

CABINET

18 May 2021

BUDGET SAVINGS 21/22

Report of the Strategic Director for Resources

Strategic Aim:	All	
Key Decision: Yes	Forward Plan Reference: N/A	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr Karen Payne, Portfolio Holder for Finance	
Contact Officer(s):	Saverio Della Rocca, Strategic Director for Resources (s.151 Officer)	01572 758159 sdrocca@rutland.gov.uk
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Ward Councillors	Not Applicable	

DECISION RECOMMENDATIONS

That Cabinet RECOMMENDS TO COUNCIL that it:

- a) Approves the principles (in para 2.2.2) to guide future work and decision making in respect of budget savings;
- b) Approves budget savings of £598k to be applied in 21/22 and changes to funding of £613k;
- c) Delegates authority to the Director and Chief Finance Officer (in consultation with the Chief Executive, Leader and Portfolio Holder for Finance) to spend the £172k in Invest to Save plus £328k from 20/21 anticipated under spends to fund support, if required, that will allow savings projects to be accelerated;
- d) Notes the provisional position on the 20/21 outturn (para 2.6) and that the provisional underspend does not change the projected gap of £2.7m for 22/23.

1 PURPOSE OF THE REPORT

- 1.1 The Council set a 21/22 budget using £2.4m of reserves following a government funding settlement that gave it no additional funding.

- 1.2 Councillors are aware that the ongoing use of reserves to balance the budget is poor practice. In setting the budget, the Council noted two important objectives:
- It should aim to make savings in year and be underspent against its 21/22 budget by at least £1m.
 - 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.
- 1.3 This report presents some short term savings options for Members to consider and the direction of travel on some long term options for Members to endorse. This report was considered by Scrutiny Committees in April.

2 BACKGROUND AND MAIN CONSIDERATIONS

2.1 Council financial objectives

- 2.1.1 The Council is committed to ensuring it can live “within its means”. This issue is complicated by the fact that:
- Future Government funding is unknown – there are various reforms promised which are yet to be completed;
 - The Council works in a changing risk environment – the Budget Report (34/2021) set out a range of possible risks (many of which are uncontrollable); and
 - The risk of economic downturn, nationally or locally, is a distinct possibility.
- 2.1.2 The above risks mean that the Council could face 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.
- 2.1.3 *Notwithstanding this context, the financial position is such that the Council must aim to make savings in 21/22 and underspend its budget by at least £1m. This would reduce reliance on non-ring fenced reserves to £1.4m. Alongside these actions, the Council must begin other projects aimed at releasing savings in 2022/23 of at least £1.5m which would mean reliance on non-ringfenced reserves would be no more than £1m.*

2.2 Approach and principles

- 2.2.1 The Council has sought to identify options to reduce net cost (both in the short term and long term). It has generated an initial set of ideas through a line by line review of budgets taking into consideration work done and ideas generated by Members, feedback from the public in relation to the budget, staff suggestions and initiatives taken by other Councils.
- 2.2.2 In reviewing budgets and putting forward options, various principles were considered:
- We will enable and empower our communities to do more for themselves;

- We will work with others who are better placed to deliver objectives;
- We will seed fund initiatives that will deliver long term savings;
- We will borrow to capital invest (and reduce revenue costs);
- We will focus on those in greatest need;
- We will not deliver services that have low value;
- We will identify services that we will operate commercially (minimum break-even);
- We will focus ringfenced/grant funding on prevention/work that reduces ongoing revenue costs;
- We will charge for services where we can; and
- We will provide information, guidance and advice to help people self-serve.

2.2.3 The outcome of the above work identified various opportunities:

Type of savings	Description	Further information
Administrative savings	Reduction in operational overheads through encouraging changes in working practises	Appendix A
Revised Council offer	A revision to the Council's Offer to the public or staff	Appendix B
Change in Funding Assumptions	No change to the Council's offer but proposed changes to how the Offer is funded	Appendix C
Strategic projects	Planned reviews of the Council's current offer across major services	Appendix D
Other ideas	Ideas being developed that require further work	Appendix E

2.3 Latest position and the ask of Cabinet and Council

2.3.1 Based on work done to date, the dashboard below shows the latest position.

Rutland County Council	Total 21/22	Total 22/23	Total 23/24
Administrative Savings	(186,500)	(137,500)	(137,500)
Revision to Councils Offer	(412,700)	(308,400)	(295,100)
Change in Funding Assumptions	(613,000)	(371,000)	(151,000)
Strategic Projects	0	0	(1,492,200)
Other Proposals being Developed	(145,600)	(386,100)	(416,800)
Total Rutland Council	(1,357,800)	(1,203,000)	(2,492,600)

- 2.3.2 Cabinet will be asked to recommend to Council a revised budget that incorporates:
- Administrative savings of £186k;
 - Revisions to the Council Offer totalling £412k;
 - Changes in funding of £613k.

2.3.3 At the same time, Council are being asked to note the strategic projects planned (Appendix D) and other proposals being developed (Appendix E).

2.4 Risks

2.4.1 Further to the current position, there are some risks that may threaten the Council's ability to achieve the targets set in 2.1.3.

2.4.2 *Capacity and resources* – officers are still dealing with the pandemic response and workload impacts on staff are not reducing at this time. Equally, the Council is still working through how it will transition from Covid and how that will impact on the shape of services. At the same time, there are a number of other significant impacts on workload and therefore capacity:

- Current strategic projects and procurement activity - Leisure, Waste Management, Highways etc;
- The Rutland Conversation;
- The Local Plan and any other associated work;
- Staffing issues in teams – either vacancies (some held for savings purposes) or sickness;

2.4.3 The impact of these issues is that without additional investment, the Council is very unlikely to be able to progress some of the big strategic projects highlighted. The Strategic Management Team is considering what additional investment might be needed and indeed whether there is sufficient capacity to commission and oversee whatever support may be brought in or released internally. The Council understands that incurring expenditure on an Invest to Save basis must deliver appropriate payback so appropriate due diligence is required. To facilitate access to resource, officers are requesting that delegated authority is given from Cabinet to the Chief Finance Officer (in consultation with the Chief Executive, Leader and Portfolio Holder for Finance) to spend the £172k in Invest to Save plus £328k from 20/21 anticipated under spends on bringing in external support or releasing internal capacity to accelerate savings projects.

2.4.4 *Timing* - Linked to the above issues, delays in progressing and agreeing proposals simply means that savings will not impact the budget and therefore the use of reserves will continue for longer than ideal.

2.4.5 *Pressures* - The Council is seeing emerging pressures which may need to be funded. Any new pressures simply add to the £2.4m projected loss and will offset the savings approved as part of this paper. Potential pressures include:

- Local Plan - the decision to reject the HIF grant will cause a pressure being calculated as either a) the Council will have to redo its Local Plan and in the

meantime deal with the additional planning applications that are already emerging, or b) continue with the existing Local Plan (including St Georges Barracks) and process any planning application at significant cost unless a planning performance agreement can be reached.

- Residential Care - The Council is engaging with care providers about fee uplifts (this is a standard annual process). Other Councils are seeing requests for an inflationary uplift (based on changes to the National Living Wage, 2.2% increase) and a separate request (one-off) to take into account Covid costs.
- Adult Social Care - There is a growing expectation adult social care will have to provide a 7 day a week service with increased working times of 12 hours per day which will also include the weekends to facilitate hospital discharges. This will require a greater professional staff footprint than the current establishment e.g social workers and therapist. Currently there are no additional funding streams identified which would pay for such an expansion although this could change and the long-awaited Social Care White Paper due in November could also impact this landscape.
- Leisure contract - Cabinet has agreed to subsidise its leisure contractor, SLL, during the lockdown but as this has continued longer than originally envisaged, there are further pressures which Cabinet will be asked to consider.
- Pandemic response - the Council has funding in the budget to continue with its pandemic response. It also has funding from 20/21 to be carried forward which will be set aside for the response (as indicated in 2.5). The medium term impact on services is not yet known but is being monitored and could have a financial impact.

2.5 Year-end accounts and other adjustments

2.5.1 Alongside the decisions to be made by Members in the June Council report, there will be other changes to the budget associated with the Covid grants and the year-end position. The table below sets these out.

		Original budget 21/22	
A	Less	Budget Savings	June Council report
B	Add	Ring fenced grant income received in 20/21 but not used	June Cabinet
C	Less	Expected expenditure in 21/22 against ring fenced grants (in B)	June Cabinet
D	N/A	Allocation of £720k non ring fenced grants (included in 21/22 budget) to commitments carried forward from 20/21 e.g. temporary staff working on Covid continuing into 21/22	June Cabinet

E	Less	Top up from non-ring fenced grant to cover commitments (referred to D) if required	June Cabinet
F	Add	Possible pressures (see potential issues in section 2.4)	Ad hoc
G	Add	Grants received in 21/22 to deliver Covid duties (will be cost neutral as grant income will be offset by planned expenditure)	June Cabinet and ad hoc
		Revised Budget 21/22	

2.5.2 The quarterly budget reports will include an audit trail of how the budget has moved since the original budget.

2.6 Outturn 20/21 and Covid grant position

Overview

- 2.6.1 At the time that Scrutiny Committees considered the budget savings, the outturn position was not known although at Quarter 3 the Council reported an underspend of just under £1m. The Council's plan, all year, has been to be prudent with grants received, only bring in external support where necessary and conserve some pandemic funding recognising that the medium term impacts on services are not yet understood.
- 2.6.2 2020/21 has been a year like no other. The Council has faced enormous costs during the pandemic (from providing additional support to Care providers and other key suppliers, significant income losses as services have been largely closed and providing support to individuals through food supplies, self-isolation compensation and family support). Alongside Covid pressures, there have been service pressures due to the adverse winter weather, increases in legal costs through SEN cases and additional grounds maintenance work. The Council has managed to cover the additional costs of c£4.7m through additional grants received, the remainder of which will be kept to keep services going into next year as the pandemic continues.
- 2.6.3 Organisationally, the redeployment of staff and diversion of activity has reduced business as usual capacity slowing down delivery of some projects and halted some permanent recruitment in light of the need for saving but also as teams pause to consider what might be right for the future. This change of focus alongside the closure of Catmose and other Council services alongside a move towards a virtual offer in other areas have produced welcome savings. One of the biggest positive budget impacts comes from the reduction in demand for key services totalling over £1m. The Council considers this a one off, rather than an ongoing saving it can "bank" now with unmet need in the community very likely to emerge post pandemic.
- 2.6.4 The upshot of the above issues, means that through additional Government support, favourable trends and prudent management, the Council has come out of the year in a positive financial position and is projecting a provisional under spend of c£2.445m (over £500k of this funding will be needed to fund ongoing staffing pressures to cover key vacancies not in the 21/22 budget next year). Members

should note that this position is provisional and work is still ongoing to finalise various issues.

2.6.5 Whilst this is a positive picture, some will ask what impact it might have on the budget savings proposal in this report and our future financial gap. The answer to this question is that the outturn has no impact for the following reasons:

- The vast majority of the under spend this year does not arise from business as usual service activity – if it did then the Council might be able to reduce future budget accordingly but this is not the case;
- The under spend does not alter the view that service budgets continue to come under pressure and are vulnerable to additional demand e.g. social care, homelessness, legal, Special Educational Needs;
- The size of the projected financial gap (£2.7m in 22/23) does not change because of the underspend – only permanent funding changes or change in service offer leading to budget reductions will do this;
- There is still a significant amount of future uncertainty regarding future funding and the impact of the pandemic. The confidence level in respect of the robustness of some 21/22 budgets (e.g. income budgets, demand led budgets and key contract budgets) is much lower than would normally be the case because of the uncertainty caused by the pandemic.

2.6.6 Finally, whilst increasing reserves could allow the Council to continue to meet the financial gap through use of reserves for longer, this is still poor practice and cannot continue indefinitely.

2.7 Summary and Next Steps

2.7.1 The Council has made good progress in identifying savings options but as the dashboard shows even if all savings can be delivered, the Council is still unlikely to close the financial gap fully. Strategic projects are “hoped” to deliver over £1.5m in savings but this is by no means certain and, to some extent, outside of the control of the Council. At this stage, there is more work to do to get to a position where reliance on reserves will be less than £1m in 22/23.

2.7.2 We will bring further updates on:

- the year-end position for 20/21 as indicated in 2.6;
- whether budget savings agreed have been actually delivered;
- any further budget savings proposed including progress on strategic projects and other proposals being developed;
- the financial position for 21/22 and the ongoing Covid impact.

3 CONSULTATION

3.1 The Council has at this stage only put forward proposals which do not require formal

consultation. This allows for savings to be made quickly. The Council recognises that some of the strategic projects and other long term proposals may require formal consultation. Where this is the case then the Council will follow due process. For example, the Council is currently consulting on a waste strategy and leisure needs analysis alongside the Rutland Conversation.

3.2 Scrutiny Committees have considered the proposals in this report and the following key points were noted:

- Councillors understood the need to make savings and were generally supportive of the vast majority of proposals;
- Councillors were appreciative of the hard work of officers in putting the proposals at a time when the Council was still dealing with an additional workload arising from the Pandemic;
- Councillors noted the need to start work on all proposals and encouraged Officers to do so but a small number raised concerns about the possibility of funds being delegated to Officers to bring in support if needed without Council knowing how this funding might be spent and what return it might bring. Councillors noted that the alternative was to approve requests on an ad hoc basis but this might slow down the process;
- Councillors felt that it would be useful to have more comparative information for each proposal so they could understand the Council's offer relative to others and have this information available for discussion with residents;
- Councillors made various comments in relation to individual proposals (the list below highlights the major points):
 - a) Councillors noted that the possible withdrawal of Arts funding had been met by concern from a small number of parishes. The Portfolio Holder explained that Live and Local events would continue until September and that she would talk to the Arts Council and work with parishes to see if there were alternative options which could include parishes meeting costs directly.
 - b) Councillors discussed the principle of 'double taxation' and noted that all residents picked up the costs for services enjoyed specifically by residents in Oakham. Councillors noted that a Localism project has been identified and that there would be a discussion with Parishes about how certain services were delivered and paid for.
 - c) Councillors asked about future changes to Customer Services and were informed that work was being done as part of the launch of MyAccount to revisit how customer queries are received and managed. Councillors were supportive of the move to an appointment system for customers and were informed that there is a system in place for those customers who still wanted to pay cash.
 - d) Councillors queried whether a reduction to the Aiming High activities programme meant that Council was not meeting its statutory duty but it was explained that this was not the case.

- e) One Councillor asked whether parishes could be asked if they wished to contribute to Rights of Way spending on replacements gates (kissing gates) and whether leaflets could be made available on the website in a format which would lend itself to them being printed at home, by those who wished to do so, in black and white;
- f) One Councillor queried the approach to facilitating development of the High Street and why Uppingham Town Council had not been consulted about this;
- g) Councillors noted that Jules House has not re-opened and encouraged Officers to complete work on this proposal to release further savings;
- h) Councillors discussed the changes to verge cutting and noted that savings could not be made in 21/22 (this proposal has been withdrawn). Some Councillors were opposed to changes that went against the Climate Change action plan and other Councillors wanted the retender of the grounds maintenance contract to be accelerated.
- i) Councillors asked about the potential for further savings in Adult Social Care and it was explained that an End to End review had just been started and there were opportunities to look at various aspects including the Council's preventative approach.
- j) Councillors asked whether the changes to Aiming High meant that the Council would fall short of its duties under the Short Breaks for Carers of Disabled Children Regulations 2011, which requires Local Authorities to provide a range of short break services. There is no prescribed offer that the Local Authority must provide under the Short Break Regulations and the Council believe the revised offer will meet ongoing needs. Officer explained that the service also funds short breaks respite for families, and should the Council consider making any changes to this element of the offer, it would seek to engage and consult fully before any decision taken.

3.3 No significant changes to the report have been made since the Scrutiny Committee meetings.

4 ALTERNATIVE OPTIONS

4.1 There are alternative options. In relation to proposed savings and funding changes, Cabinet can approve changes en bloc, approve changes and exclude certain proposals or reject all proposals. The latter is not advised in light of the Council's financial position.

5 FINANCIAL IMPLICATIONS

5.1 The impact of the savings presented would reduce the reliance on non-ring-fenced reserves from £2.4m to £1.1m in 21/22.

5.2 The MTFP will be updated when the decisions in table 2.5 have been taken and the outturn position for 20/21 is finalised.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 The Budget is approved by Council. Cabinet can approve virements in any functional budget of up to £250k in any one year to a cumulative value of £500k across all functions. Changes above £500k must be approved by Council on a recommendation from Cabinet.
- 6.2 Whilst there are changes proposed that, on an individual basis, could be approved by Cabinet, the total value of proposed changes is above £500k and constitute a fundamental revision to the Council's budget. In line with Finance Procedure Rules para 4.15, Council will be asked to approve changes.

7 THE EQUALITY IMPACT ASSESSMENT (EIA)

- 7.1 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.
- 7.2 The Council has completed Equalities Impact Assessment (EIA) screening for all savings proposals and summary comments are made in each proposal in Appendix B. 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.

8 COMMUNITY SAFETY IMPLICATIONS

- 8.1 There are no community safety implications.

9 DATA PROTECTION

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

10 HEALTH AND WELLBEING IMPLICATIONS

- 10.1 There are no health and wellbeing implications.

11 ORGANISATIONAL IMPLICATIONS

- 11.1 Staffing - none of the immediate proposals have an impact on staffing or terms and conditions. It is likely that strategic projects could have an impact on staff and the Council will follow due process as required.
- 11.2 Risk and controls - delivering budget savings may involve the Council having a different appetite towards the management of risk. Whilst in some areas e.g. payment of the staff payroll or payments to suppliers there are unlikely to be changes, in other areas e.g. management of petty cash or spot checks on use of procurement cards, there may be a greater residual risk as controls are exercised less frequently.

12 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 12.1 The Council is required to set a balanced budget and agree the level of Council tax for 21/22. The 21/22 budget uses reserves to balance the budget which is not sustainable in the medium term.
- 12.2 The savings proposals in this paper are a start towards the Council working towards reducing its deficit and living within its means.

13 BACKGROUND PAPERS

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

14 APPENDICES

Appendix A	Administrative savings
Appendix B	Proposed revisions to Council Offer
Appendix C	Funding
Appendix D	Strategic projects
Appendix E	Other savings proposals