

MEMBERS' QUESTIONS – RESOURCES AND PLACES DIRECTORATES

The GIR Scrutiny Committee acknowledge the seriousness of our medium-term financial position as shown in the Medium-Term Financial Plan (MTFP) which shows significant deficits from 2023/24 onwards. These future deficits are made up of static income from the government which results in a real-terms decline of about 6%, valued at around £3m. Is this realistic not to expect some increase from the government over these 5 years, when at the same time we will be asking residents to pay an additional £8m in Council Tax and Social Care precept over the same period and we already have one of the highest Council Tax rates in England?

The trajectory of static income reflects what has happened over the last 8 years. The future forecast assumes that this continues. Members should remember that the government includes Council tax in spending power and it also assumes that council tax is increased. For Rutland to have spending power increases of 2-3% then government funding does not need to increase to achieve this. Here is the analysis since 2015/16. Spending Power going up but little new funding from Government.

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23
Core Spending Power	30.1	30.9	30.9	31.7	33.4	35.1	35.7	38.2
Government funded amount	9.4	9.0	7.7	6.9	7.0	7.4	7.1	7.9
Council Tax	20.7	21.9	23.2	24.9	26.4	27.8	28.6	30.3

The Committee is surprised that within the covering report, Paragraph 16 - Alternative Options, the Option of delivering significant additional savings starting in the 2022/23 Budget year was not considered. The sooner savings can be delivered, the bigger the positive impact on the current and future deficits will be.

The 22/23 budget includes over £1.3m of savings so the idea that we are deferring starting the process is not the case. Work is being done to deliver more savings earlier and we reference later the work being done on controllable and non-controllable budgets. To deliver savings in 23/24 we have to working on issues now which we are. For example, we are looking at options for a £100k saving in business support in the next week. This is sensitive and has been discussed with staff so has not made it the budget report. But we are looking at opportunities all the time.

Since the budget was agreed in 21/22, we have delivered over £2m of savings. But we have not gone as far as saying an alternative option is for members to identify other areas now for immediate implementation. If the Committee feels that a valid alternative option is £3m or £4m then the Panel is free to identify and recommend further concrete savings for inclusion in the budget. We have not seen any considered proposals but the Executive and then Council should consider them if they are put forward.

The Committee would like to understand why this is not one of the Options as it is considered that the sooner savings can be delivered the less significant they might have to be. The Committee notes the proposal to start work on these savings during 22/23 but not deliver them until 23/24. We question if this is a sound move and would suggest that work on these savings be brought forward so that they commence as

soon as possible and start delivering reductions in our costs in 22/23 with the maximum impact for 23/24.

Please refer to the comments above.

The Draft Revenue and Capital Budget for 22/23 includes the creation of a new position and funding for a Climate Change Officer (£45k pa) to consider strategy and plans following the results of the Council's baseline assessment by the Carbon Trust. (7.1/20) (Appendix 2)

Is this a permanent position or a fixed term contract?

Has consideration been given to the possibility for outsourcing the work or sharing the role with a neighbouring council?

The salary of SKDC's Sustainability and Climate Change Officer was advertised as paying up to £32,409. How has our proposed salary of £45k been calculated?

Who took the decision to create this new position, what consultation was held, and how was need established?

We welcome the focus on this issue. Members have now passed two motions making a commitment to climate change. Officers have asked the Executive to be clear on what these commitments mean as decision making or direction by Members does not always appear consistent with the commitments. For example, we may have expected Members to discourage a return to Catmose or seek to do fewer in person meetings – both obvious opportunities to reduce footprint significantly for which the position is unclear. The Executive have committed to working with all Members on this point of clarification. It is particularly important as we need to be clear on our commitment for the corporate plan. The proposal for a permanent officer was included in the budget by the Executive to allow for an action plan to be developed and then implemented following the baseline assessment.

The budget for this post is £45k (not the salary) which is the total cost including pension where salary is c£32-£33k (but this is still to be formally evaluated). If in principle a budget is agreed we will look at options in more detail (SKDC is not an option as we have explored this, a graduate trainee route may be a possibility).

We note further on that there is a Panel comment where this new post is not supported. We would ask that if this post is not supported then Members need to be clear that any commitment they make can be delivered without any additional workload impact.

A number of years ago a staff review was carried out which led to a "layer" of management effectively removed. Now I believe we are feeling the negative impact of this, with little if not succession planning due to the increasing gap between staff and senior management in terms of skills and experience.

It is common practice in business, especially in remote rural areas to have a detailed succession plan, identifying talent early on, and through a detailed CPD process, ensure that with teams staff are upskilled to potentially fill gaps in management. I have seen little evidence of this within RCC. I have a great deal of experience from my times local, Hereford and Norfolk how this has enormous long-term benefits. We believe we need to step away from the phrase "these people don't exist" or we can't attract the right calibre and look how we create these future managers within RCC. If it does exist, I would like to see the evidence and impact especially in the Places directorate where interims are seemingly at their highest.

Can we suggest that the HR team lead a project with each Director and senior managers to put in place a documented succession plan, and a CPD agenda to fill the skills gap to allow this to happen? The financial benefit will be the reduction in interim costs, with an upside of well-trained staff filling position with real life team experience and understanding of the Rutland vernacular.

The issue of succession planning is significantly oversimplified in the question raised. It also feels at odds with the work the Council has done over the years and the position we find ourselves in.

Our turnover rates have been relatively stable for the past four years (11-13%) and are on par with the Council averages across the County. Some of the challenges we face are sector wide not just local to Rutland. The issue of retention and recruitment is a key focus point for SMT and has been the topic of focus for Employment and Appeals Committee. The Head of HR has done a lot of work in this area and there is a report going to this Committee on 8 February 2022.

We have a good track record of recognizing our talent, giving people an opportunity to develop and promoting from within. All of SMT are examples of this, none of whom started in the roles they occupy now. There are lots of other examples at Head of Service and team manager levels. One of the other examples which we are very proud of and has been flagged in Finance reports in 21/22 is our approach to children's social workers where we employed trainees (having had previous challenges in recruiting qualified social workers) who will take up substantive posts when they have finished. By doing this we saved money and managed to "grow our own".

But it is not always possible to achieve succession. Sometime there will not be individuals who we feel can move up, sometimes potential successors have different career ambitions, sometimes who we do identify who can leave for lots of other reasons.

We will never be in a position where we have identified successors for every posts. Some of our structures do not also facilitate this and we are working in a highly competitive environment.

Para 2.1 Key question 7

Are the Council's priorities as laid out in the Corporate Plan still valid or relevant given the worsening financial position and the impact of Covid. Could changes in those priorities result in savings?

The new corporate plan is being developed so it will be for Members to ensure that headline priorities are translated into outcomes and then actions that are affordable and deliverable. So, Members need to make the affordability assessment when they get involved and then approve the corporate plan. Of course, changes to priorities may deliver savings.

3.1.3 These future deficits are made up of static income from the government which results in a real-terms decline of about 6%, valued at around £3m. Is this realistic, surely we can expect some increase from the government over the 5 years when at the same time we will be asking residents to pay an additional £8m in Council Tax and Social Care precept and we already have one of the highest Council Tax rates in England?

See answer above.

3.1.8 Should that strong action not be put in place now rather than delivering savings in the 23/24 Budget year?

See answer above.

5.1.6 Which other authorities have a level around or in excess of 80% of Spending Power coming from Council Tax? What are they doing about it and are there Council Tax rates as high as Rutland County Council.

We have not undertaken detailed analysis and have no plans to do so given other priorities. The issue is not just about spending power but also about other resources councils have outside of spending power i.e. excess rates which we reference in para 5.1.5. We know from attendance at meetings with other s151 officers that most councils are doing the same thing as us and many are going down an organizational transformation route – it is why we have been able to find consultants who have experience in working with other LA's on this issue.

5.1.9 This paragraph is not clear. Can this be explained? How much cash has been generated in each year since we commenced the separate Adult Social Care precept?

The Government look at how much precept we can generate and give those who can generate more from the precept less government funding. A simple example. 2 councils, same taxbase, one charging £1,000 council tax and another £2,000 per Band D. If they both raise a 2% precept one collects £2 and the other £4. The Government therefore would give Council A £3 and Council B £1. They both now have £5 for social care. In 22/23 the cumulative value of the ASC precept is £3.6m. The number grows every year but will never to the point where it fully spends over social care. We spend over £11m on ASC.

5.2.3 Is Scenario 1 really the most realistic outcome or is it the most pessimistic. Is Scenario 2 not the most likely outcome?

As we say in this section, no one knows. The only thing we know is the average spending power the Government has forecast.

This is an average. It is not a guarantee. So, we have to take a view which I have with the rationale set out in para 5.2.4 - the levelling up issue is the key as I am saying this will probably go against us. But I accept that there is an element of guesswork here given the lack of information we have to work with. We work with financial advisors who predict funding levels for each authority and our view is similar to theirs. But they have also stated that they are "guessing".

A prudent view certainly does not hurt us. It does a number of things - a) increases the size of the financial gap and so means we have to identify more savings opportunities, and b) if we get more funding then we have choices over savings to pursue or maybe even have the option of not raising Council tax by the full amount.

5.2.4 Are we assuming that while there will be an overall rise of 3.1% in future years, Rutland County Council will have money deducted from the total sum to support other authorities to assist in levelling up. The government has previously stated that levelling up would be in addition to existing funding or has there been a change in policy?

No this is not what the text says. It says we assume we will get a 1% uplift. We therefore assume others will get a bigger uplift to level them up. It is not about money being deducted from Rutland, just that we may get less.

6.1 What is the value of the 1% increase in pension contributions in 22/23.

£140k

Why are Social Care rates being increased at 4% compound per annum?

Because the Government expects us to create a sustainable marketplace. We will soon be required to do a formal marketplace sustainability exercise. Given providers are handing back packages and are seeing pressure on costs it is likely that we may not be able to retain increases to 2%. We know already for example that our homecare rates are lower than a number of areas so we expect to come under pressure.

Why has a 1% contingency in the budget when we hold general and earmarked reserves? What is the value of this contingency - is it £428k?

The contingency is quite normal when you have demand led budgets. It is critical because we are saving 700k in social care demand led budgets. This carries a risk which the contingency offsets. Our approach to the use of earmarked reserves is set out in 9.2.4. We will not prop up ongoing expenditure by using earmarked reserves as it hides the problem.

Better Care Fund. This paragraph suggests that BCF will be increased in line with inflation but the MTFP figures show no increase over the 5 years.

BCF is likely to increase but as any increase in income is offset by an increase in costs it has a neutral impact.

7.1 para 5 DfE must be holding this liability on its balance sheet. Can we send a letter to their auditors questioning this point?

The deficit is on the Councils balance sheet not the DfE's. This is shown as a negative balance on an unusable reserve. There is a note in our accounts stating that the deficit is not the responsibility of the Council under legislation. Our account does get incorporated into the WGA - Whole Government Accounts so indirectly the deficits are "included". We will await to see the outcome of reforms and whether there is any movement on the plea for historic deficits to be written off or whether there is something in the reforms that makes us think we have a better chance of recouping the deficit.

Para 9 What is latest position on the pay negotiations?

The latest update is that there is still no agreement on the 2021/22 pay award. Unison have balloted their members on strike action but turnout was only 14.5%, which is below the 50% required to proceed to industrial action. We are awaiting the outcome of ballots conducted by Unite and GMB. There is still a stalemate in negotiations, but the risk of

strike action is now low. We are awaiting further information from National Employers regarding next steps.

Para 10 How much Covid grant funding is forecast to be left at the 21/22 year-end?

The Council has c£422k held in reserve which will be available, plus any underspends at year end the Council can carry forward. Currently this is forecast to be approx. £500k but depending on the grant conditions we may have to repay to government rather than carry forward. Based on what we know to date there is expected to be sufficient funding to meet costs pressures in 22/23.

Para 12 Indications are now suggesting further base rate increases in the next 6 months. What would be the full-year impact of a 0.5% increase in base rates, recognising that this would not impact the budget year because of timings of deposits. Are we placing deposits on shorter terms in order to be ready to take advantage of possibly higher rates?

Our approach to investment is covered in the Treasury Management report taken to cabinet in January. If rates increased, we might expect to achieve a further £40k. Yes, we are placing short term as explained in the TMS.

Para 13 Can we afford borrowing for the Capital Investment Strategy?

None is planned in the CIS and given MTFP position. We would prefer to avoid it. There may be potential projects that represent invest to save but we shall see. Any borrowing for would need the approval of Council and the financial implications of borrowing would be clearly identified in any report.

Para 15 With increasing interest rates, the value of liabilities should reduce which will reduce pressure for higher pension contributions?

The Pension Fund will go through its triennial review and new contribution rates will be set. If investment returns are better than expected then this could have a positive impact

Para 16 What are our neighbouring authorities and the LGA saying about the impact of food waste collections

Everyone is waiting to see what the Government proposes in terms of funding. There is general concern on this and our MP, Alicia Kearns, has written to the Minister on our behalf to seek assurances.

Para 17 On what basis has the £250k repairs budget been established in the MTFP. Surely this should be considered when the Asset Condition report and proposals come forward? Can we not fund this out of asset disposals?

It is effectively a marker to reflect that additional liabilities are expected and when the results of the asset condition report are in, we can replace it with "real" numbers. Given our position, the absence of this potential liability felt like an omission. £250k is a proxy for

the borrowing cost one would incur spending £5m over a 20-year period when a reactive and planned maintenance programme is formally agreed.

Of course, in reality, we would expect to carefully look at outcome, consider what assets we might need and assess the affordability of assets. If we do dispose of any assets, then capital receipts could be used (depending on timing) to fund a programme minimizing the borrowing figure. The reality is in their current state, we have a small estate and none of the Councils assets would generate a significant receipt.

Para 19 Prior to Covid, in the 19/20 Budget year, how many valuations were decreased and what was the value of that decrease?

The valuations in question from risk 19 are in relation to Business rates and the valuations are for rating purposes and specific to business rates. The Council recorded losses of £115k in 2019/20 against appeals from businesses. When appeals are settled the cases can go back years but in 19/20 this wasn't the case. Predicting appeals can be difficult as there can be many causes for an appeal to be lodged, they can vary from change in use of asset to material change in operating as another premises has opened in the area offering the same service e.g. a new pub opens so all pubs lodge an appeal as their trade will decrease.

Para 21 Is there a need to review our pay rates against the market as we seem to have poor retention and inability to attract replacement staff?

The issue of retention and recruitment is a key focus point for SMT and has been the topic of focus for Employment and Appeals Committee. The Head of HR has done a lot of work in this area and there is a report going to this Committee on 8 February 2022.

Our turnover rates have been relatively stable for the past four years (11-13%) and are on par with the Council average. Some of the challenges we face are sector wide not just local to Rutland. The issues are set out in the Committee report so are not repeated here. In terms of pay, then the Council does benchmark rates and uses its job evaluation process and pay supplements to keep rates competitive. As para 9 – across the sector, we are awaiting the outcome of the 2021 pay award.

8.1.3 Why not deliver the cost savings in 22/23? Can the Leader provide an example of cost-cutting by reducing the Cabinet back to 5 in total similar to the size during 2019 until May 2021? Can we suggest that Museum is put into a Trust to be run by volunteers? What has happened to the Uppingham Toilet transfer to UTC?

We are delivering cost savings in 22/23, over £1.3m. If Members feel we should be going further in 22/23 then please can they make proposals that we can then take away and deliver. As indicated earlier, we will aim to make more savings in 22/23. The work does not stop until we get to 23/24.

Cabinet is a role that provides leadership for the organization and whilst it would be an option to reduce back to 5 members the work load that each Cabinet member undertakes could be seen as a cost efficient way to deliver services as the average time input is around 30 to 35 hours a week by each Portfolio holder, but if the work load changes due to changes in the organization then this would be reflected in the size of Cabinet.

Members can make any suggestions they wish in relation to the Museum or other areas. In doing so being clear on the expected outcome would be ideal and what happens if this

cannot be achieved i.e. in the example would we close the Museum if no volunteers came forward?

We understand the toilets are transferring by the end of the financial year subject to their solicitor progressing it.

8.1.5 Given the financial position should we pause all recruitment, stop all non-essential spending and put tight controls on all budgets?

The context for this question is that the Council has significantly underspent its budget in 20/21 and 21/22. This is not by accident but through careful management of the staffing position and very prudent use of Covid funding. This will continue. We have also removed a significant number of small budgets of what we would call non-essential spend (done as part of July budget savings)

The issue of freezing recruitment is an ongoing topic that has been discussed with the Executive prior to the settlement. As an SMT we seriously considered implementing a full-on freeze (some posts are behind held but not all). The Head of HR went through all vacancies with the Chief Executive following an SMT discussion. There were various issues:

- A blanket freeze would not work as some vacancies are in areas where we have significant pressure/statutory obligations
- In areas where we need to be smaller in the future e.g. support services, holding vacancies now would destabilize the organization (not only those teams). For example, reducing HR headcount, which is a small team, would delay recruitment and put pressure on other Council teams.
- Wellbeing concerns for remaining team members.

One of the big concerns is about ensuring that we do not reduce headcount but expect teams to deliver their existing workload. A reduction in headcount has to be accompanied by a reduced offer/less work. Some of the reduction in workload can only be delivered if Members support this. It is too easy for Members to support headcount reduction but not service reduction. In fact, some Members have expressed concerns about the workforce position and whether we may have gone too far already.

This is why we are adopting the approach set out below (see answer to 8.1.3).

8.1.3 Agree with this statement to “act now”, so why does the budget not have this included as a specific to reduce costs now and not wait until 23/24?

We are acting now as we have savings in the 22/23 budget of over £1.3m. We are also going through every budget line by line (done in early January) as highlighted in the report to identify controllable and non-controllable spend. Where spend is controllable we are working through a series of questions we can put to Members that will give us the direction and confidence we need to then deliver.

8.3.7 Question the need for this? Experience has shown that consultants cost a lot of money and rarely deliver the savings they promise and staff do not have buy-in either.

The need is set out in the report. As we go into battle to save over £2m we want to have the option to bring in support if we believe it will help. Our historic and current approach

has delivered savings but we do not believe it will deliver the organizational transformation we need – a reshaped and much smaller support function, a different leadership and management structure and an alignment between priorities and teams.

The organisation we are talking to has delivered lots of projects for others and identified savings in the millions. We are right to look into whether this will work for us. One of the key issues is timing – the organisation would need to be committed to a transformation review and there is a lot of work needed to get us into this place.

8.3.8 Apart from lobbying the government, does the Cabinet plan a publicity campaign to embarrass the government over this lack of funding and reliance on increasing Council Taxes?

Cabinet are as keen to ensure we get the point across and we have already started to be more vocal on the funding situation and asking our MP Alicia Kearns to get us meetings with Kemi Badenoch, approaching ministers directly is an option, but we also need to understand the risk of making it sound like we are financially unviable which is not the case, we need to keep on raising Rutland's profile by highlighting all the good work we are doing. We are just one of many councils that are struggling at this time. A well thought out campaign that gets to the right people with a compelling argument is the way to ensure we have a long-term solution for Rutland that retains our independence.

9.2.3 Should the redevelopment of the website not come from an "Invest to Save" project rather than a re-distribution of previously earmarked reserves?

At present, we do not believe that moving to a new website will allow us to say reduce posts now but it is an important part of a move to self-serve. There will be questions coming as part of the work referenced as part of the work coming out of 8.1.3 which will give Members the chance to consider this. For illustrative purposes only, there may be question such as would Members agree for a significant reduction (say 50%) in CST opening hours? Or maybe would Members also agree that we should some services online only i.e. you only report a missed bin online?

10.3.2 £159,600 does not match the figure in MTFP.

£159k is correct. The MTFP will be amended in the final version. The figure changed at the 11th hour.

11.5.3 Should we reduce the number of Agency Staff? Can the Committee be provided with comparative staff numbers at the budget line level for 19/20 and the budget year 22/23? When will all current interims be terminated - this must be a priority?

We have responded to the issue of agency staff separately as there are various questions asked on this topic. Comparative staff numbers can be provided but without detailed analysis they are not always helpful. For example, growth can reflect grant funded posts, delivery model changes e.g. cheaper to run some transport in house rather than externally etc.

The view of the Executive and SMT is that whatever the staff numbers look like, there will have to be a significant reduction (c10%) if we are to bridge the financial gap.

Terminating interims is not a priority. This is covered in the separate paper on this issue.

12.4.1 Is there any likelihood of actually receiving cash from the Bus Service Improvement Plan national funds as we are not able to reduce services in line with the actual demand in the meantime. Can we cut the Number 47 bus from Melton to Peterborough or at worst ensure that users pay the full cost of the service?

The likelihood is low but we still await a formal decision.

The Council could consider decommissioning the service but there is a process to follow to do this including an equalities impact assessment. We plan to review the whole network and would prefer to take a holistic view about what we can do to improve it whilst saving money.

12.6.1 Can the Portfolio Holder explain why there are such high closing balances on the Highway budgets and why are they not allocated?

The balances have accumulated from underspends on previous programmes and timing of schemes – the pandemic did also stop schemes at various points and slowed some down e.g. due to social distancing. A report will come forward shortly to use the full allocation for 22/23 as well as any balances outstanding.

Appendix 2

Commissioned Transport - If social distancing is no longer required how much could we save? What are the current assumptions which result in these pressures?

Social distancing has not been in place on school transport since September, so there will be no savings from this. The costs of the tendered contracts have all increased year on year, the cost of fuel and general running have all had an impact on why the pressure has arisen.

The total budget is based on current demand, so there is no room for growth but we have a 1% contingency.

Replacement compactor - is this not capital expenditure?

The compactor is not being replaced due to the age of the current equipment we are having to repair it more. As the waste contract is up for renewal a replacement would not be a cost-efficient option. A replacement will be considered as part of the retender process, as will all waste infrastructure assets.

Is the Social Care Market Sustainability analysis fully funded by government?

Last week the work required was set out. The analysis work is funded. The outcome will determine what interventions we might need to take to address market issues. The Government appear to be saying their funding will cover this but it is too soon for us to tell.

Waste - what is being done to reduce tonnages?

The tonnages have reduced in Q3 compared to earlier quarters.

The Council issue annual campaigns to encourage residents to recycle and reuse more and in addition this year there has been more on this as part of the consultation on the new waste strategy. It is difficult to gauge the impact of this education on the habit of residents

and based on experience elsewhere it takes time for such programmes to make a difference. A targeted action is also being developed for 22/23 to support the new waste strategy.

Reduce waste is going to be a key part of the new contract and we will with new suppliers to support the Council with this. It's why we are looking at smaller bins for the new contract which is one the key drivers.

We would also like a discussion on the proposed consultant for 3 months at a budget between 50-100,000. Our appointment of consultants to date has not been very successful. How is this consultant being chosen? Are they going to deliver more than £200k worth of savings to make their appointment worthwhile – what happens if they only deliver savings equivalent to their costs?

Please see my earlier response. Rather than go out on a cold tender, we are in discussions with a consultant who has delivered similar work elsewhere. We have discussed with them their track record, seen savings they have delivered elsewhere and asked them to give us some initial thoughts re an approach. The Executive and SMT are having a separate workshop with them so we can see how they work. None of this means we are committed to using them but it is a key part of our due diligence.

The consultant will not deliver savings but identify opportunities for us that we will need to implement. We would be disappointed if the figure identified was only £200k and based on their track record, we envisage a lot more. They have saved millions for other local authorities and will share credentials if we get that far. But there is a small risk that they identify less. This is part of our consideration as to whether we proceed.

3.1.10 bullet points include 'pressure in services £1.195m arising from demand and market cost pressures and '1% contingency for demand led pressures.' Are these both included? What is the difference? PS may be explained later but these bullet points are not clear in this respect. Looks like duplication

Yes, they are both included. They are not duplicates. The £1.195m figure is for known pressures as listed in para 11.5 (and Appendix 2). The other is a contingency for demand that might arise (expanded on in 11.1.3). The latter is particularly important given the budget includes social care savings which are predicated on managing demand which is a risk.

The points are not expanded on in 3.1.10 because these are budget headlines. They are of course covered in more detail later as per reference above.

P12 5-year MTFP. Use of earmarked reserves is £290k in 22/23 and £70k in 23/24. And nothing beyond that. But earmarked reserves stand at £6,419k non ring fenced and £10,856k ring fenced. When will they be used? We should not be carrying them forward indefinitely. They are for specific purposes. See also P61 comments

Our strategy as explained in 9.2.4 is that we will not prop up ongoing expenditure by using earmarked reserves as it hides the problem. Hence for now zero is included beyond 23/24.

Reserves are there to be drawn on when needed. I am not sure if you are telling me we can't carry them forward or asking me. I will assume you are asking me. Reserves can be carried forward indefinitely until needed or Council could choose to delete them and move funds to general fund reserves. We keep the reserves under review and you will see that in 9.2.3 we have proposed changes to reflect the latest need.

The balance of £6.4m is distorted by £2.7m for Business Rates which will be used in 23/24. This will be confirmed in the final budget. This reserve has been created to smooth the level of business rates income which has been distorted by reliefs issued by Government during the pandemic and the accounting treatment that applies to it. The other largest is the social care reserve which we do not want to use to prop up the budget but we would use above demand contingency to meet any peaks but as noted in 9.2.4 we must have a plan. We also need to be clearer on what the position is on social care reforms. We may need to invest in implementation.

For the ring-fenced reserves, £8m relates to capital development contributions for which I have responded to your later question.

5.2.4. Please would you explain. The statement is that the Council believes that scenario 1 is most likely as the Government states that spending power will increase by 3.1% going forward. But scenario 1 says 1%? The post settlement table also shows 1%

The Government have said spending power will increase on average by 3.2%. This is an average. It is not a guarantee. So, we have to take a view which I have with the rationale set out in para 5.2.4 - the levelling up issue is the key as I am saying this will probably go against us. But I accept that there is an element of guesswork here given the lack of information we have to work with. We work with financial advisors who predict funding levels for each authority and our view is similar to theirs. But they have also stated that they are "guessing".

A prudent view does a number of things - a) increases the size of the financial gap and so means we have to identify more savings opportunities, and b) if we get more funding then we have choices over savings to pursue or maybe even have the option of not raising Council tax by the full amount.

7 Risks. Point 13/17 When will the asset condition report be published?

I am told late spring/early summer. It will form part/drive a strategy for individual assets.

8.2.1 Statutory and non-statutory spend. I know we have had discussions about this before but I still fail to see why we cannot have some general split of statutory SERVICES- not spending e.g. on the finance department but which services must we provide to residents. The next level is the quality of that provision i.e. whether gold plated or standard. Overheads to support the service must obviously be included in the cost.

I have answered this question before. I took time to prepare an informative presentation which explained the issues. I also said I have never seen a local authority to do this in any

meaningful way and I have asked in various networks. I also asked members that if they have seen a piece of work elsewhere that I could use as a model I would be happy to use it.

The report alludes to a more useful piece of work we are doing which is looking at the control we have over budgets (8.3.2). This will allow members to understand what our options might be. So rather than tell members that libraries are a statutory function, we might ask Members a question which would allow them to “control” the spend in Libraries.

8.2.1 Fees and charges- approx. how much of the £4m is set locally? Next paper relates to this. Covering cost- does this include all overheads and indirect costs. When were these last evaluated- based on actuals rather than % increases?

About £3.5m is set locally. Yes, it is looked at every year (this means going back to actual costs of the services) and agreed by Members. For example, last year Members agreed for Green Waste (our biggest discretionary income area) that green waste charges would go up to reflect the increased costs of the contract extension. You also agreed to levy an additional for those who subscribe over the phone rather than online to reflect the extra costs.

8.3.7. Would support some external input into cost savings. Are fees based on % of savings? What savings are promised? How do these contracts work? Why not use the invest to save earmarked reserve?

No, the fee is for the work they do to deliver a project. Suppliers do not work on a contingency fee for these type of assignments as they do not know what level of saving opportunities they may find. Also, they cannot control whether organisations will implement any opportunities they identify. There is no guarantee of savings at all but we do look at the track record of suppliers (e.g. have they done this elsewhere and what did they deliver) as part of procurement.

I have not specified the funding for this as if we get to the point of commissioning something I will update but we could use invest to save.

10.2.3 16,700 households in the county?

Households liable to pay council tax yes.

11.3.3 Considering the difference between the budget and final actuals for 20/21, what is the likelihood of this occurring again (positive or negative). How close do you expect the outturn to be to current revised forecast?

You know that at Q2 we are predicting a big underspend and a lot of these feed into 22/23 savings. I expect the forecast to move again as there are always unknowns. I know that Members do not necessarily agree on this.

There is a section on Q3 which covers budget confidence and, in that section, we highlight potential areas where there could be further movements e.g. things we don't know include:

- How many people might die in the final quarter of the year? And which people might die as their costs are different?
- How much waste will be produced? It has gone down in Q3 but will this continue. We don't know.
- We will be able to recruit to certain posts? We can't be 100% sure on this.

12.5.1 Capital project relating to maintenance of council's assets £85k now deleted. Is this different to the review of assets-how is the latter funded?

Funded from revenue budget in Property.

12.6.2 Why not reallocate or release this funding if not ring fenced?

The funding has not been allocated to anything so cannot be reallocated or released. If Members come up with a project, then we will use uncommitted funds (including this pot) to fund it.

12.6.3 What plans are being 'developed' to spend this? Timescales- we need a plan to spend. It is not acceptable just to sit on this money.

The Executive have not yet developed a plan for submission to Council. Rejecting the Local Plan also played into this as infrastructure needed will now be reconsidered as part of a new plan. We are now developing the corporate plan and this will give a starting point for a 10-year plan to be developed as the capital investment strategy (taken to Jan Cabinet) states. This is what we are aiming for in the next year.

P60. Will we no longer have a conservation officer?

The existing officer is retiring and we will be using the resource brought in to help with the Local Plan to do this. So, we will have resource in this area.

P61 Earmarked reserves. How will spending of the Local Plan earmarked reserves be shown? Is the extra expenditure included in the MTFP? What are the tourism and culture reserves for?

We will draw down from the reserve as required. So, we will show spending in local plan budget and offset it by using earmarked reserve.

We set aside £1.4m for the Local Plan, it sits in reserves. If we spend £500k this year, then I will transfer £500k out of the earmarked reserve to cover the cost-this means there is no impact on the General Fund. The amount we spend this year is not clear as it will depend on progress etc so it is futile putting a budget in.

Tourism is from an old s106 agreement with Anglian Water so is used for anything related to that. Culture is from external funds we received.