placement costs and Children with Disabilities) (1.2.5 – 1.2.6) | 118 | |
| Learning and Skills (1.2.9) | (39) | |
| Total Variance | | 182 |

- 1.2.4 As reported consistently throughout the year, the key pressures in the Directorate have revolved around children with disabilities, fostering and adoption and Savings on Placements. Further information is given below and in Appendix B.
- 1.2.5 The Children with Disabilities service (within the Early Intervention – Targeted functional budget) has overspent as a result of the use of agency staff to cover long term sickness and additional high cost placements not known about at the time of setting the budget. The budget for 2018/19 has been increased to reflect this change.
- 1.2.6 Fostering and Adoption services were significantly overspent as a result of changes to placement needs, an increase in the number of placements required during the year and a high cost residential placement which had been anticipated would transfer to a suitable foster placement which has not turned out to be possible. The budget for 2018/19 has been increased and will be monitored closely throughout the year. The outturn position is much less than previously anticipated due to work undertaken during the year to reduce costs including reuniting families.
- 1.2.7 The budget included a savings estimate of £150k on external placements for 2017/18. External consultants were appointed to review the placements in both children and adult services to find savings. The review generated savings of £60k but beyond that has indicated that there is very little scope for immediately reducing costs further as the Council is already achieving value for money.
- 1.2.8 Adults and Health has underspent by £315k due to a number of factors including staff vacancies, the reclassification of some Integrated Community Equipment services costs to capital, the review of payment rates for Direct Payments not taking place during the year, and increased income from service users and health. Homecare for people with Learning Disabilities has increased spend in the final half of the year due to an additional service user compared to that reported at Quarter 2 when the budget was reviewed and set for 2018/19. This will be monitored during 2018/19 for potential ongoing pressures.
- 1.2.9 Learning and Skills is underspent as a result of staff vacancies whilst a review of structures including roles and responsibilities is undertaken and also due to school improvement programmes starting later in year that will

be completed next year. A budget carry forward to cover these commitments of £48k has been requested.

Places Directorate

- 1.2.10 The Places Directorate is underspent by £134k but is requesting that £334k is carried forward to next year or put into reserves. This effectively shows that the “real” position is a net overspend of £200k. Further information is given below and in Appendix C.

| Places Directorate Budget | £'000 | £'000 |
|---|--------------|--------------|
| (Under)/Over spend Places Directorate | | (134) |
| Add back: | | |
| Ringfenced Funding (Total Transport Grant) | 10 | |
| Grants unused and committed in next year's budget (Planning Delivery grants) | 84 | |
| Return of unused funds (Highways – S38 Income, Tourism) | 56 | |
| Budget Carry Forwards (Warm Homes, Safety Partnership, Bike Ability, Library) | 184 | |
| (Under)/Over spend after transfers | | 200 |
| Key variances (Excluding Transfers to Reserves): | | |
| Development Control (1.2.11) | 86 | |
| Commissioned Transport (1.2.12) | (27) | |
| Public Transport (1.2.13) | (57) | |
| Waste Management (1.2.14) | 93 | |
| Winter Maintenance (1.2.15) | 58 | |
| Property Services & Commercial Properties (1.2.16) | 96 | |
| Economic Development (1.2.17) | (22) | |
| Other minor variances | (28) | |
| Total Variance | | 200 |

- 1.2.11 The main reason for the Development control overspend is due to the number and complexity of planning applications received during the year being lower than anticipated leading to less income (c£60k) and there has been staffing pressures due to the need to use agency staff to fill vacant posts c£20k.
- 1.2.12 The Commissioned Transport surplus is as a result of reductions in Home to School and Adult Services transport costs due to bringing some services in house and using Council employed drivers and passenger assistants. However, there have also been service pressures in Children Looked After

and SEN transport due to increased demand which have reduced the surplus.

- 1.2.13 Public Transport is underspent as a result of a refund by a bus operator of overcharged concessionary fare (£25k) and a reduction in demand during the final quarter of the year due to bad weather conditions.
- 1.2.14 There has been an increase cost in the disposal of tins of waste paint from September 2017 to £1.95 per container (£0.52 per container previously) leading to a c£50k overspend in this area. The new rate of £1.95 is in line with the market rates for the transporting/treating of CA site paint. In addition income from licensing and trade waste has been lower than anticipated (c£20k). This alongside higher than expected contract price increases has led to an overall overspend.
- 1.2.15 Winter Maintenance was predicted to be on budget at Quarter 3, however due to the severe weather conditions experienced between December and March and the Council's hard work ensuring that roads were gritted and kept safe to use, this budget has now overspent by £58k.
- 1.2.16 Due to the work required by Property Services on large Council projects (such as ROPE), delays have occurred on capital projects resulting in a lower than anticipated recharge of salaries. Also, there have been delays in implementing the new Facilities Management contract which was anticipated to save the Council £45k in year. This alongside the requirement for additional maintenance works on property including the museum roof, has resulted in an overall overspend.
- 1.2.17 A member of staff has been on maternity leave resulting in an underspend on salaries in Economic Development. This alongside the return of the Council's share of the underspend on Welland Market Towns has resulted in the overall underspend.

Resources Directorate

- 1.2.18 The Resources Directorate is underspent against budget by £680k and there has been a favourable movement since Q3 of £319k. With the Directorate requesting that £551k is carried forward to next year/put into earmarked reserves for future use, the "real" under spend is £129k.

| Resources Directorate Budget | £'000 | £'000 |
|--|--------------|--------------|
| (Under)/Over spend Resources Directorate | | (680) |
| Add back: | | |
| Ringfenced Funding (ROPE) | 182 | |
| Unused grants already committed in future years budget (Elections) | 83 | |
| Return of unused funds (Discretionary Hardship) | 27 | |
| Budget Carry Forwards (Finance, Members Training, Customer Services, Training, | 259 | |

| Resources Directorate Budget | £'000 | £'000 |
|--|--------------|--------------|
| Communication, Direct Management Costs, Revenues & Benefits) | | |
| (Under)/Over spend after transfers | | (129) |
| Key variances (Excluding Transfers to Reserves): | | |
| Legal (1.2.19) | 86 | |
| Chief Executive (1.2.20) | (97) | |
| Information Technology (1.2.21) | (26) | |
| Corporate Costs and Communications (1.2.24) | (45) | |
| Revenues & Benefits (1.2.25) | (44) | |
| Other minor variances | (3) | |
| Total Variance | | (129) |

- 1.2.19 In the early part of the year, there was increased general use of the Legal Service. This reduced when the Head of Governance started in September and in the final few months usage has returned back to lower levels. Service changes are being actioned to reduce the need for external support.
- 1.2.20 The Chief Executives project budget includes c£52k underspends arising from grants received that are being used to fund salary costs of officers shown in other cost centres. The Chief Executive budget allows additional expenditure to be incurred in line with HR and employment decisions made (e.g. giving an acting up allowance), this budget has not been required in 2017/18 and is therefore underspent.
- 1.2.21 IT underspends relate primarily to savings on IT hardware.
- 1.2.22 The surplus in Corporate Support relates to vacancies, underspends in the blue badge service and within reprographics and post.
- 1.2.23 The Customer Services underspend is c£77k of which £49k relates to the amount remaining for the Customer Services Improvement project which will be requested to be carried forward to 2018/19.
- 1.2.24 Corporate costs are underspent due to a lower than anticipated spend on the Apprenticeship Levy as a result of staff vacancies along with a reduction in spend with Welland Procurement. The Communications budget has underspent due to there being staff vacancies during the year.
- 1.2.25 The surplus in Revenues is due to a staffing restructure and vacancies, additional grant funding and better recovery of Housing Benefit overpayments than anticipated. Of a total underspend of £83k, £44k is requested to be carried forward.

1.3 Budget Carry Forwards and using reserves – What budgets do officers wish to carry forward?

- 1.3.1 The Council planned to use £1.501m from earmarked reserves during 2017/18 including Budget Carry Forward requests approved as part of the Q4 Outturn Report 2016/17 (111/2017). The Council also planned to use £115k of Commuted Sums and S106 revenue funding. A summary of the planned and actual movement in reserves is shown below.

| | Budget 2017/18 £'000 | | Actuals 2017/18 £'000 | |
|--|-------------------------|--------------|--------------------------|--------------|
| Balance @ 01/04/2017 | | 4,524 | | 4,524 |
| Use of Reserves | (1,501) | | (1,501) | |
| Transfer to Reserves | 0 | (1,501) | 1,796 | 295 |
| Balance @ 31/03/2018 | | 3,203 | | 4,819 |
| Use of Commuted Sums | (36)* | | (36)* | |
| Use of S106 for Revenue spend | (79)* | | (29)* | |
| Total Use of S106/Commuted sums | | (115) | | (65) |

- 1.3.2 The transfer to reserves and the unspent S106 contribution totalling £1.846m are detailed in the Directorate Appendices B to D attached to this report. A breakdown of the transfer to reserves of £1.796m and use of £50k S106 is shown below:

| | £'000 |
|--|--------------|
| Amounts to Transfer to reserves not requested to carry forward (including Adult Social Care) | 625 |
| Budget Carry Forward – Spend already committed (including £50k s106 for ROPE) | 423 |
| Budget Carry Forward – Requested but not committed | 398 |
| Amount to be transferred to reserves for NNDR (see 1.4.6) | 400 |
| Total Transfer to Reserves for 2017/18 | 1,846 |

- 1.3.3 The total of budget carry forwards is £821k (£423k where spend has already been committed in 2018/19 and £398k where projects have been planned but there has been no commitment to actual spend). Officers are also requesting that a total of £625k is put back into reserves for future use (£60k into ring fenced funds, £315k into the Social Care reserve and £240k into other reserves).

1.4 Financing – how has the budget been financed and how has this changed in year?

Capital Financing and Interest Receivable

- 1.4.1 Capital financing costs comprising the Minimum Revenue Provision (the amount set aside for the repayment of debt) and external interest payable are in line with budget.
- 1.4.2 The interest receivable on investments figure has exceeded budget by £52k in line with figures reported as early as Quarter 1. Investment income expected was reduced given the low level of interest rates but has been bettered through investing larger sums over longer periods.

Non Ring-fenced Grants:

- 1.4.3 The Non Ring-fenced Grants outturn of £6.354m shows additional grants of £38k over and above the budget of £6.316m. This is due to receipt of more than anticipated Education Services Grant (£8k) and additional grants such as Transparency Code (£13k), New Homes Bonus Share of funds held back (£10k) and other small grants of £8k.

Non-Domestic Rates

- 1.4.4 The Council's final position on Non-Domestic Rates was £5.186m. This is higher than actually anticipated because of the way in which business rates funding works not because of business rates growth.
- 1.4.5 In year, the Council receives business rates income based on projections made in January 2017. In addition, the Council receives compensation from MHCLG (in the form of section 31 grants) for rates foregone (c£387k) due to implementation of Government policy e.g. small business rate relief.
- 1.4.6 The Government decision (after our January 2017 forecast was completed) to pay additional reliefs means we have received both a grant for the reliefs and the rates we would have received (if the reliefs had not been awarded). This means we have a surplus on business rates this year but have a deficit next year which we will smooth out through putting the additional funding of £400k into reserves this year and then using this next year.

Council Tax and Collection Fund Surplus

- 1.4.7 If a surplus or deficit remains in the Collection Fund at the year-end it is subsequently distributed to, or borne by the billing authority (RCC) and the preceptors (Police and Fire Authorities). In 2017/18, the Council's collection fund surplus relating to 2016/17 was £170,000.

Appropriations

- 1.4.8 The appropriations figure represents adjustments the Council is required to make to its revenue position that are specified by statutory provisions and any other minor adjustments. It includes the reversal of the annual charge for depreciation on the Council's assets which is shown in the Net Cost of Services line. Depreciation is included in Net Cost of Services to show the true cost of service provision but is removed so that it has no impact on the Council's General Fund balance.

2 CAPITAL PROGRAMME

2.1 Overall Programme – how much was spent in 17/18?

2.1.1 The table below shows the final position on the capital programme. The outturn shows the actual amount spent during the year and how this was funded. All projects have been funded as per cabinet approval with no changes made by the Chief Finance Officer. Appendix E shows the detailed position on each scheme within the capital programme.

| | Total Project Budget | Prior Year Outturn | Outturn 2017/18 | Future Year Outturn | Estimated Outturn | Total Project Variance |
|---------------------------------------|----------------------|--------------------|-----------------|---------------------|-------------------|------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Approved Projects: Not started | | | | | | |
| Commercialisation | 10,000 | 0 | 0 | 10,000 | 10,000 | 0 |
| Asset Management Requirements | 2,282 | 0 | 0 | 2,282 | 2,282 | 0 |
| Strategic Aims and Priorities | 853 | 0 | 0 | 853 | 853 | 0 |
| Total: Not Started | 13,135 | 0 | 0 | 13,135 | 13,135 | 0 |
| Approved Projects: In Progress | | | | | | |
| Commercialisation | 3,056 | 0 | 6 | 3,050 | 3,056 | 0 |
| Asset Management Requirements | 4,674 | 134 | 391 | 3,948 | 4,474 | (200) |
| Strategic Aims and Priorities | 6,855 | 4,198 | 229 | 2,428 | 6,855 | 0 |
| Total: In Progress | 14,585 | 4,332 | 626 | 9,426 | 14,385 | (200) |
| Approved Projects: Completed | | | | | | |
| Commercialisation | 200 | 0 | 196 | 0 | 196 | (4) |
| Asset Management Requirements | 3,442 | 105 | 3,018 | 202 | 3,326 | (116) |
| Strategic Aims and Priorities | 1,684 | 1,324 | 359 | 0 | 1,682 | (2) |
| Total: Completed | 5,327 | 1,429 | 3,573 | 202 | 5,205 | (122) |
| Total | 33,046 | 5,761 | 4,199 | 22,763 | 32,724 | (322) |

2.1.2 The capital expenditure incurred in the year has been financed as follows:

| | Outturn 2017/18 |
|------------------------|----------------------------|
| | £000 |
| Financed by: | |
| Grant | 3,185 |
| Capital Receipts | 341 |
| Oakham North Agreement | 252 |
| S106 | 421 |
| Total Financing | 4,199 |

2.1.3 The project variance of £322k relates to underspends on the following projects:

2.1.4 Integrated Transport Block – The overall programme for the Integrated Transport Block is showing as an underspend of £17k. This is due to one of the schemes not going ahead (£5k) and a number of schemes coming in under budget. A cabinet paper will be issued shortly on plans for the Integrated Transport Block for 2018/19.

2.1.5 Oakham Library and Children Centre – The refurbishment of Oakham Library and the new Visions Children’s Centre were officially opened October 2018. The project was overspent by £5k due to essential works on the Library.

2.1.6 Oakham Town Centre – The project was halted January 2018. A task and finishing group have been established to consider the future of Oakham Town Centre. The estimated £200k underspends on the project was included in the Highways Capital Programme (Report No: 16/2018). £100k of the underspend has been allocated towards essential works for Oakham Town Centre, the remaining £100k underspend will be used within the highways capital programme.

2.1.7 The King Centre – The first tenants moved into the King centre in January 2018. A contribution from the Rutland County College is expected towards essential works. This is reflected in the £4k underspend.

2.1.8 Highways – Approval was given in 2016/17 for the upgrade of Rutland’s street lighting which was funded by a Salix Loan. The 2017/18 contribution towards the loan will be funded from the £105k underspend.

2.1.9 Active Rutland Hub – The community Sport Facility located within Oakham Enterprise Park open in October 2016. The project was delivered with a £4k underspend. The project will be closed as at 31st March 2018.

2.2 Approved programme – Are there changes to the approved programme

2.2.1 The table below shows that the programme has increased by £2.108m since budget setting, giving a revised capital programme of £33.046m. The changes in the programme are as follows:

| Project | Amount £000 | Amount £000 |
|--|----------------|----------------|
| Approved Capital Programme at Budget Setting (Report No: 43/2018) | | 30,938 |
| Approved Since Budget Setting | | |
| Highways (Report No 16/2018) | 1,173 | |
| Disabled Facilities Grant (Ring Fenced) | 24 | |
| Uppingham Hopper Loan (Delegated Approval) | 25 | |
| Oakham Market Town Trade Stall (Delegated Approval) | 14 | |
| St George Barracks – Officer Mess (Report No: 54/2018) | 850 | |
| Kendrew – Nursery Provision (Ring Fenced) | 10 | |
| Greetham Heating System (Ring Fenced) | 12 | |
| Total Approved Since Budget Setting | | 2,108 |
| Revised Capital Programme | | 33,046 |

2.3 Project progress – what is the current progress on major capital projects?

2.3.1 Oakham Enterprise Park – Phase 2a of the project was approved December 2017. In March 2018 the procurement strategy for the project was approved. Early indications from the Architect are that the project end date can be met.

2.3.2 Transforming Care Project – Due to the terms and conditions of the NHS England funding a decision was made to look at alternative funding for the project. The project is currently under review and a further cabinet paper is expected if the project is to progress.

2.3.3 Oakham Castle – The restoration of Oakham Castle was completed October 2016. The outstanding works for the Motte area of the project has been agreed with Heritage Lottery and will be completed in 2018/19.

2.3.4 IT Project (Report 111/2017) – Cabinet authorises the Director of Resources to allocate the IT capital allocation for individual projects. Delegated approval has been given for the ongoing IT projects below:

- Idox Data Transfer – the project is to transfer the data from the current APAS system to the new Idox system.
- Wireless – the project is to improve the provision of Wi-Fi across Catmose building.

- Chamber Audio Visual System – the project is to improve the provision available in the Council Chambers with the purchase of projectors and audio visual equipment.
- Adult Learning MIS System – the project is to support a new system for the Adult Learning Management Information system. The current providers have withdrawn their support.

2.3.5 Liquid Logic – The Liquid Logic capital project has been completed and will be closed as at 31st March 2018.

2.3.6 Digital Rutland – Phase 3 of the Digital Rutland project is expected to start in 2018/19.

3 LOOKING AHEAD

3.1 Budget 18/19

3.1.1 The Council's budget was approved at February Council. Since that date minor changes have been approved, further grants received, and a conclusion reached on the pay award (see 3.2). An up to date position will be presented to Members as part of the Q1 report.

3.2 Pay award

3.2.1 Agreement has now been reached between the Trade Unions and Employers organisation for the April 2018 pay award for employees (up to Grade PO5) on the National Joint Council (Green Book) terms and conditions. This is a two-year deal which includes a new pay spine for April 2019 to allow progression to the National Living Wage – forecast for 2020 of £9.35 per hour. The pay spine will see:

- The introduction of a minimum hourly rate of £9.00 per hour
- Five new spinal column points
- The existing lower 12 pay points 'paired off' into six new pay points
- A further increase of between 2.3% and 7.3% for current pay points 6 to 28
- An increase of 2% for current scp 29 and above

3.2.2 The agreement does not cover Chief Officers posts at this time. The Council's budget included sufficient provision to meet the costs of the pay award.

3.3 Fair funding review

3.3.1 This is ongoing with the Council recently responding to the call for evidence on the assessment of relative needs. A further series of papers is expected in due course with implementation currently planned for April 2019.

3.4 Business Rate Revaluation 2021

3.4.1 The next business rates revaluation will be brought forward by one year and will now take place in 2021 instead of 2022. The most recent revaluation was in 2017, and before that in 2010. A consultation on increasing the frequency of revaluations was published in March 2016.

3.4.2 The Government promised to increase the frequency of the revaluations from 5 years to 3 years. We assume that the decision to bring forward the next revaluation to 2021 is to get all parties used to having more frequent

revaluations.

- 3.4.3 Revaluations will continue to be undertaken by the Valuation Office Agency (VOA). In practice, more frequent revaluations will have little financial impact on local government funding. The 2017 revaluation has shown that adjustments to top-ups and tariffs can be made within the Business Rate Retention System (BRRS) to offset the impact of revaluations at authority level. Furthermore, having more frequent revaluations will reduce the impact of each revaluation: the 2017 revaluation was dealing with 7 years of valuation changes, whereas the next revaluations will be dealing with only 4 and then 3 years.

3.5 Social care: Green Paper

- 3.5.1 The Government has said that the Green Paper will “focus on care for older people, but many of the issues and questions about the sustainability of the care system will be relevant to adults of all ages”. To date, the Government has confirmed that the Green Paper on social care for older people will cover the following issues:

- how people pay for social care including a cap on lifetime social care bills
- market stabilisation on the back of a number of care homes coming under financial pressure
- integration of health and social care and link with other services e.g. housing
- the role of carers
- workforce
- technological developments

- 3.5.2 On 20 March 2018, the Health and Social Care Secretary, reiterated that one of the seven key principles guiding the Green paper would be to develop a sustainable funding model for social care.

- 3.5.3 The precise timings for the Green Paper are not known but it is likely that it will be published by the end of this summer.

3.6 MTFP – What is the latest position?

- 3.6.1 The MTFP presents a position based on various assumptions and estimates about variables that are predominantly outside the control of the Council. The Council’s experience is that these can change over time and sometimes quite significantly. The MTFP is updated regularly to take account of government decisions, ministerial announcements and other information which means that assumptions need to be revisited.

3.6.2 The MTFP is under review (but the latest version is in Appendix F), in particular the following assumptions are being considered:

- Pay award assumptions
- Housing growth (linked to the Local Plan)
- Government funding
- Move to 75% retention.