

CABINET

12th January 2021

REVENUE AND CAPITAL BUDGET 21/22 AND MEDIUM TERM FINANCIAL PLAN

Report of the Strategic Director for Resources

Strategic Aim:	All	
Key Decision: No	Forward Plan Reference: FP/100920	
Reason for Urgency:	N/A	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr G Brown, Deputy Leader and Portfolio Holder for Planning and Finance.	
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Ward Councillors	All	

DECISION RECOMMENDATIONS

That Cabinet:

1) Approves for consultation:

- The General Fund Budget of £42.4m for 2021/22 detailed in Section 3
- An increase in Council Tax of 1.99% with a further 1% for the Adult Social Care precept of the 3% available over 2 years
- The capital programme as detailed in Section 6
- The creation of a new Earmarked Reserve for Ash Dieback (£500k) as per para 3.5.9
- The minimum reserve level be increased from £2m to £3m to reflect the changing risk profile.

2) Notes:

- The advice from the Council's Section 151 Officer in respect of the budget as set out in para 2.1.12

- The Medium Term financial outlook and commits to taking action in 21/22 to address the deficit position
- Representations to government on the unfair distribution of the Local Government Settlement and the resulting impact on Rutland residents
- That the funding position may change when the NNDR (business rates) tax base and local government finance settlement is finalised
- That additional revenue or capital expenditure may be incurred in 2021/22 funded through 2020/21 budget under spends to be carried forward via earmarked reserves. The use of reserves for budget carry forwards is not currently shown in the budget but will have no impact on the General Fund
- The estimated deficit of c£186k on the Collection Fund as at 31 March 2021 (Section 4.2) of which £160k is the Rutland share
- That Council will be considering the Treasury Management Strategy and Capital Investment Strategy separately

1 PURPOSE OF THE REPORT

- 1.1 The Council is required to set a balanced budget and agree the level of Council tax for 2021/22 in the context of its Medium Term Financial Plan. This report presents a draft budget for consultation prior to the budget being formally set in February 2021.

2 BACKGROUND AND MAIN CONSIDERATIONS

2.1 Director for Resources: Section 151 Officer overview

- 2.1.1 The 21/22 local government finance settlement gives the council less government funding than in 20/21 despite all the talk of “new funding”. The 21/22 draft Revenue budget for Rutland therefore relies on a £2.6m contribution from reserves to balance the books. This is not good practice and is not sustainable. Like many other Councils, Rutland is living beyond its means and has to take action quickly to address the position. For context, the Local Government Association say the national gap is an eye watering £5.4bn.
- 2.1.2 In short, the £2.6m gap arises from ongoing pressures and real term funding reduction cuts at a time when demand and spending on key services continues to increase.
- 2.1.3 The Government defines the amount of core funding that councils have available as “spending power”. Since 2013/14 the Council’s spending power has increased by 21% in absolute terms but government funded spending power has reduced by 35% and Council tax spending power has gone up by 53% since 2013/14 with nearly 81% of our funding now coming from Council tax. Spending power assumes that Councils raise council tax by the maximum allowable, which is 5% in 21/22.
- 2.1.4 For a long time the Government offered a government grant if Councils did not raise council tax. The Government approach changed in 2015/16.

Government assumed in its calculations of Spending power that councils would raise council tax by the maximum (usually 2% but 4% when the social care precept was introduced). This assumption, in effect, forced Councils to raise council tax or lose funding.

- 2.1.5 The reduction of 35% in government funding is compounded by the fact that Rutland receives much less than other Councils with the same functions as ours. In 20/21 for example we received £120 per head less than similar councils. If Rutland were to receive the average funding of Unitary Authorities in England we would receive an extra £4m. The Government formula gives us less funding because our “needs” are less and our relative resources are greater i.e. we have a greater ability to generate more from council tax than other areas. This assumption only holds true under the existing referendum rules. Equalising the position would require significant changes to council tax rates across the country.
- 2.1.6 Since 2013/14, the spending power increase of 21% is broadly in line with inflation. More importantly, legislation, regulations and policy decisions that impact what we have to do alongside demand for services have led to above inflation spending increases. For example, if a child is at risk of harm and we have to take them into care, we have to do it whether we have the money or not to comply with the statutory duties.
- 2.1.7 The Housing, Communities and Local Government Select Committee published a report on Local Government Finance and the 2019 Spending Review on 21st August 2019. It made two impactful conclusions:
- 2.1.8 *“Local government has coped with a prolonged period of real-terms spending reduction which is without parallel in modern times. This large fall in local authorities’ resources has been primarily caused by very significant cuts in central government grants”.*
- 2.1.9 *“The demand for costly and essential services which local authorities provide, such as adult and children’s social care, has increased during this period of funding cuts. Some of these demands are being caused by failures or spending reductions in other parts of the Government, such as benefit reforms and changes”.*
- 2.1.10 The above issues have not been addressed in the Spending Review 2020 and are unlikely to be addressed over the medium term. So, despite making savings of £8m since 2013/14 and proposing to raise Council Tax by 3%, the Council will still have to balance the budget with reserves.
- 2.1.11 Whilst future funding is unclear, various reforms will take place in the next year and there are lots of risks including the long term impact of Covid-19 which could have an impact on the Council’s financial position. Nevertheless, the Council cannot assume that the financial gap will reduce without strong action.
- 2.1.12 **The Council must commit to producing a balanced budget i.e. one that does not rely on reserves by 23/24. The Council must start work now**

to close the gap. It should aim to make savings in year and be underspent against its 21/22 budget by at least £500k. It should also commence work on other projects that will enable it to reduce reliance on reserves to a minimum of £1m by 22/23. The proposal to raise Council tax in 20/21 by only 3% rather than the 5% allowed, increases the financial gap by £555k (Section 4.1) and will require further savings. In this context, my professional judgement is that a 5% increase in council tax is advisable and Members should consider this position again. Furthermore, I am recommending that the minimum reserve level is increased to £3m to reflect the changing risk profile (Section 3.5.5).

2.2 Structure of this report

2.2.1 This report is structured as follows:

- Section 3 - the context for the budget, Medium Term Financial Outlook, Risks and Reserves
- Section 4 - details of the draft Revenue Budget for 21/22
- Section 5 - Council tax and information pertinent to the decision to be made by Elected members
- Section 6 - capital spending plans
- Section 7 - treasury management
- Section 8 - school funding

3 CONTEXT FOR 21/22 BUDGET

3.1 Spending Review 2020

3.1.1 The 21/22 revenue and capital budget is set in the context of Spending Review 2020 (SR2020) and the local government finance settlement. In the current climate, SR2020 covers one year only allowing the Government to undertake a multi-year review when more certainty exists.

3.1.2 The Covid-19 pandemic has posed an unprecedented challenge to the UK economy and to economies around the world. In response, the effect of Covid-19 on the public finances has been considerable, to say the least. Total Managed Expenditure (TME) in 2020/21, has increased from £883bn in 2019-20 to £1,164bn in 2020/21.

3.1.3 Some of this is caused by Covid-19 – but some of the increase was already evident in earlier fiscal announcements with extra spending in adult social care and the NHS following the Government indicating a move away from austerity. Whilst SR2020 indicates spending will increase again in 21/22, spending projections are lower from 2022/23 onwards (than had been forecast in the March 2020 Budget) reflecting part of the action required to

close the financial gap. These plans also beg question about whether austerity is really over for local authorities.

- 3.1.4 Higher expenditure translates into much larger public sector net borrowing (with lower taxation receipts being the other contributory factor). The deficit in 2020/21, peaked at almost £400bn (or 19% of GDP, a substantially higher level than following the financial crash in 2008/09). The scale of the deficit is on a completely different level from previous years and puts the debate about previous deficits into perspective.
- 3.1.5 As a result, levels of public debt will be much higher relative to GDP, and more importantly will continue to grow after 2020/21. Public sector debt will exceed 100% of GDP and will remain at that elevated level for the foreseeable future. In fact, debt continues to climb until 2022/23 (peaking at 109.4% of GDP), before starting a very slow decline. Higher levels of public debt are something that we will have to get used to, although the on-going cost to finance the debt is low compared to historic rates.
- 3.1.6 In 21/22, the Government is increasing spending power for local authorities, and states that it will provide over £3 billion of additional support for Covid-19 pressures. In addition, core Government funding is marginally higher than the prior year with £300m new funding for adult and children's social care but has been recycled from New Home Bonus legacy payments.
- 3.1.7 Fundamentally, the Government continues to place an increasing burden for funding local services on the local council tax-payer with local authorities given the power to levy a 3 per cent adult social care precept. This accounts for the majority of the spending power increase of 4.5%.
- 3.1.8 2021/22 will be a significant year for reforms that impact local authorities. SR2020 references the following:
 - “The government is undertaking a fundamental review of the business rates system and is currently considering responses to the call for evidence. A final report setting out the full conclusions of the review will be published in spring 2021”.
 - “Earlier this year, the government announced that it would delay the move to 75 per cent Business Rates Retention and the implementation of the fair funding review. This decision allowed local authorities to focus on meeting the public health challenge posed by the pandemic. In order to provide further stability to the sector, the government has decided not to proceed with a reset of business rates baselines in 2021/22”
 - “The government will consult on reforms to the New Homes Bonus shortly, with a view to implementing reform in 2022/23”.
 - “The government is committed to sustainable improvement of the adult social care system and will bring forward proposals next year”.

3.1.9 From the point of view of infrastructure a major new £4bn “Levelling Up Fund” has been announced, but it is not clear how the funding will be allocated or how much local authorities will be involved in developing and submitting bids but “It will be open to all local areas in England and prioritise bids to drive growth and regeneration in places in need, those facing particular challenges, and areas that have received less government investment in recent years. The government will set out further details on how to support levelling up across the UK in the New Year.”

3.1.10 In summary, what does SR2020 mean for local authorities and future funding? Whilst the impact for 21/22 is known, we can only speculate beyond that:

- The national deficit and high debt levels mean that taxation and spending will need to be controlled.
- Whilst various reforms will take place in 21/22, spending in non-priority areas (of which local government is one) is likely to decrease as the Government seeks to control spending. Whilst the LGA talks of a £5bn funding gap, it is unlikely that funding will be forthcoming in the short term.
- SR2020 is silent on what we can expect in terms national taxation schemes but it does state that local authorities spending power will increase in part from 2% council tax rises and the flexibility for councils to raise a 3% social care precept. The shift towards local taxation continues and further flexibility is likely to be the only way for the Government to “increase” local government spending power whilst holding national expenditure.

3.1.11 Against this backdrop, the Council has updated its MTFP and refreshed its future outlook. This is covered in Section 4.

3.2 Funding available in 21/22 and future funding outlook

The draft Local Government Finance Settlement

3.2.1 Using Government figures, core spending power (figure used by Government to compare available core funding) of local authorities in England is £51.2bn in 21/22 compared to £49.1bn in 20/21. Overall the picture for Rutland is slightly better with core spending power at £36.7m in 20/21 compared to £35.3m in 20/21.

3.2.2 In 21/22 nationally 61% of spending power comes from council tax compared to 60% in 20/21. In 21/22 81% of Rutland’s spending power comes from Council tax, significantly higher than the national average.

3.2.3 The increase in core spending power can be attributed to council tax and not government funding which has decreased by £356k as can be seen from the table below.

Overall funding available 16/17 – 21/22 (1)

	16/17	17/18	18/19	19/20	20/21	21/22
RSG	2.354	0.889	0	0	0	0
Transitional Grant	0.340	0.337	0	0	0	0
Rural Service Delivery Grants	0.843	0.681	0.849	0.849	0.849	0.890
Tariffs relating to Business Rates	0	0	0	0	0	0
Core government funding	3.537	1.907	0.849	0.849	0.849	0.890
Misc grants (2)	0.310	0.351	0.392	0.875	1.039	0.844
New Homes Bonus (3)	1.230	1.214	1.231	1.148	0.966	0.518
Better Care Fund (4)	2.046	2.061	2.306	2.215	2.330	2.705
Business rates (5)	4.770	4.786	4.963	5.244	5.532	5.403
Total government funding	11.893	10.319	9.741	10.331	10.716	10.360
<i>Council tax (inc collection fund and adult social care precept)</i>	<i>22.172</i>	<i>23.412</i>	<i>24.800</i>	<i>26.496</i>	<i>27.863</i>	<i>28.441</i>
Total resources available	34.065	33.731	34.541	36.827	38.579	38.963
Use of Council earmarked reserves	(0.079)	0.288	1.295	(0.384)	(0.292)	(1.288)
<p>1 - Funding represents amounts available at budget setting. Additional grants received in year for specific items (e.g. Brexit) are not included.</p> <p>2 - Includes Social care grants of £746k</p> <p>3 - NHB income for 21/22 is known but is assumed to be abolished from 23/24</p> <p>4 - The Better Care Fund is to continue in 2021/22, with the allocation increasing by 5.3% (up £125k to £2.706m in Rutland). This includes £0.135m transferred to BCF funding from Winter Pressure funding included within Misc Grants.</p> <p>5 - In Rutland, 50% of business rates are paid to Government, 1% is paid to the Fire Authority, and 49% is retained by the Council. Of the 49% retained, the Council pays a further tariff to the Government (valued at £1m). The estimates can be impacted by factors that reduce rates due (appeals, business failure, and greater discounts) or increase rates due (new business).</p>						

3.2.4 Additional grant funding has been announced for **Social Care** although the vast majority of it has been funded from New Homes Bonus funding previously undistributed. The Council received £712k in 20/21 which has been confirmed as remaining in the base for 21/22 with an additional amount of £34k. Nationally the increases were £0.3bn in 2021/22, £0.8bn in 2020/21

and £0.41bn in 2019/20.

- 3.2.5 The Council tax principles allow a 2% increase in “core” **council tax** plus a further 3% increase in the Adult Social Care precept which is available over 2 years. The funding available above assumes a 3% total tax increase for 21/22. The decision around Council tax is discussed further in Section 4.
- 3.2.6 The Council has received £232k for **indexation**. This has two elements: inflation for Revenue Support Grant (RSG), and the effect of cap compensation on business rates income and baselines. This is included in the Business rate figures.
- 3.2.7 **Rural Services Delivery Grant (RSDG)**, has increased from £848k in 2020/21 to £890k.
- 3.2.8 The Council will receive an **Improved Better Care Fund** of £212k which includes winter pressure grant that was previously received separately.
- 3.2.9 The Council will receive £518k in **New Homes Bonus**. This includes two payments in respect of years 8 and 9 of the scheme, and a further one-off payment (year 11) will be calculated and paid on a one-off basis (i.e. no future legacy payments).
- 3.2.10 The Council will receive a **Lower Tier Services Grant** of £44k. This grant has been used to provide a “floor” increase for every authority (i.e. to ensure that no authority’s Spending Power is lower in 2021/22 than it was in 2020/21).
- 3.2.11 In summary, the Council has less Government funding available compared to 20/21 and in overall terms a 3% council tax increase means the Council has only £384k more funding available.
- 3.2.12 Outside of core funding, the Council has made various Covid-19 announcements.
- 3.2.13 We will receive a general grant of £724k to support **Covid-19** work in 21/22. We will also receive £211k of funding in recognition of the increased costs of providing **local council tax support** following the pandemic. This grant will offset the cost of any additional council tax support in the Collection Fund.
- 3.2.14 The government will compensate local authorities for 75% of irrecoverable **losses in council tax and business rates** income in respect of 2020/21. The Council needs to work through the detailed methodology to understand the impact of this.
- 3.2.15 The **Sales, Fees and Charges** compensation scheme will also be continued for 3 months of the 21/22 financial year.
- 3.2.16 The Government has also set aside £15m to support the implementation of the Redmond review which will increase cost pressures in the audit market. The Council has increased the **cost of external audit** in the budget and any additional funding will offset that.

Beyond 20/21 and MTFP assumptions

3.2.17 As explained in Section 3, beyond 20/21 the Government funding position is still unknown. In the context of the current economic position, the Council has refreshed its assumptions about future funding.

Assumption	Description	Details
Pension contribution rates	Employer rates set by Pension Fund.	No change. Still assumed 1% increase per year. Next triennial review due in 21/22.
Staff pay award	Pay award for Chief Officers and other staff negotiated nationally.	Reduced from 2% to 0.5% for 21/22 following SR2020, 1% for 22/23 and then reverts to 2% afterwards.
Social care grant	Specific grants given by Government	Assume that extra funding received in 21/22 will continue given pressures on social care.
Rural Delivery grant	Grant for rural authorities	Assume it will continue but be paid via Business Rates Retention
Council tax base	Number of Band D properties	Assume a small increase in 21/22 to reflect a lower collection rate and greater number of council tax support cases following impact on the pandemic (see risk 8, 4.3.1)
Council tax rate	Rate set by Elected members	3% in 21/22 but 4% thereafter assume Government continues to allow 2% general council tax increases and 2% for social care precept
Business Rates	Amount of funding Rutland is allowed to keep (its baseline) by Government from rates collected	Assume rates baseline continues as is (no growth) but is adjusted for public health and rural delivery grant).
Better Care Fund	Ringfenced funding shared with the CCG	Assume this increases with inflation as it contributes to reducing the burden on the NHS

3.3 Risks and uncertainties

3.3.1 While the MTFP includes various assumptions, there are a number of inherent risks associated with these assumptions and a range of other

factors that could impact on funding and spending that are outside of the Council's control (these are covered below).

	Issue/risk	Impact/ Action to mitigate risk
1	<p>In order to prioritise the response to Covid-19, and our focus on supporting jobs, the Chancellor and the Prime Minister have conducted a one-year Spending Review and the Finance Settlement for Local Governments cover 21/22 only.</p> <p>With a multi-year Spending Review to be undertaken alongside other reforms referred to below, the Council's future funding remains uncertain. The cost of responding to the Pandemic means additional funding for local authorities is very unlikely.</p>	<p>MTEP assumes future funding will not increase.</p> <p>The Council will continue to lobby for additional funding and respond to future calls for evidence.</p> <p>Savings work is ongoing.</p> <p>Lobbying our local MP and government.</p>
2	<p>The Government announced its intention to introduce 75 per cent business rates retention for all in 2020/21 but this was deferred due to Coronavirus. This is now likely to happen in 2022/23 but we await further information.</p> <p>In practical terms, business rates retention will mean the Council will keep more business rates at the expense of government grants.</p>	<p>MTEP assumes business rates retention starts in 22/23.</p> <p>The Council will track progress.</p>
3	<p>The Fair Funding Review is re-examining what the relative "needs" of authorities are and how funding may be allocated taking into account available resources.</p> <p>The Government has previously confirmed that the Fair Funding Review has been delayed due to Coronavirus, and will no longer proceed as planned in 2021. The exact timing is unclear.</p> <p>No changes will be made without further consultation. The Council may benefit but this will depend on two key factors – how deprivation is factored in (if it is then</p>	<p>The Council will track progress, respond to any consultation and lobby for additional funding.</p>

	Issue/risk	Impact/ Action to mitigate risk
	<p>Rutland more likely loses out) and whether notional Council tax is used to determine local resources (if it is then the Council will likely gain as it has a high level of Council tax).</p> <p>The big concern, which is linked to the Spending Review, is that there is no commitment that additional funding will be made available but funding could be diverted from district councils to those with social care responsibilities. The MTFP assumes no additional funding.</p>	
4	<p>The Social Care Green Paper has been delayed again with no known date for its publication. It should offer a model for how social care will be funded in the future.</p> <p>In October 2020, the Health and Social care Select Committee said ministers should invest at least £7bn a year in the care sector by 2023/24, though it said this was only a “starting point” and that it would not address unmet care needs nor improve access to care.</p> <p>The future funding model is therefore critical to the Council’s future. The Spending Review 2020 does not indicate that additional Government funding will be made available.</p>	<p>MTFP assumes no new funding for now but it is likely that existing social care grants will continue.</p>
5	<p>The Better Care Fund will continue into 21/22 and increase by 5.3% but the level of funding beyond then is unsure and future reforms to the NHS or changes to the way social care is funded could change this landscape.</p> <p>At a local level, joint working and integration is strong in areas like discharge</p>	<p>The MTFP includes the BCF in line with published allocations.</p>

	Issue/risk	Impact/ Action to mitigate risk
	The Social Care Green paper may give further clarity as to whether structural change is likely. A loss or reduction in funding could cause significant pressures.	
6	<p>The New Homes Bonus continues with no changes announced in the Settlement. The baseline will remain at 0.4% for 21/22.</p> <p>After 21/22 the Council assumes that NHB will effectively be abolished and that in 21/22 we will get the allocations relating to years 17/18, 18/19 and 20/21 with a 1 year allocation in 22/23 and no payments from 23/24.</p> <p>The Council was expecting a share of NHB funding previously undistributed but this has been used to fund additional social care grant.</p>	<p>The MTFP factors in losses which help inform a funding gap.</p> <p>It is possible that abolition of NHB may see additional core funding for authorities.</p> <p>The MTFP prudently assumes this is not the case.</p>
7	<p>Schools funding (Dedicated Schools Grant) is outside of the General Fund and is ring fenced.</p> <p>The Council is carrying a deficit on the DSG, nearly £1m, caused by High Needs pressures which it aims to recover over time. In statute, the Council is not required to fund this deficit but with funding received barely sufficient to meet current demand, the Council is unclear as to how the deficit will be funded.</p> <p>The level of deficits nationally are significant and growing. The Council understands that the DfE are working with some Councils to tackle the problem and that future reforms are likely but as it stands, there is a live risk that the Council may be required to meet some costs in the future.</p>	<p>The Education and Finance teams are working with Schools to tackle issues. A Recovery plan exists and Department for Education may request information or review it.</p> <p>Lobbying being done through our local MP.</p>
8	Council tax is the largest single source of revenue for Rutland. The amount raised in future years will depend both on how the	The MTFP assumes 3% in 21/22 and maximum council tax rises thereafter of 4% and

	Issue/risk	Impact/ Action to mitigate risk
	<p>tax base evolves and on the scale of any increases in the tax rate. Growth in the council tax base will depend on several factors:</p> <ul style="list-style-type: none"> • The change in the number of properties on which council tax is payable, which in turn depends on the number of new properties built and converted for residential use, as well as the number of demolitions. • Changes in the number of properties subject to exemptions, discounts and premiums. These have been stable in 20/21 are not anticipated to change. • Changes in the number of properties whose residents are eligible for local council tax support (LCTS) – this number has grown from 1,393 in April to 1,542 at the of October and is expected to continue to rise for the remainder of the year • Changes in the collection rate for those still eligible to pay council tax - there has been a small increase in non-payment this year, although based on past experience most of this is expected to be recouped in future years. We therefore assume the collection rate in 2021/22 to be 98.5%, with the rate returning to 99% thereafter. 	<p>that the tax base grows in accordance with the assumptions set out opposite.</p>
9	<p>As with council tax, growth in business rates revenues will be affected by changes in the tax rate and in the tax base. Increases in the tax rate (the 'multiplier') are now capped at the rate of Consumer Prices Index (CPI) inflation, and legislation requires that the tax rate is adjusted to ensure revaluations of properties are revenue-neutral across England as a whole.</p> <p>The business rates tax base is affected by several factors, all of which are uncertain and could have been affected by the COVID-19 crisis. including:</p>	<p>The Council has traditionally seen little business rates growth.</p> <p>The impact of the pandemic has not yet been seen in full and whilst the MTFP assumes zero growth, changes in economic conditions could have a major impact.</p> <p>The MTFP assumes 3% in 21/22 and maximum council tax rises thereafter of 4% and that the tax base grows in</p>

	Issue/risk	Impact/ Action to mitigate risk
	<ul style="list-style-type: none"> • the change in the quantity of non-domestic property – for Rutland, gross rates payable has decreased from £16.468m in April to £16.269m in November; • the change in the number of properties subject to different tax reliefs, such as the 100% reduction in tax bill available for the first 3–6 months a property is empty; • changes in the collection rate – of the £16.269m only £7.510m is payable due to Government reliefs. <p>To illustrate the impact, a 2% loss of rates payable is equivalent to £320k.</p>	<p>accordance with the assumptions set out opposite.</p>
10	<p>The Local Plan sets out planning policies for the Rutland area, as well as listing sites for additional housing, employment and other development for the period 2018 to 2036.</p> <p>Regulation 19 Consultation has taken place and this final public consultation allowed residents, businesses and other stakeholders to comment whether the Local Plan meets the ‘Test of Soundness’.</p> <p>The Planning team are now working their way through all the responses before the comments, together with the Local Plan and all supporting documents, are submitted to the Secretary of State. The Secretary of State will then appoint an independent Planning Inspectorate, who will conduct an independent review of the plan and all of the representations received, to determine whether the plan is sound. This is called an Examination in Public. The Council could incur costs as the inspection evolves.</p>	<p>The Council has a legal earmarked reserve that can be called upon if needed and a specific one off budget for Local Plan costs, c£30k in 21/22 plus any amount outstanding from the £280k allocation in 20/21.</p>
11	<p>Pay inflation increases in 20/21 were 2.75%. The contrast with private sector pay (which saw no growth in 20/21) caused some tension. In the Spending Review, the Government stated that</p>	<p>The MTFP reverts back to the normal 2% assumption for 22/23 onwards.</p>

	Issue/risk	Impact/ Action to mitigate risk
	<p>public sector pay would be paused with only those earning less than £24k getting a rise.</p> <p>The rate for 21/22 is still to be negotiated with the Council assuming a freeze with c0.5% set aside for staff due increments and rises for those earning under £24k.</p> <p>The Council is part of the national bargaining agreement so is not directly in control of negotiations. The pay settlement is not expected before March 2021.</p>	
12	<p>One key question in respect of the pandemic is how it might impact in the medium term on the future of council services.</p> <p>The short but not particularly helpful answer is that no one knows for sure. The future path for both the public health and economic crisis caused by COVID-19 is highly uncertain. Areas where the Council believes there may be impacts include:</p> <ul style="list-style-type: none"> • fees and charges and whether income level will ever return to pre COVID levels; • the economic impact on business and jobs; • the public health of residents including the incidence of mental health; • the demand for adult social care and how much this will cost as care providers emerge into a post COVID world where PPE, deep cleaning etc may become the new norm; • the incidence of safeguarding cases (children, domestic abuse etc) may increase as families have been subject to a prolonged period of lifestyle changes and associated pressures. 	<p>MTFP includes some service pressures as growth is built in where there is a degree of certainty.</p> <p>As far as possible Directors will try to manage costs pressures within budget.</p> <p>The Council has earmarked reserves which can be used. Sufficient balances will also be maintained to cope with unforeseen cost pressures in the short-term.</p>

	Issue/risk	Impact/ Action to mitigate risk
13	<p>The Government target is to keep inflation below 2%. The Consumer Prices Index (CPI) 12-month inflation rate was 0.5% in September 2020.</p> <p>The Council has not seen the benefit of lower inflation rates. Outside of pay, much of the Council's expenditure is locked down in agreed contracts and, if anything, contractors and suppliers are experiencing pressures arising from the pandemic. Contract extensions have led to increased costs in the short term.</p> <p>Based on current experiences, the Council is keeping general inflation rates in the MTFP at 2%.</p>	<p>The Council will monitor the position on key contracts and has inflation built into the MTFP which has been revisited as part of the 21/22 budget.</p>
14	<p>Interest rates may change thereby reducing the Council's ability to earn investment income and the potential to repay long term debt earlier.</p> <p>The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. At its meeting ending on 16 September 2020, the MPC voted unanimously to maintain Bank Rate at 0.1%.</p> <p>Interest rates are not expected to increase. The Bank of England could cut interest rates to below zero next year in a bid to support the economy with lower borrowing costs.</p>	<p>Advice from our Treasury advisors is factored into investment returns expectations. Consideration has been given to other investment routes such as property funds but this has been ruled out for now.</p> <p>Regular review of the debt position and consideration of the balance between investing surplus cash and using it to repay long term debt.</p>
15	<p>Capital financing costs have been estimated based on the assumption that some borrowing is undertaken during the life of the MTFP to fund property maintenance costs.</p> <p>Corporate analysis of existing and potential new projects indicates that no further external borrowing is expected at this stage.</p>	<p>The Capital Investment Strategy allows for external borrowing only where there is a revenue payback so this would have a positive MTFP impact.</p>

	Issue/risk	Impact/ Action to mitigate risk
16	<p>The Council has seen demographic changes over time and will do so again in the future. Changes in population and number of households have not always translated into increases in service costs.</p> <p>The Council is expecting to see population changes over the next 5 years. This has the potential to create additional demand of up to 3% per annum on social care.</p>	<p>The Council now includes an estimate for increased needs in its MTFP.</p> <p>The Council has a Social Care Reserve and a Social Care contingency to allow it to respond to changes in demand in-year.</p>
17	<p>The Council has a number of outsourced services and significant contracts that are due for renewal in the next few years (some have been extended as Coronavirus regulations allowed for that).</p> <p>Key contract expiry dates are (Refuse – 2024, Residual Waste – 2024, Leisure – 2022, Highways 2023).</p> <p>The Council will aim to make savings on procurement.</p> <p>Contract procurement can be costly and one off specialist support will be needed to:</p> <ul style="list-style-type: none"> • Support market testing – gain intelligence about market conditions, appetite of bidders, recently commissioned tenders etc • Provide Tender support – for example in terms of writing specifications in a way to illicit most bidders and best possible bid • Give Legal advice – in terms of contracts, terms and conditions, procurement method 	<p>The MTFP is prudent and does not include savings for contracts to be let.</p> <p>The budget for 21/22 does include provision for external support to enable the Council to get the best deal.</p>
18	<p>The Council's net pension liability for the Local Government Pension Scheme (controlled by Leicestershire County Council as the Pension Fund administrator) has decreased from £47m</p>	<p>The position will be monitored but the Council's MTFP includes a 1% increase in rates per annum as per the Pension Fund.</p>

	Issue/risk	Impact/ Action to mitigate risk
	<p>to £40m.</p> <p>Contribution rates have been confirmed for the next three years but pressure on interest rates may impact investment income placing pressures on employer contributions.</p>	
19	<p>The UK has now left the EU and is coming to the end of the transition period. At the time of writing, the Government has not agreed a deal with the EU.</p> <p>The outcome of the ongoing negotiation to determine our future relationship could not only impact the Government's comprehensive spending review next year, but also the economy, local business and jobs.</p> <p>The Council has done a risk assessment and does not envisage any significant risks that impact costs from its own work. The impact on the economy is uncertain and will have a related impact on risk 1.</p>	<p>The MTFP is neutral in respect of the impact of any deal with the EU.</p> <p>The loss of key local business could have an impact of £300k before the Council is compensated by Government.</p>
20	<p>The Council has committed to produce a Municipal Waste Management Strategy prior to tendering for the new waste service contracts.</p> <ul style="list-style-type: none"> • The Waste Strategy by Government in December 2018 and the subsequent Environment Bill which will make the Strategy law by 2023. Pertinent for Rutland, this includes the requirement to offer: • Separate weekly food waste collections (including for businesses); • Separate glass collections from comingled recycling collections; and 	<p>No provision has been made in the MTFP and as per all new policy, the Council would expect Government to assess the burden on Councils and compensate them accordingly with new burdens funding. We await to see how the Bill progresses.</p>

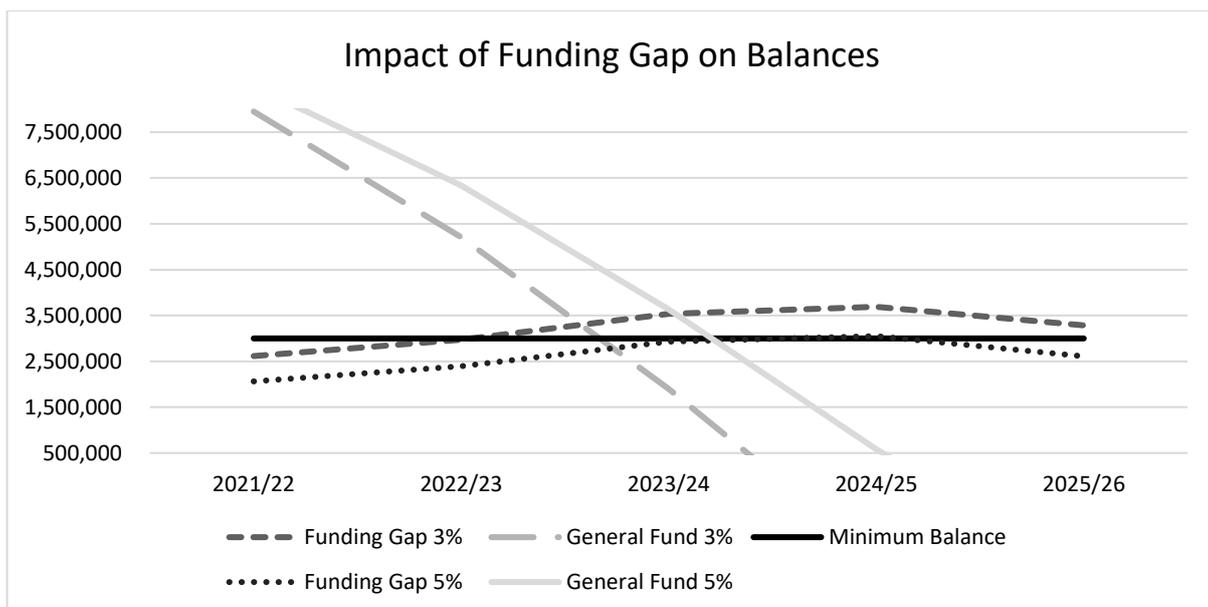
	Issue/risk	Impact/ Action to mitigate risk
	<ul style="list-style-type: none"> Potentially, to offer free fortnightly garden waste collections. <p>The Environment Bill also sets out other provisions including a commitment to net zero greenhouse gas emissions by 2050.</p> <p>These changes will have far reaching implications on the composition and material flow of Rutland's waste and will fundamentally affect how the Council specifies its requirements for the new waste contracts. They will also have a significant financial impact, probably in excess of £1m per annum.</p>	
21	<p>The Council has a range of properties which were due to be inspected to determine what reactive or planned repair work may be needed. This a core part of its work on Asset Management. Work was deferred further to the pandemic but the long term maintenance programme could impact on the revenue budget.</p> <p>The results of this work will be factored into future plans.</p>	<p>Revenue budgets have been adjusted for reactive repair work.</p> <p>Capital funds and reserves are available but adequacy will depend on the extent of the long term programme.</p>
22	<p>The Covenant principles of additional support for our Armed Forces communities are expected to come into statute in January 2021.</p> <p>Currently there is very little detail on what the legislation will state, other than it will cover housing, education and health. The Council has been asked to consider the possible financial impact across a range of areas as part of helping the Government understand the extent of new burdens funding required.</p>	<p>The Council assumes new burdens funding will cover any costs but there is a risk that this is not the case with any impact difficult to quantify.</p>
23	<p>Ash dieback, sometimes known as 'Chalara', affects ash and other species of trees and is caused by a fungal pathogen.</p> <p>Once infected, a high proportion of trees will die. A few ash trees may survive the</p>	<p>The Council has set aside £500k of repurposed earmarked reserves to fund ongoing work.</p>

	Issue/risk	Impact/ Action to mitigate risk
	<p>infection but evidence from mainland Europe suggested that only 10% of trees were found to be moderately resistant to the disease, with 1-2% having high levels of resistance.</p> <p>The Council is responsible for the inspection and maintenance of all trees on land it owns and manages, including the adopted highway.</p> <p>The management of Ash dieback has been identified in the MTFP as a future potential financial development/pressure but figures are unknown. The financial implications of the spread of ash dieback will be more fully understood as work progresses.</p>	<p>Consideration will be given to minimising cost of felling and maximising revenue from timber sales.</p>

3.4 **Future outlook and the financial gap**

3.4.1 Given the funding settlement and existing pressures and risks, the Revenue budget for 21/22 shows a funding gap of £2.5m which will be balanced by using reserves. Using reserves to balance the budget for recurring expenditure is not good practice and not sustainable. Strong action is needed now to reduce costs and increase revenue.

3.4.2 If the Council does not tackle the gap then by 23/24, its reserves will be below £3m, the recommended minimum level, and soon after the Council will have no reserves left. **Whilst the budget assumes a 3% council tax increase, a move to 5% would mean that Reserves would not drop as quick giving the Council more time to address its financial gap.**



3.4.3 The position is complicated by key factors:

- a) the future funding position is unclear, especially with the delay in the local authority funding review and pressure on government borrowing/spending;
- b) the pandemic is having an impact on the Council's budget both in terms of additional expenditure but also revenue income. It remains to be seen whether current impacts are temporary or become the new baseline;
- c) whilst some services are statutory, classifying spend as either statutory or discretionary is almost impossible. For example, having a finance function is not a statutory requirement but without such a function the Council could not meet statutory obligations such as producing the Statement of Accounts;
- d) the Council has already made significant savings over the last 8 years which have been used to meet additional pressures and offset the loss of funding;

Year	Budget savings
11/12	3,313,050
12/13	1,193,500
13/14	1,534,500
14/15	889,400
15/16	785,900
16/17	1,022,400
17/18	931,300
18/19	805,600
19/20	1,515,000
20/21	479,000

e) the Council provides good Value for Money and is generally low cost. (The last data analysis undertaken pre Covid-19 showed the Councils average spend per household to be £1822, less than £11 below the Unitary average). The figures are supported by other evidence, including the IMPOWER INDEX (data for 149 English councils) which shows that Rutland is achieving greater than average outcomes in adult social care, from a less than average spend per head. Reducing costs further without impacting the services enjoyed by residents is unlikely.

3.4.4 Notwithstanding these comments, the Council must act now if it wishes to be financially sustainable. In its Corporate Plan, the Council committed to producing an “emergency budget”. Progress on the “emergency budget” has been slower than anticipated with resources diverted to deal with the pandemic response. However, the Council has done some work with Members to generate ideas and possible areas for investigation.

3.4.5 **The financial position is such that the Council must aim to make savings in 21/22 and underspend its budget by at least £500k. This would reduce reliance on reserves to £2m.** This can be achieved through various spending controls, including for example:

- a) reviewing all vacancies and freezing posts, where possible;
- b) reviewing discretionary expenditure and switching off non priority spending; and
- c) stopping or deferring projects/initiatives that involve additional expenditure,

3.4.6 **Alongside these actions, the Council must begin other projects aimed at releasing savings in 2022/23 of at least £1.5m.** Whilst all areas of Council business must be reviewed, work already underway or soon to be started includes:

- a) The Council will review its leisure strategy and continue with the re-procurement of its leisure contract. The Council is financially supporting the leisure contractor through the pandemic but is aiming to remove this support as part of any new contract. A return to a cost neutral position will save c£100k;
- b) the Council has extended its waste management contracts due to the pandemic at an extra cost of c£450k per annum. The Council will be producing a waste strategy and aiming for a 10% reduction in waste management costs as part of its reprocurement of a waste contract. This may necessitate a change in delivery model for the waste service;
- c) the Council has not been operating a face to face Customer Services during the pandemic and will be looking at options to make savings in this area by making this arrangement permanent and increasing its online offer;

- d) the Council will explore alternative delivery models that offer savings on a range of services and consider whether some discretionary services should be stopped. The Council would encourage views from residents as part of the consultation process as to which services they value and those that they would agree should be stopped. The Council expects to make further announcements about areas for investigation and will inevitably carry out any reviews in accordance with statutory consultation requirements.

3.5 Reserves

The minimum level of reserves required

- 3.5.1 One of the reasons that a £3m deficit does not threaten the Council's resilience overnight is that the Council has been prudent over the years and has maintained a healthy reserve level. The total level of reserves relative to council revenue expenditure is relatively high compared to other Councils indicating a good degree of financial management.

	General Fund reserves as % of Revenue Exp¹	Earmarked reserves as % of Revenue Exp	Total
Rutland	21%	13%	33%
Average Unitary	5%	19%	24%

- 3.5.2 These reserves can be called upon in the short term to balance the budget but this is not good practice and they cannot continue to be used indefinitely as indicated above.
- 3.5.3 The level of reserves is set to take account of:
- strategic, operational and financial risks (see Section 3.3);
 - key financial assumptions underpinning the budget; and
 - the quality of the Council's financial management arrangements.
- 3.5.4 The Council's minimum reserves target is proposed to be set at £2m. Presently, the Council's General Fund balances (and useable earmarked reserves) are above the minimum level. As at March 2021, reserve levels are budgeted to be at £9.278m (General Fund) and £5.724m (earmarked reserves as detailed in Appendix 7).
- 3.5.5 A review of the reserves position has been undertaken. **It is my view that the minimum reserve level be increased to £3m.** This level is deemed

¹ To enable comparisons, the Council has used Service Expenditure as defined in the Revenue returns (RO forms) submitted to Government by all Councils.

adequate based on professional judgement and a risk assessment taking into account the following factors:

- a) despite a good savings track record, the Council has work to do to deliver future savings;
- b) there are potential risk and cost pressures as set out in 3.4; and
- c) the financial outlook (Spending Review 2020) and Settlement indicate that future funding will not close the gap;
- d) the impact of the pandemic is still not yet fully known.

Earmarked Reserves

- 3.5.6 **Earmarked reserves** are used as a means of building up funds to meet known or predicted liabilities. Their establishment and use is subject to Council approval and movements are reported as part of the quarterly financial monitoring reports. A list of earmarked reserves is given in Appendix 3.
- 3.5.7 The Council has £5.7m of earmarked reserves of which two are statutory (public health and better care fund reserves totalling £677k) and the remainder are at the discretion of Council.
- 3.5.8 The 21/22 budget uses over £1.288m of earmarked reserves – mainly £848k of Covid Funding held in reserves, £200k from the social care reserves to support pressures and £175k from the pressure reserve to support the major procurement project costs.
- 3.5.9 The Council proposes to create a reserve to cover any costs associated with Ash dieback (risk 23) by transferring:
- £300k from the Pressure reserve;
 - £80k from the Insurance/Legal reserve;
 - £100k from the Highways reserve;
 - £20k from the Internal Audit reserve.

4 COUNCIL TAX AND COLLECTION FUND

4.1 Council tax – options

4.1.1 The Government has maintained the general Council Tax referendum limit at 1.99% for 20/21. Rutland is also able to levy an Adult Social Care precept of an additional 3%. There is flexibility in that the Council could levy the 3% over the next two years. For example, councils can use 1 per cent of that flexibility in 2021/22 and 2 per cent in 2022/23 or any other combination, as long as the two do not add up to more than 3 per cent.

4.1.2 No decisions have been taken about referendum principles that would apply from 2022/23 onwards, so this flexibility should not be seen as a signal of what might happen to future precepts or council tax in future years. Even if the 2021/22 precepting arrangements are not extended into 2022/23, councils would have the ability to raise any amount not utilised from the maximum in 2021/22.

4.1.3 The Council proposes to raise Council Tax by 2% and levy the Adult Social Care precept of 1%².

4.1.4 The view of the Council's Section 151 Officer is that, in the context of the MTFP, the proposed rise should be 5% for 21/22. The rationale for this is as follows:

- It avoids the Council making a greater loss in 21/22;
- Failing to increase Council tax by the maximum amount leads to a c£277k minimum loss of income (for every 1% not raised compared to 4.99%) in 21/22 but also every subsequent year (so c£4.5m over 5 years if the Council only increase Council tax by 3%);
- The Council is expecting an increase in social care costs due to additional demands from residents;
- The Government funding has decreased and is not sufficient to meet inflation and other cost pressures;
- Collection rates remain high; and
- The Government has promised additional hardship funding for Councils. The Council also has a discretionary hardship fund which would allow us to reduce Council tax for the most vulnerable.

4.1.5 The table overleaf gives shows the difference between the various options:

² For the purposes of the table in 2.1.3, reference to Council Tax and rates includes the Adult Social Care precept

Change from 21/2	Council tax rate	21/22 council tax revenue £m	Loss against maximum yield in 21/22	5 year loss
4.99%	£1,861.70	£29.154m	N/A	N/A
3.99%	£1,843.96	£28.876m	£0.277m	£2.260m
2.99%	£1,826.23	£28.598m	£0.555m	£4.521m
1.99%	£1,808.50	£28.321m	£0.833m	£6.782m
0.99%	£1,790.77	£28.043m	£1.111m	£9.043m
0%	£1,773.21	£27.768m	£1.386m	£11.280m

4.1.6 Members should note that even with maximum Council Tax rises the Council still needs to find substantial savings. **Members should note that Councils in financial difficulties that have not maximised local taxation have been criticised for asking for more Government funding.**

4.2 Council Tax Collection Fund – the estimated balance for 2020/21

4.2.1 The Council, as a billing authority, is required to keep a special fund, known as the Collection Fund. 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 (in this situation the Council) and the preceptors (Police and Fire Authorities). Billing authorities are required to estimate the expected Collection Fund balance for the year to 31 March in order that the sum can be taken into account by billing authorities and preceptors in calculating the amounts of Council Tax for the coming year. The difference between the estimate at 15 January, and the actual position at 31 March will be taken into account in the following financial year.

4.2.2 20/21 has been an anomalous year for Council Tax, which has seen a number of elements affect the overall position as explained below:

- Taxbase (before Council Tax Support) - COVID-19 has not affected the underlying taxbase but has depressed the growth in new properties being added to the taxbase.
- Council Tax Support (CTS) - The Council has seen an increase in applications, with payments for 2020/21 totalling £1.4m compared to £1.3m at the same point in 2019/20. In addition to LCTS the Council has reduced bills due to the Hardship Fund (£150 per household), this has been funded by a grant so does not impact the Collection Fund directly.
- Collection Rate - The Council tax base is also influenced by the collection rate. For Rutland this was 99% as we generally see a high collection rate within the County. If the Council assumes the collection rate will fall then the knock on effect is the tax base will fall. For Rutland a 0.5% fall in collection rates is equivalent to approx. 80 band D Properties or c£140k.

4.2.3 The estimated financial position on the Collection Fund at 31 March 2021 is shown below.

Estimated Deficit at 31 March 2021	£186,000
Share of Deficit	
Rutland County Council	£159,600
Leicestershire Police Authority	£20,400
Leicestershire Fire Service	£6,000

4.2.4 The deficit represents 0.59% of the amount collected. Regulations provide for the Council's share of the estimated deficit to be transferred to the General Fund in 21/22.

4.3 **Business Rates Collection Fund – the estimated balance for 2021/22**

4.3.1 Similar to Council Tax the Collection fund for business rates as been anomalous. Although the Government has funded a large proportion of the changes in relation to business rates, the timing and accounting treatment required for the Collection Fund will result in significant movements between reserves to neutralise any impact of the reliefs.

4.3.2 The Councils draws down an amount from the Collection Fund based on annual return completed in January and this forms the 'funding' from business rates, which does not fluctuate.

4.3.3 For this year, the government have made policy decisions to grant extra relief as part of their Covid response, but recompense local authorities by grant payable in year. The consequence of this is the Council still receives the estimated funding from the Collection Fund plus grant funding for the additional relief, creating a significant surplus for the Councils general fund in 20/21.

4.3.4 This creates a deficit on the Collection Fund as the amount collected will not be as high as when estimated in January, but the fund still pays out the estimated amount. The Council will then have to pay back the deficit in the next financial year.

4.3.5 To help neutralise this impact the Council will use the additional funds received in 2020/21 and put them into a specific earmarked reserve in order to meet the estimated deficit in the Collection Fund in January 2021.

5 REVENUE BUDGET

5.1 Revenue budget

5.1.1 The Council is proposing a net revenue budget of £42.2m. The budget will allow it to deliver on corporate plan priorities and meet statutory obligations. The Council will attempt to protect spending in key service areas like social care. The table below sets out the detailed make-up of the draft budget.

		Draft budget 21/22 £000
5.1.2	People	20,237
5.1.2	Places	14,663
5.1.2	Resources	7,334
5.1.3	Covid Expenditure	724
5.1.3	Covid Grant Income	(724)
	<i>Sub-Total Directorate budgets</i>	42,234
5.1.4	Pay Inflation contingency	100
5.1.5	Social care contingency	274
	<i>Sub-Total Contingencies & Corporate Savings</i>	374
	Net cost of services	42,608
5.1.6	Appropriations	(2,478)
5.1.7	Capital financing costs	1,647
5.1.8	Interest income	(240)
	<i>Sub-Total Capital</i>	(1,071)
	Total Net Spending	41,537
	Funding	(38,921)
5.1.9	Contribution from Earmarked Reserves	(1,288)
	Use of General Fund reserves	1,328

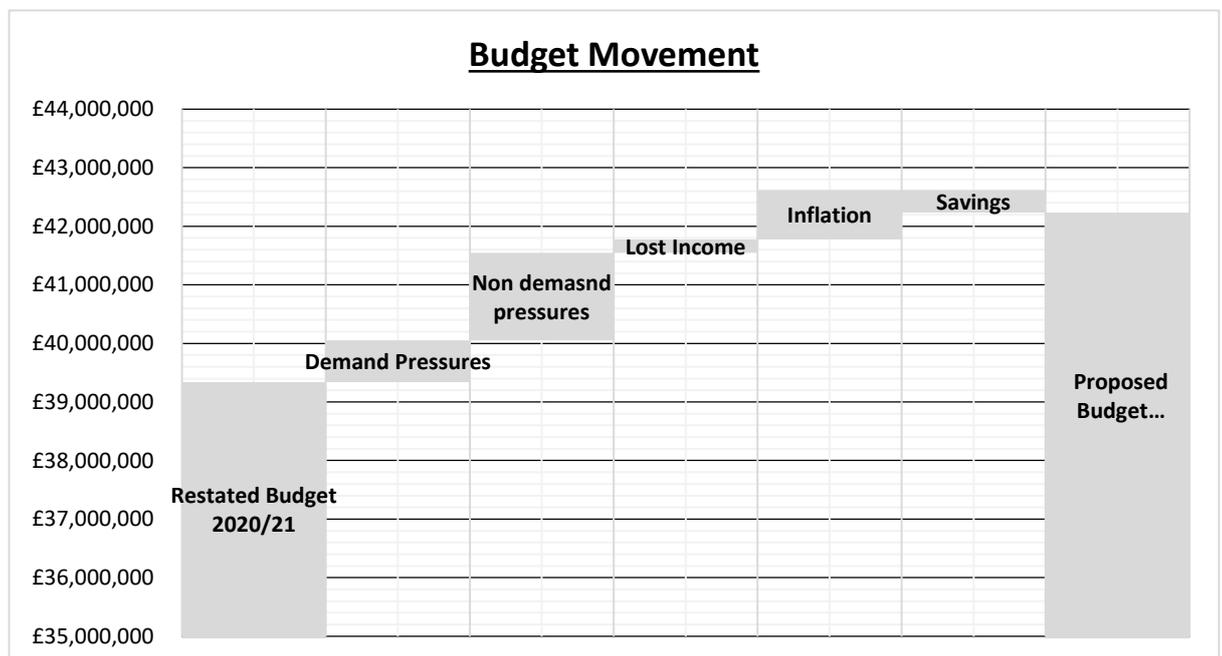
- 5.1.2 The **Directorate budgets** are detailed by functional areas in Appendices 4 to 6. The budgets include savings and pressures.
- 5.1.3 As detailed in 3.2.13 the Council has received additional grant to respond to the pandemic
- 5.1.4 The budget includes a contingency for **pay** changes (pay inflation, adjustment, re-grades, staff opting in to pension fund etc). The Government has indicated the public sector with some exceptions will get a pay freeze (except for those earning under £24,000) but this is subject to a national negotiation. The Council has assumed 0.5%.
- 5.1.5 The budget includes a small contingency of £274k for social care. This is the same approach as per the prior and reflects the fact that there is no growth built into the budget for demographic growth.
- 5.1.6 The **appropriations** figure represents adjustments that 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 Directorate budgets.

- 5.1.7 **Capital financing** costs of £1.647m comprise interest costs on loans of £1.033m and Minimum Revenue Provision (MRP) costs of £614k. MRP is a statutory charge to the revenue account which covers the repayment of debt (see 6.3).
- 5.1.8 **Interest income** reflects interest earned on investments. This has decreased by £60k from 20/21 due to the economic impact of the pandemic.
- 5.1.9 **Earmarked reserves** are used as a means of building up funds to meet known or predicted liabilities. Their establishment and use is subject to Council approval and movements are reported as part of the quarterly financial monitoring reports. The 21/22 budget uses over £1.288m of earmarked reserves – mainly £848k of Covid Funding held in reserves, £200k from the social care reserves to support pressures and £175k from the pressure reserve to support the major procurement project costs. A list of earmarked reserves is given in Appendix 7.

5.2 The change from 20/21

- 5.2.1 The Council's revenue budget is £2.9m (6.9%) higher than the comparable budget for 20/21. The build-up of the budget is explained below.



- 5.2.2 The Council's restated budget for 20/21 is £39.3m (this is explained in Appendix 2).

5.3 The budget process – the development of the revenue budget

Impact of Covid-19

- 5.3.1 At the time of writing this report, the Council is still responding to and impacted by the pandemic. With a vaccination programme imminent but likely to be rolled out over a period of at least 9 months, the impacts of the pandemic will continue to be felt into 21/22 and possibly beyond.
- 5.3.2 The budget for 21/22 includes grant funding received in 20/21 (£848k) which has been carried forward into 21/22 to deal with the following issues arising from the pandemic:
- 5.3.3 Leisure - £100k – the Council’s leisure provider will receive an additional £100k from the Council to compensate them for loss of income arising from closure and periods of lower utilisation;
- 5.3.4 Waste - c£400k – the Council has extended existing contracts for waste management rather than undertake a full tendering exercise with resources redeployed on the pandemic response. The costs of the extension are beyond current contractual rates (report 143/2020);
- 5.3.5 Fee income - £288k – due to the pandemic the demand for services, e.g. car parking, is expected to be lower.
- 5.3.6 Staffing Pressures – there is expected to be a need to source additional staff to support the Councils response.
- 5.3.7 The budget also includes a further £724k, from government grant, to support Covid-19 work in 21/22. This is shown as a zero net budget in the Revenue Account. It is assumed this funding will support new activity rather than existing costs, given the uncertainty about the spread of the virus.
- 5.3.8 Beyond the above issues, the budget does not include specific provisions to deal with pandemic response or further impacts. However, if funding received in 20/21 has not all been expended by the end of 20/21 then it will be used to fund any ongoing costs from existing pandemic work that continue into 21/22 thereby reducing any impact on the General Fund. In future updates, the Director will report the position so Members are aware.
- 5.3.9 If pandemic funding has been expended, is insufficient to cover ongoing costs or further Government funding is not available, then Officers will seek approval of a change to the budget through Cabinet and/or Council in the usual way.

Budget process

- 5.3.10 The starting point is the restated 2020/21 budget which is updated for any approved changes and adjustments as reported in Quarterly Finance reports. Minor adjustments are made to individual budgets as part of the

normal annual budget process. These include updating for the pay settlement, inflation, adjustments and removing one off budgets. Any savings and pressures are also factored in.

5.3.11 The Council's restated budget for 20/21 is £39.3m. The budget for 21/22 builds on the 20/21 budget and includes the following changes:

- Pressures totalling £2.433m (5.5)
- Savings of £0.386m (5.4)
- Inflation pressures of £0.846m account for general inflation on goods/services, a 1% increase in pension costs and other pay adjustments.

5.3.12 The 21/22 budget is therefore £42.2m.

5.4 Savings

5.4.1 The 21/21 budget already includes total savings c£386k of which all are recurring. Savings are detailed in Appendices 4-6. None have a front line impact.

5.5 Pressures – additional costs

5.5.1 Service pressures may arise from increased demand from service users, legislative changes that place additional duties or responsibilities on the Council or from withdrawn funding which means the General Fund has to pay for services previously funded through other income e.g. grant.

5.5.2 The 21/22 budget includes total new spending of c£2.433m of which £0.712m pertains to demand, £1.492m is about investing in services and £0.228m is due to reducing income levels. Pressures are detailed in Appendices 4-6.

5.6 Reserves and Estimates - robustness

5.6.1 Best practice requires me to identify any risks associated with the budget, and section 25 of the Local Government Act 2003 requires me to report on the adequacy of reserves and the robustness of estimates.

5.6.2 The most substantial risks in 21/22 pertain to demand led budgets and in particular social care and the impact of Covid-19. The Council has prudently assumed that new Covid-19 grant will fund new activity or pressures. There is also some contingency included in the budget for demand led areas. It is my view that estimates made in the plan are prudent.

5.6.3 In the medium term, the risks to the budget strategy arise from the risks detailed in 3.3 but can be summarised as follows.

- non-identification and delivery of future savings;

- unidentified and uncontrollable pressures; and
- loss of future resources, particularly in respect of changes to business rates, government funding or council tax.

5.6.4 The risk of economic downturn, nationally or locally, is a distinct possibility as noted in the risk commentary in 3.3. This could result in further significant reductions in funding, falling business rate income, and increased cost of Council Tax reductions for tax payers on low incomes. It could also lead to a growing demand for Council support and services and an increase in bad debts.

5.6.5 In 20/21, it was my view that the Council's financial resilience was adequate. In light of Covid-19 and the current economic climate, **my view is that the position is deteriorating and requires immediate action**. In the short term (up to 2 years), the Council can manage the above risks as:

- It has a good level of earmarked and General Fund reserves (see para 1.5);
- The Council is largely self-sufficient and its high dependency on Council tax leaves it less vulnerable to further government reductions but only if Members raise council tax to the maximum allowable;
- Budget management is sound; and
- Action must be taken in year to reduce expenditure.

5.6.6 Subject to the above comments, I believe the Council's general and earmarked reserves to be adequate in the short term. I also believe estimates made in preparing the budget are robust based on information available.

6 CAPITAL PROGRAMME

6.1 Overall Programme – existing and new projects

6.1.1 The Capital Programme is developed around specific projects. The programme comprises four strands:

- Approved projects: capital projects already approved that will span across more than one financial year (any projects already approved which are not yet completed will continue into 2021/22)
- Ring Fenced Grants: These projects will automatically be included in the existing capital programme.(e.g. disabled facilities grants);
- Non Ring Fenced Grants: New projects to be approved in the budget or in-year; and
- Funding available but not yet allocated.

6.1.2 The table below is an overview of the position for 2021/22. Projects that make up the total £28.945m are listed in Appendix 8.

Capital Programme	Budget Approved to Date	New Capital Projects	Budget 2021/22
	£000	£000	£000
Strategic Aims and Priorities	10,110	249	10,359
Commercialisation	10,470	0	10,470
Asset Management Requirements	8,116	0	8,116
Total Projects	28,696	249	28,945
Financed By			
Grant	(15,320)	(249)	(15,569)
Prudential Borrowing	(11,469)	0	(11,469)
Capital Receipts	(348)	0	(348)
RCCO	(318)	0	(318)
Developers Contributions	(1,241)	0	(1,241)
Total Budget Funding	(28,696)	(249)	(28,945)

6.2 Approved projects – approved projects continuing into 2021/22

6.2.1 Some of the capital projects will span across more than one financial year. Any projects already approved which are not yet completed will continue into 2021/22. The estimated spend in 2021/22 will depend primarily on the outturn (the amount spent) for 2020/21.

6.3 Approved projects – projects delivered with ring fenced funding

6.3.1 The Council receives Devolved Formula Capital funds which is passported to

maintained schools to help them support the capital needs of their assets. Schools will decide what projects to fund.

6.3.2 For the Disabled Facilities grant which is part of the Better Care Fund, the full allocation is used to help residents remain in their home and be independent.

6.4 **Projects in pipeline – to be submitted for approval in due course**

6.4.1 In a number of areas work is ongoing and proposals for new projects being developed. In these areas, Cabinet reports are expected in 2021/22. Funding for any future projects will be funded in full or in part from the unallocated funding (set out in 7.5 below). Areas under review include:

- Highways – the spending review indicated £1.7bn in 2021/22 for local roads and upgrades to tackle potholes, relieve congestion and boost connectivity. This includes £500m for the pothole fund and £310m for upgrades to larger roads. The Council allocation is £1.5m and is included within the unallocated table in 7.5.1 until a paper is presented to Cabinet for approval.
- School Places – the requirements for secondary school expansion is under review with a report expected to be presented to Council in February.
- Transport – use of the Integrated Transport funding will be presented in early 2021.

6.5 **Unallocated Funding (funding available) and potential future projects**

6.5.1 Currently the Council is holding capital funds that have not yet been committed to a project. A breakdown of the funds held is shown in the table below. Any future capital projects highlighted in 6.4.1 will be funded from the unallocated funding below.

Unallocated Funding	Index	Estimated Closing Balance 31/03/21	Grant Awarded/ Receipts expected	Capital funding for ring fenced budget	Estimated Closing Balance 2021/22
		£000	£000	£000	£000
Devolved Formula Capital		(7)	(11)	11	(7)
Better Care Fund (BCF)		0	(238)	238	0
Basic Needs	6.5.7	0	(1,689)	0	(1,689)
Adult Social Care – Misc	6.5.2	(219)	0	0	(219)
Schools Capital Maintenance	6.5.4	(1,227)	(154)	0	(1,381)
Highways Capital Maintenance	6.5.5	0	(1,535)	0	(1,535)

Unallocated Funding	Index	Estimated Closing Balance 31/03/21	Grant Awarded/ Receipts expected	Capital funding for ring fenced budget	Estimated Closing Balance 2021/22
Integrated Transport	6.5.6	(1,109)	0	0	(1,109)
Highways – Misc	6.5.2	(78)	0	0	(78)
Misc Grant	6.5.2	(38)	0	0	(38)
Developers Contribution	6.5.3	(7,832)	(400)	0	(8,232)
Capital Receipts		(1,269)	(100)	0	(1,369)
Estimated Unallocated Funding		(11,779)	(4,127)	249	(15,657)

6.5.2 Misc Grant Funding (Adult Social Care, Highways and Misc Grants) Unallocated funding (£335k) representing various balances from historic funding that the council no longer receives. This funding is not ring fenced.

6.5.3 Developers Contribution – Unallocated funding (£8.232) representing the expected balance as below:

- Section 106/ CIL – Unallocated funding (£5.020m) representing the expected holding balance. Projects will be developed to deal with infrastructure demands from new/existing developments. Expenditure must be spent on the specific details within the individual agreements or on items within the CIL123 infrastructure list. The CIL 123 list will be reviewed to reflect the councils new Local Plan.
- Oakham North Agreement – Unallocated funding (£3.213m) representing the expected holding balance. The Council has flexibility on how this funding is used to support the development.

6.5.4 Schools Capital Maintenance – Unallocated funding (£1.381m) is ring-fenced and should be allocated to schools and children's centres based on the provision of sufficient numbers of school places and surplus place removal, also the repair, improvement and replacement of existing school buildings.

6.5.5 Highway Capital Maintenance – Unallocated grant funding (£1.535m) is being held to fund future highways projects which is not ring-fenced however, future allocations could be affected if the funding was not spent on improving transport infrastructure within the County.

6.5.6 Integrated Transport - Unallocated Grant Funding (£1.109m) - The integrated transport block funding provides support for small transport capital improvement schemes. A number of schemes have already been agreed. This funding is not ring fenced however, future allocations could be affected if the funding was not spent on transport improvement schemes

6.5.7 Basic Needs Funding – Unallocated Grant Funding (£1.689m) is ring fenced and will help Rutland County Council to fulfil their duties in ensuring there are enough schools places for children in their local area.

7 TREASURY MANAGEMENT

7.1 Overview

7.1.1 At the time of approving the budget, the Council will approve the Treasury Management Strategy and Capital Investment Strategy. The implications of these strategies (capital plans, investment returns and borrowing changes) are reflected in the draft budget.

7.2 Prudential indicators – indicators to be approved

7.2.1 Local authority capital expenditure is based on a system of self-regulation, based upon a code of practice (the “prudential code”).

7.2.2 Council complies with the code of practice, which requires us to agree a set of indicators to demonstrate that any borrowing is affordable, sustainable and prudent. To comply with the code, the Council must approve the indicators at the same time as it agrees the budget. The indicators including the limit on total borrowing are approved through the Treasury Management Strategy, taken separately to this report.

7.3 Minimum Revenue provision – method of calculation

7.3.1 By law, the Council is required to charge to its budget each year an amount for the repayment of debt. This is known as “minimum revenue provision” (MRP).

7.3.2 MHCLG Guidance issued requires full Council to approve an MRP Statement in advance of each year. Council will be asked to approve the MRP Statement as part of the Treasury Management Strategy.

8 SCHOOL FUNDING

8.1 Overview – How school funding works

- 8.1.1 Schools are funded from ring fenced grants, the most notable of which is the Dedicated Schools Grant (DSG). This funding cannot be used for any other Council function, and essentially schools operate within their own fund with any under or over expenditure being taken forward into future years.
- 8.1.2 The Government has announced indicative allocations for the Schools, High Needs and Central Schools Service blocks for 2021/22.
- 8.1.3 As in previous years, the Council is able to transfer 0.5% of the Schools block allocation to the High Needs block with the agreement of the Schools Forum. Due to the pressures being experienced by the High Needs budget, Forum has agreed to this transfer for 2021/22. This transfer will equate to approximately £0.135m being transferred between blocks
- 8.1.4 A local authority must engage in open and transparent consultation with all maintained schools and academies in the area, as well as with its schools forum about any proposed changes to the local funding formula including the method, principles and rules adopted. Whilst consultation must take place, the local authority is responsible for making the final decisions on the formula. In reality, the options are limited.
- 8.1.5 Schools have reserves they can call on, and the Council will work closely with any maintained school that is experiencing financial difficulty to draw up a recovery plan.

8.2 Allocations – funding received and allocated

DSG

- 8.2.1 The Schools Block allocation for Rutland is £27.579m compared to 2020/21 of £25.261m (an increase of £2.318m) equating to an increase of 9.1%. The National Funding Formula sets the Primary and Secondary units of funding for each authority based on the previous years census data and these are used to calculate the funding received by the authority for the following year.
- 8.2.2 The two units of funding for Rutland County Council for 2020/21 have been set as follows:
- Primary Unit of Funding is £4,376.23 (£4,047.47 in 2020/21)
 - Secondary Unit of Funding is £5,415.00 (£5,000.96 in 2020/21)
- 8.2.3 The High Needs block allocation for 2021/22 is £4.377m compared to 2020/21 of £4.248m (an increase of £0.129m) equating to an increase of 3%. This funding has been adjusted for the latest information on the numbers of pupils being transferred between authorities.
- 8.2.4 The current level of spending on high needs is projected to be £4.6m in 2020/21, and continues to rise, and therefore the allocation for 2021/22 is likely to be insufficient to cover costs next year. The transfer of 0.5% from the schools block

(approximately £0.135m) is for one year only and will automatically transfer back to the schools block the following year.

- 8.2.5 The Council is likely to be carrying a DSG deficit of c£700k by the end of March 2021 and will need to produce a Recovery Plan for the DfE which addresses this position by June 2020. The Government has made it clear that the deficit is not the Council's to underwrite but has not explained how the deficit will be cleared if it cannot be recovered. Recouping this deficit will be a significant challenge without additional funding and may take some years to recover if it can be recovered at all.
- 8.2.6 The Early Years block allocation for 2021/22 has been provisionally set as £1.832m based on an increase rate for 2 year old funding of £5.36 (£5.28 2020/21) and funding for 3 and 4 year olds of £4.48 (£4.48 2020/21). The individual rates paid over to nurseries has not yet been agreed.
- 8.2.7 The Central School Services block allocation is £0.174m for 2021/22 a slight increase (£0.009m) from the allocation in 2020/21. The Central School Services block pays for the following services:
- Admissions Services;
 - Nationally agreed copyright licence fees; and
 - The local authority statutory responsibilities (previously covered by the Education Services Grant) e.g. be strategic lead for education of children and young people.

Pupil Premium Grant (PPG)

The DfE have published the pupil premium rates for 2021/22:

- Primary disadvantaged pupil premium is £1,345 per pupil, no change from 2020/21;
- Secondary disadvantaged pupil premium is £955 per pupil, no change from 2020/21;
- Children Looked after pupil premium is expected to increase to £2,345 per pupil, no change from 2020/21;
- Children no longer looked after due to adoption, special guardianship order etc is £2,345 per pupil, no change from 2020/21; and
- Service children pupil premium is £310 per pupil.

Universal Infant Free School Meals (UIFSM)

From September 2014 every infant (key stage1) pupil is entitled to a free school meal. This is funded by an additional specific grant amounting to £450 per pupil.

9 CONSULTATION

- 9.1 The Council is required to consult on the budget as set out in Section 13 below and has plans in place to meet those requirements. As per the prior year, it is

proposed that consultation for 21/22 includes:

- A briefing to all members of Council on 6th January;
- Consideration by each of the Scrutiny Panels at special meetings in January;
- A presentation of the budget to Parishes in January; and
- Consultation online, static displays at libraries and publicity through the local print and broadcast media from 13th January to 29th January.

9.2 Consultation will focus on the following questions:

- a) do you understand the sources of income which the Council receives and the split between Council tax and government grants?
- b) do you understand why we are proposing to raise council tax this year?
- c) how much do you now feel you understand about why the council must make total savings of almost £3m by 2024/25?
- d) if you have any specific ideas about how the council can save money or generate additional income to protect services then please let us know
- e) do you have any other comments on the budget?

9.3 The outcome of the consultation will be reported to Cabinet and Council in February to enable them to consider the views expressed prior to final budget approval.

10 ALTERNATIVE OPTIONS

10.1 There are four key areas where the Council has choices: revenue savings/pressures, the capital programme, council tax funding and reserve levels. These are considered separately.

10.2 Revenue savings/pressures

10.2.1 Option 1 - In terms of revenue savings/pressures Members could approve all savings/pressures for consultation – this is the recommended option. Where savings have been put forward Officers are of the view that these are achievable without impacting on front line services. The budget includes service pressures most of which arise from a need to respond to statutory requirements and/or unavoidable circumstances such as demand and the need to make in year savings.

10.2.2 Option 2 - Members could reject all savings/pressures – this would mean that in those areas where savings have been put forward officers would revert back to original spending plans. In light of the future funding outlook this is not advisable. In terms of pressures, then where these are included to respond to statutory requirements, Officers would need to find alternative savings either before the budget was set or in-year; otherwise it is likely that the budget would be overspent. The rejection of all proposals is not recommended.

10.2.3 Option 3 - Members could approve savings/pressures with amendments. Members would need to be mindful of the financial implications of doing this on the overall financial position.

10.3 Capital programme

10.3.1 The capital programme for 21/22 includes projects already approved by Cabinet/Council. Approvals for projects to be included in the programme will be sought in separate reports.

10.4 Funding

10.4.1 The MTFP includes funding assumptions. The majority are based on the professional judgement of officers taking into consideration the settlement allocation and all other available information. The one key funding decision that Full Council has to make is around Council tax levels.

10.4.2 The draft budget assumes a 2% Council Tax increase with a further 1% precept for Adult Social Care effectively giving a rise of 3%. The impact of not making this decision is set out in Section 4. Given the financial gap already projected, Council is advised to consider the risks highlighted by the Section 151 Officer and the comments made in 2.1.12.

10.4.3 Reserve levels

10.4.4 As the Council's Section 151 Officer, I am recommending that the minimum General Fund reserve level is increased to £3m. More detail is given in Section 3.5. Members could choose to set the recommended level at a different rate.

10.4.5 In terms of earmarked reserves, the Council is expecting to be holding c£4.5m by March 2021. The budget proposes creating a Reserve to deal with the cost of Ash dieback (£500k). Council could choose to take an alternative course of action.

11 FINANCIAL IMPLICATIONS

11.1 The draft budget as presented relies on a contribution from the General Fund and earmarked reserves totalling £2.6m.

12 LEGAL AND GOVERNANCE CONSIDERATIONS

12.1 The Council is on course to agree its budget and set its Council Tax for 2021/22 within the timetable required by statute and the constitution.

12.1.1 In setting a budget and level of council tax, the Council has to meet a number of statutory requirements and also ensure compliance with its constitution. The table below sets out how the Council intends to meet those requirements.

Requirement	Status
<i>Statutory requirements under Local Government Finance Act 1992:</i>	

Requirement	Status
To levy and collect council tax	To be approved at Council in February 2021
To calculate budget requirements and levels of council tax	To be approved at Council in February 2021
To consult representatives of persons subject to non-domestic rates about proposals for expenditure	To be presented at a Business event in February
To approve the budget and set Council Tax by 11th March in each year	To be approved at Council in February 2021
The Council is also required by the Local Authorities (Funds)(England) Regulations 1992 in exercise of the powers under section 99(3) of the Local Government Finance Act 1988, to make an estimate on 15 January of the amount of the deficit or surplus on the Collection Fund as at 31st March 2018. This report sets out an estimated figure.	Section 4
<i>Statutory requirements under Local Government Act 2003:</i>	
Under section 25 of the Local Government Act 2003 the Section 151 Officer is required to report to the Council on the robustness of the estimates made for the purpose of setting the Council Tax and the adequacy of the proposed financial reserves.	Section 5

13 EQUALITY IMPACT ASSESSMENT (EIA)

- 13.1 In the exercise of its functions, the Council must have due regard to the Council's duty to eliminate discrimination, to advance equality of opportunity for protected groups and to foster good relations between protected groups and others.
- 13.2 The Council has completed Equalities Impact Assessment (EIA) screening for all savings proposals and for the proposed tax increase. There are no proposals or decisions on specific courses of action that could have an impact on different groups of people and therefore full EIAs are not required. Some of the analysis relating to the Council tax increase is shown below:

Proposal
A Band D Council Tax increase of 3%, including the Adult Social Care Precept of 1% taking Band D Council Tax from £1,773.21 to £1,826.41 (Rutland County Council only). This proposal is linked to one aspect of local government funding where the Council has some discretion to raise additional funds by increases to Council Tax. However there are Council Tax rules in place that limit the extent of any Council Tax increases before a referendum is required, the limit for 2021/22 is 4.99%.
Initial impact
<p>This increase will be applied to all bands of council tax. This will impact on all residents who are eligible to pay Council Tax. The average increase cost per week on a Band D property is £1.02.</p> <p>Since Council Tax is applicable to all properties it is not considered that the increase targets any one particular group; rather it is an increase that is applied across the board. At the same time because the increase is applied to all properties it is not possible to exempt any particular groups. By increasing Council tax, the Council is able to prevent further reductions in services to local residents and in so doing continue can mitigate adverse impacts facing individual households.</p>
Actions take to mitigate impact
<p>The risk is mitigated through various support offered: Local Council Tax Support, a Discretionary Fund and Advice.</p> <p>The Council operates a Local Council Tax Support scheme which offers up to 75% discount for those on low incomes – those that are eligible for the full discount will see an increase of just 26p per week.</p> <p>On top of the 75% discount, the Council continues to offer further support to those who can demonstrate financial hardship. It has funds of £20k set aside and is prepared to increase this amount should the need arise.</p> <p>The Council also provides some budgeting and financial advice and has a contract with Citizens Advice Rutland to provide more specialist support if needed.</p> <p>The Council will be seeking views on the Council tax increase proposal as part of its budget.</p>

14 COMMUNITY SAFETY IMPLICATIONS

14.1 There are no community safety implications.

15 DATA PROTECTION

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

16 HEALTH AND WELLBEING IMPLICATIONS

16.1 There are no health and wellbeing implications.

17 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

17.1 The Council is required to set a balanced budget and agree the level of Council tax for 21/22.

17.2 The draft budget for consultation is affordable within the context of the MTFP but relies on a significant contribution from reserves which is not sustainable in the medium term.

18 BACKGROUND PAPERS

18.1 There are no additional background papers to the report.

19 APPENDICES

Appendix 1	Medium Term Financial Plan and assumptions
Appendix 2	Restated budget
Appendix 3	Earmarked Reserves
Appendix 4.1	People Directorate – functional analysis
Appendix 4.2	People Directorate – subjective analysis
Appendix 5.1	Places Directorate – functional analysis
Appendix 5.2	Places Directorate – subjective analysis
Appendix 6.1	Resources Directorate – functional analysis
Appendix 6.2	Resources Directorate – subjective analysis
Appendix 7	Capital

Appendix 1 – Medium Term Financial Plan

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£	£	£
People	20,236,900	22,023,370	22,688,639	23,372,604	24,076,442	24,800,644	25,548,822
Places	14,662,700	14,577,197	14,996,175	15,427,341	15,872,355	16,329,592	16,800,635
Resources	7,334,400	7,392,394	7,520,457	7,651,494	7,785,928	7,922,885	8,062,889
Covid Cost	724,436	0	0	0	0	0	0
Covid Grants	(724,436)	0	0	0	0	0	0
Pay Inflation Contingency	100,000	452,400	810,400	1,174,700	1,545,500	1,923,000	2,307,400
Housing growth costs	0	146,300	292,600	438,900	585,200	731,500	877,800
Needs Management	273,900	555,400	844,800	1,142,200	1,448,000	1,762,300	2,085,400
Net Cost of Services	42,607,900	45,147,061	47,153,071	49,207,239	51,313,425	53,469,921	55,682,946
Capital financing and related items	(1,071,357)	(1,071,357)	(1,071,357)	(1,071,357)	(1,071,357)	(1,071,357)	(1,071,357)
Net spending	41,536,543	44,075,704	46,081,714	48,135,882	50,242,068	52,398,564	54,611,589
<u>Resources</u>							
Government funding subtotal	(10,479,803)	(11,108,555)	(11,093,914)	(11,377,268)	(12,189,882)	(12,189,882)	(12,189,882)
Council Tax/Social care precept	(28,601,335)	(29,992,474)	(31,449,093)	(33,069,089)	(34,768,295)	(36,550,450)	(38,419,470)
Collection fund Deficit/(Surplus)	160,000	0	0	0	0	0	0
Total available Resources	(38,921,139)	(41,101,030)	(42,543,007)	(44,446,357)	(46,958,176)	(48,740,332)	(50,609,352)
Earmarked Reserve	(1,287,600)*	(230,000)	(230,000)	0	0	0	0
Use of General Fund Balances	1,327,804	2,744,674	3,308,708	3,689,525	3,283,891	3,658,232	4,002,237
Balance brought forward	(9,277,899)	(7,950,095)	(5,205,421)	(1,896,713)	1,792,811	5,076,703	8,734,935
Balance carried forward	(7,950,095)	(5,205,421)	(1,896,713)	1,792,811	5,076,703	8,734,935	12,737,172
Earmarked Reserve Balance B/Fwd	(5,724,469)	(4,471,469)	(4,241,469)	(4,011,469)	(4,011,469)	(4,011,469)	(4,011,469)
Earmarked Reserve Balance C/Fwd	(4,471,469)	(4,241,469)	(4,011,469)	(4,011,469)	(4,011,469)	(4,011,469)	(4,011,469)

*Includes £34,600 from section 106 not included within the reserve balances

Appendix 2 – Restated Budget

	People	Places	Resources	Total	Comments
Q2 - Budget - Report 170/2019	19,138,500	13,356,500	7,504,400	39,999,400	
Less Adjustments during Q2				0	
Members Allowances			(47,200)	(47,200)	
Transfer of Staff	(25,500)	(51,000)	76,500	0	
Community Radio			(50,000)	(50,000)	
Pay Award	(202,700)	(115,300)	(96,800)	(414,800)	
Q1 Budget - Report 108/2020	18,910,300	13,190,200	7,386,900	39,487,400	
Less Adjustments to Q1 Budget					
Budget Carry Forward	(27,000)	(108,500)	(149,000)	(284,500)	
Pension Adjustment	313,000	152,700	(465,700)	0	
BCF Adjustment	(228,000)			(228,000)	
Budget - Report 39/2020	18,968,300	13,234,400	6,772,200	38,974,900	
2020 Pay Award	202,700	115,300	96,800	414,800	Impact of Processing the 2020/21 Pay Award
Pension Adjustment	(313,000)	(152,700)	465,700	0	Change in how the Council pays its Pension Contribution.
BCF Adjustment	228,000			228,000	Reflect change in award for 2020/21
One off Adjustments (see table below)	(36,500)	(432,600)	(100,000)	(569,100)	This is made up of budget carry forwards and one off budgets for particular projects e.g. Customer Service review
ROPE Garden Communities Match Funding			49,000	49,000	
Depreciation Budget Changes	2,900	122,700	9,100	134,700	
Restated Budget	19,052,400	12,887,100	7,292,800	39,232,300	

Appendix 3 – Earmarked Reserves

Reserve	Expected Balance 31/03/2021	Planned Use	Additional draw down to fund Pressures	Transfers	Uncommitted
Invest to Save	222,944				222,944
Covid	848,000	(848,000)			0
Internal Audit	20,000			(20,000)	0
Welfare Reserve	161,744				161,744
Training	75,144				75,144
Highways	393,438	(30,000)		(100,000)	263,438
Extreme Weather	100,000				100,000
Brexit	266,000				266,000
Tourism	31,136				31,136
Insurance & Legal	180,000			(80,000)	100,000
Digital Rutland	25,775				25,775
Social Care	1,364,896	(200,000)			1.164,896
Pressure	475,000		(175,000)	(300,000)	0
Ash Die Back	0			500,000	500,000
Public Health	157,921				157,921
Better Care Fund	519,000				519,000
NNDR	298,505				298,505
Repairs Reserve	126,400				126,400
Neighbourhood Plans	12,000				12,000
Budget Carry Forward	52,500				52,500
Total Service Reserves	5,330,403	(1,078,000)	(175,000)	0	4,077,403
Commuted Sums	394,066				394,066
Total Earmarked Reserves	5,724,469	(1,078,000)	(175,000)	0	4,471,469