

STRATEGIC OVERVIEW AND SCRUTINY COMMITTEE

26 January 2023

DRAFT REVENUE AND CAPITAL BUDGET 23/24

**Report of the Portfolio Holder for Finance, Governance and Performance,
Change and Transformation**

Strategic Aim:	All	
Key Decision: No	Forward Plan Reference: FP/140422	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor K Payne, Portfolio Holder for Finance, Governance and Performance, Change and Transformation	
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Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That the Committee:

1. Approves the draft budget for consultation, including

- the General Fund Budget (Net Expenditure) for 2023/24 of £46.549m (section 9)
- budget reductions at service level (service savings, reversal of National Insurance rise and use of earmarked reserves) of £1.735m (Section 9.3) and corporate budget reductions of £1.889m as per section 9.3
- budget increases to meet service pressures of £5.401m arising from the inflation, cost of living and demand (Section 9.3) and a pay contingency of £743k
- the use of £589k of reserves to subsidise the main budget (Section 9) plus £900k set aside from general reserves to fund the Local Plan, Leisure and High Needs deficit (Section 7.1.4)
- an increase in Council Tax of 4.99% including 2% for the Adult Social Care precept resulting in a Band D charge of £2,013.04 (Section 8)
- the approach to consultation set out in Section 13
- additions/deletions to the capital programme as per Section 10

- changes to earmarked reserves as per Section 7

2. Notes that:

- assuming the draft budget is approved, Council tax rises of 4.99% continue to be applied and the Council delivers extra savings of £4m by 27/28, the Council's financial gap will still be £147k (Section 4.1.4);
- the funding position for 2023/2024 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 2023/24 funded through 2022/23 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 surplus of £38k on the Collection Fund as at 31 March 2023 (Section 8.3) of which £33k is the Rutland share
- that Council will be considering the Treasury Management Strategy and Capital Investment Strategy separately (Section 11)
- the position on the Dedicated Schools Grant budget (Section 12)

1 PURPOSE OF THE REPORT

- 1.1 The Council is required to set a balanced budget and agree the level of Council tax for 2023/24 in the context of its Medium Term Financial Plan. This report presents the draft budget for consultation. The final budget will be approved at Full Council in late February.

2 MESSAGE FROM THE LEADER OF THE COUNCIL

We set our budget at a time of global financial crisis. As our County, our Country, our World recovers slowly from the toll taken by the pandemic, (the impacts marked by globally high inflation rates, challenges with supply chains, high costs), war in Europe once more has created shock waves that are felt by us all. In short, everything is costing more from the diesel required to fuel our bin lorries collecting our rubbish, to the delivery of services that protect our most vulnerable residents. Costs will continue to escalate. You will recognise this position with your own finances.

This is why it is essential there is a 2.99% increase in Council Tax and 2% increase in the Adult Social Care levy, noting that inflation at time of writing sits at just under 10%. This rise is not sufficient to balance the books which is why we will be using the reserves we have prudently built up for a rainy day. The rainy day is here. We are in stronger position than other authorities to manage the financial challenges we face because we have reserves and, most importantly, we have a pragmatic plan to manage the challenges we face to ensure this Council is financially sustainable.

We know our services are incredibly important to our residents, whether this is the universal services such as bin collections, road maintenance or targeted services for our most vulnerable residents who need the support and help of

our council. We know that demand for our services continues to rise, Adult Social Care just one key service to hence the 2% levy. We know the taxation system is profoundly unfair for Rutland residents. We deal with the here and now.

This budget takes an honest approach to deliver well within our means whilst ensuring we are financially sustainable in the future. It is important to underscore the fact that even with a 4.9% overall rise and the use of reserves, the income does not match the current outgoings. We therefore must re – shape our services, focussing on need, driving a pragmatic approach to service delivery, spending within our means.

We know times are hard for us all, and for some the financial challenges are untenable. This budget protects our Council Tax support fund in addition to the £33,000 pledged by Government to ensure practical help is there for those most in need.

With elections in May, an administration might place their electoral ambitions ahead of the long – term needs of the County by offering a Council Tax freeze, running down reserves to fund this. This, as is clearly articulated by our section 151 officer, would be a risk verging on negligence and so therefore, financially reckless.

There is no magic money tree. There are few certainties. What there is, however, is an honest, hardworking and measured approach that can be taken. This budget enables a prudent, long – term approach to the financial sustainability of this Council to be taken for the benefit of us all.

We would welcome the opportunity to go through this budget with you. We welcome challenge and we welcome discussion. We will be holding in – person events at the following times and places:

Uppingham Neighbourhood Forum, 7:30pm 19th January, The Falcon Hotel

Rutland County Council Chamber, Oakham 10:00 – 12pm, 30th January

Ketton Congregational Hall (tbc) 10:00am – 12pm 6th February

Lucy Stephenson – Leader

3 EXECUTIVE SUMMARY

3.1 Director for Resources: Section 151 Officer overview

3.1.1 The 23/24 draft Local Government Finance Settlement was received on 19th December following the Chancellors Autumn Statement at the end of November. The Settlement covered 23/24 only although it is our expectation that 24/25 will essentially be a rollover settlement, with the overall funding envelope set at the Autumn Statement. There are still however some issues that Ministers have not yet finalised for 2024/25.

3.1.2 **The Settlement is much more positive than was expected at the start of**

2022. It is the best cash-terms settlement for local government in well over a decade but also less-good in real terms. The Government defines the amount of core funding that councils have available as “spending power”¹. **Our Core Spending Power is increasing by 7%, £2.674m.** After a year when inflation rates reached a peak of nearly 10%, the pay settlement amounted to just under 6.5% and demand for services continued to rise, it was much needed. The Council’s experience in the last 12 months is that doing “Council business” is more costly than it ever has been. **Against this backdrop an increase in the Council’s Spending Power of 7% still falls below the 12 month inflation rate of 9.3% (November 2022).**

- 3.1.3 **The main driver for the increased funding in the Settlement is social care.** Resources for adult social care (in core spending power) will increase by £1.4m in 2023/24, through a combination of new money and the postponement of the adult social care charging reforms but additional funding will also be receiving via the Better Care Fund and levying of the Adult Social Care precept.
- 3.1.4 **Whilst the Government is increasing overall Spending Power, it makes one important assumption – that Councils raise council tax by the maximum available – that means 4.99% with the Government allowing a 2.99% increase for core services and 2% extra for social care.**
- 3.1.5 **So what does the extra Government funding and Council Tax flexibility mean for 23/24?** The Council approved a Financial Sustainability Strategy (FSS) in November 2022 which stated that Members would be prepared to subsidise the budget by up to £2m from reserves (in the next 4 years) whilst the Council took the necessary action to right size the budget by 27/28.
- 3.1.6 The extra funding from Government, the savings proposals in the proposed budget, a one off reduction in the Council’s business rates appeals provision and a 5% tax rise would **leave the Council a 23/24 subsidy of £0.589m, a subsidy of c£1.4m in 24/25 which then falls to £147k after assuming the Councils saves £4.9m by 27/28 (the table in 4.1.3 shows this position).**
- 3.1.7 Conversely, a Council tax freeze would give the Council a 23/24 subsidy of £2.1m and leave a subsidy of £2.0m by 27/28. **The compound impact of any tax rise below the maximum threatens the Council’s financial independence.**
- 3.1.8 The reason for this is because the cost of delivering local authority services is rising way beyond the increase in funding. Pressures on labour supply, additional tax burdens, energy prices, inflation have seen eyewatering increases in cost **(the increase in the net expenditure budget compared to last year is £3m).**
- 3.1.9 **Simply put, if the Council wishes to do everything it can to preserve the**

¹ Core Spending Power may differ from actual funding received because the Government set a business rates baseline and Council’s may actually retain more, the Council tax yield expected by Government uses average growth in taxbase rather than the actual taxbase and some grants are not included in CSP.

Council's independence and financial survival then rises of 5% are a necessity – not just this year but every year that the Council has the power to raise Council tax by this amount.

3.1.10 There are no scenarios that, in my opinion, would allow an alternative Strategy. Let's consider possible alternatives:

- Scenario 1 - *Government funding increases substantially in the future meaning the gap will be plugged.* The Chancellor has said growth after 25/26 will be at 1% per annum. Conversely, there are also those who speculate that implementation of the Fair Funding review will see a redistribution of funding to Unitary Councils. With 79% of Council spending power coming from council tax, it is very unlikely that additional funding will cover the gap without tax rises and delivery of savings.
- Scenario 2 - *The cost of doing local authority business and demand for services decreases substantially* when inflation returns to normal levels as expected by say March 2024 with suppliers dropping prices to pre pandemic levels – again very unlikely with pay inflation and costs embedded and new contracts agreed. This is not something you would want to take a risk on.
- Scenario 3 - *The Council can make savings but say £8m or £9m rather than just under £5m target in the MTFP.* In reality, out of a net budget of £44m, we would estimate that only £20m-£22m is controllable hence a £5m saving target is challenging at c25%. Setting a bigger target would be hopeful, bordering on reckless to the point that I would struggle to give positive assurance in my Section 25 Statement (Section 9.4).

3.1.11 The decision facing Elected Members is therefore difficult in the current circumstances. It is compounded because outside of known pressures, the **Council is working in an environment where risk and uncertainty are aplenty** and outside the control of the Council to the point that there is no guarantee that even maximum council tax rises and savings would achieve financial sustainability in the long run.

3.1.12 Whilst there is still a strong view that the sector and the Council is being treated unfairly by the overall financial settlement, **the Council is left with no choice but to own its financial position and** as outlined in the Financial Sustainability Strategy take the action it can take now:

- **Use reserves to balance the budget in the short term;**
- **Deliver its savings programme; and**
- **Use the Council tax flexibility it has been given as assumed by the Government in Spending Power.**

3.1.13 **If it does not follow this course of action, then the Council will still be solvent for the next few years but its long term future will be out of its hands and reliant on external forces over which it has no control.**

3.1.14 In terms of the 23/24 the following summarises the main features of the

proposed Budget:

- A balanced budget achieved in challenging circumstances using £0.589m of General Fund reserves to balance the main budget and £0.900m to meet future liabilities for the Local Plan, High Needs and Leisure;
- Statutory duties are met;
- Service pressures of £5.401m have been included arising from demand, market cost pressures, contracts etc;
- Budget reductions of £1.735m including the use of one-off funding which contributes to current costs;
- Pay contingency of 4% (£743k);
- Expected investment income of £1.68m;
- Average Council Tax increase of £1.84p per week for a Band D equivalent property but an additional £33k to support those on low incomes; and
- A £250k contingency to mitigate against demand led and other pressures.

3.2 Our financial objectives

3.2.1 We have two key financial objectives which are clearly stated in our approved Corporate Strategy:

- The Council is committed to being financially sustainable. This means ensuring it can live “within its means”, only spending the funding it receives and balancing the budget in any given year without using General Fund reserves. This is our number one priority. The Corporate Strategy reaffirms this commitment. In the short term and in recognition of the pressures caused by the pandemic and cost of living crisis, Members have approved a FSS which permits the use of reserves up to 27/28 whilst the Council makes the necessary savings.
- The second key priority is to maintain our reserves above the current recommended minimum limit of £3m as approved by Council. This is important because the context we are working in is changing all the time and is laced with uncertainty. We always want to keep a level of funding aside to respond to a crisis, unexpected costs or increased demand.

3.2.2 The remainder of this report gives Members answers to some of the key questions relevant to the budget setting process. Further detail can be found in individual sections.

3.3 Key Questions and Answers

Key questions	Status
<i>Funding outlook (section 4)</i>	

Key questions	Status
1. What resource does the Council have available in 23/24 and over the next few years?	The Council's Government funding and total available resources are known for 23/24. The total of Government funding and Council Tax is not sufficient to balance the budget (assuming Council Tax of 4.99%) and as per its FSS, the budget is balanced by use of reserves of £0.589m. The Council has made assumptions about 24/25 based on the Autumn Statement. Beyond 25/26 and a General Election, funding is difficult to predict but the Council is still projecting a small gap of £148k in 27/28 but this assumes maximum Council tax savings, delivery of £4m new savings and the Council's overall funding increases by 7% in 25/26,
2. Are we projecting a financial gap?	Yes, the proposed use of reserves for 23/24 is £0.589, For 24/25 the gap is projected to be £1.4m assuming £1.485m savings are made and Council Tax is raised by a further 5%.
3. How certain are we about the size of the gap?	The size of the gap is by no means certain given the risks (Section 5), uncertainties in respect of assumptions and future funding (Section 4). The Council will keep this under review.
4. Have we got a plan to close the gap?	The Council approved a FSS and is now working through a Transformation programme (Section 6). Savings have been proposed for 23/24. As work progresses, there will be greater clarity over the deliverability of the programme for 24/25 and beyond. By the end of September, the Council needs to provide more certainty of savings proposals for 24/25.
5. What level of reserves should the Council aim to retain?	It is proposed that the minimum level is retained at £3m but given the increased level of uncertainty and risk the Council will need to monitor this position. The short term position affords the Council time to reduce expenditure to match funding levels.
Budget 23/24 (section 2)	
6. What does the Directorate budget look like?	The Council's Directorate budget for 23/24 is £48.263m (section 9). The 22/23 budget at Outturn was £44.597m. The increase reflects inflation, contract costs, market pressures and pay inflation and savings (see Question 8 and 9).
7. Priorities – how does the proposed budget support the Council's priorities?	The Council's spending plans continue to promote the Council's priorities in line with the new Corporate Strategy (Section 9.2) despite savings made. The significant investment in the social care

Key questions	Status
	market helps sustain local provision of social care beds and support.
8. What new savings is the Council planning to make in 23/24?	The budget includes £1.735m of service savings (Section 9.3 and Appendix 5) including using ring fenced reserves to subsidise some current costs.
9. What pressures is the Council facing in 23/24?	The Council continues to experience pressure on its base budget of £5.4m (Section 9.3 and Appendix 5) plus the pay award pressure of £743k.
10. What choice does the Council have over the level of Council tax?	The Council can choose to raise council tax up to a maximum of 4.99% (including 2% for social care). Whilst Members do have a choice, not embracing a 4.99% increase would be extremely damaging to the point that the Councils' future would be dependent on outside factors such as extra Government funding (section 8).
<i>Statutory and constitutional requirements (Section 18)</i>	
11. Overall Position – Is the Council on track to meet its constitutional and statutory requirements?	Yes, Section 16 gives more detail.
<i>Consultation (section 16)</i>	
12. What consultation will Council be doing on the draft budget?	Details of consultation is included in Section 14. Consultation will span 3 weeks and include various questions and public meetings in the Council Offices.
<i>Capital (section 12)</i>	
13. Are there any additions/amends to the current capital programme?	There are various additions/deletions to the capital programme as per Section 10.

4 FUNDING OUTLOOK

4.1 Medium Term Financial Plan

- 4.1.1 The Council produces a Medium-Term Financial Plan (MTFP) which covers a five year period. It is a forward looking document which provides a financial picture over the next five years (in this case 2023/24 to 2027/28). The MTFP

- 4.1.2 sets out the forecast spending profile of the Council and estimates the level of resources it will have available over the next 5 years. This enables the Council to forecast an annual surplus/deficit and assess whether its spending plans are affordable.
- 4.1.3 The MTFP is updated on an ad hoc basis to respond to changes in the local financial environment, government announcements and the results of budget monitoring but it is formally updated to fit in with the annual budget cycle. The MTFP provides a comprehensive picture of national influences on the Council's budget, local spending influences and priorities, as well as revenue and capital financial projections. Underlying risks together with a view of potential longer-term financial issues are also considered.
- 4.1.4 The MTFP can be used to model different assumptions and changes. Some of the possible impacts of changes are discussed in the section on Risk/Uncertainties.
- 4.1.5 The MTFP moves over time as assumptions change. The last detailed MTFP was produced at the Mid-Year report. Since that time figures and assumptions have legitimately moved – some have made the position worse, some better. Key events triggering change include the 22/23 pay settlement, local government finance settlement, approval of FSS and savings target, interest rate movements and service pressures. We were predicting negative balances of £9.049m by 27/28 and the latest MTFP shows a balance of £10.897m as shown in the table below.
- 4.1.6 For example, increasing the council tax assumption from 3% to 5% for the life of the MTFP gives an additional £13m. Delivering £4m of transformation savings by 27/28 gives a total amount saved of £10.1m over the MTFP period.

	£000
Projected Balance Mid-Year Report for 27/28	9,049
Council Tax changes – 3% to 5%	(13,273)
Interest receivable – increases due to base rate changes	(3,480)
Pay Award changes – assumption changed from 2% to 4% in 23/24 and 3% in 24/25 and reflects 22/23 award settled after the mid-year	6,055
Pressures	17,606
Savings 23/24 – the 5 year benefit of £1.7m saved in 23/24	(7,490)
Transformation savings – delivery of £4m	(10,182)
Government funding	(9,900)
Additional Transfer to Reserve	900
Other Minor Movements	(182)
Balance for Budget Setting 27/28	(10,897)

- 4.1.7 A summary of the MTFP is shown overleaf with a summary of the different elements that influence it. More information is included on each.

5 YEAR MTFP (23/24 – 27/28)

		23/24	24/25	25/26	26/27	27/28
General Fund	Opening value of General Fund Balances* (provisional subject to 22/23 outturn)	(14,611)	(13,172)	(11,791)	(11,310)	(11,045)
Net Service expenditure	Service expenditure, borrowing costs and contingencies	46,549	50,645	53,215	55,733	58,474
Less: Additional Savings	Additional savings to achieve the FSS	0	(1,485)	(1,820)	(2,877)	(4,000)
Equals: Net Expenditure		46,549	49,160	51,395	52,856	54,474
Less: Government funding	Social care grants, Share of Business rates, other grants	(13,698)	(13,896)	(15,086)	(14,708)	(14,273)
Less: Council tax	Council tax	(32,074)	(33,882)	(35,828)	(37,883)	(40,054)
Less: Earmarked reserves	Use of set aside funds to offset expenditure	(188)	0	0	0	0
Equals: (Surplus)/deficit	Deficit means Council is not living within its means	589	1,381	482	265	148
Add: Transfer to Reserves	Additional transfer to reserves (see 7.1.4)	900	0	0	0	0
General Fund	Closing value of General Fund Balances	(13,172)	(11,791)	(11,310)	(11,045)	(10,900)



Local Government Settlement (4.2) - The Government funding settlement and value of other Government grants drive Government funding figures.	Risk/uncertainties (5) - Issues that can influence the level of income, expenditure and funding but not all are built into MTFP e.g. Council receives extra funding.	Reserves (7) - Planned use of earmarked reserves sustain expenditure and offset costs.
Assumptions (4.3) - Variables built into MTFP that influence the level of income, expenditure and funding. Some are known and some are not.	Savings (6) – Savings reduce expenditure or increase income.	Council Tax (8) - Assumed increases in Council Tax impact the future level of funding. The Government maximum limit is 5%.

4.2 COMPREHENSIVE SPENDING REVIEW AND PROVISIONAL

Local Government Finance Settlement 23/24

- 4.2.1 The Chancellor announced the Autumn Statement (AS) on 17 November 2022 and The Office for Budget Responsibility (OBR) has also published its updated forecasts. After the economic and fiscal turmoil of the last year, the Chancellor had the job of both calming nerves (in the market and the wider economy) and producing budget plans that are politically and economically credible.
- 4.2.2 On these terms, the Autumn Statement (AS) was successful. It provided a credible plan for the short term, and guidelines for the medium term beyond 2025.²⁶ There are no detailed spending plans for the medium term – it is hoped that the economy will improve faster than forecast.
- 4.2.3 A lower growth rate for Gross Domestic Product (GDP) is the driving factor behind the UK's worsening economic prospects. In March 2022, the OBR forecast that the UK would recover from the economic impact of the pandemic, and then continue to grow at around 1.7% per year from 2023 onwards.
- 4.2.4 Things have worsened sharply since then. The Bank of England forecast in its November Monetary Policy Committee (MPC) report that the economy will contract by 0.75% in the second half of 2022, and then continue to fall during 2023 and into the first half of 2024.
- 4.2.5 The spike in inflation is behind the cost-of-living crisis (higher energy prices) and the increase in debt interest payments (increase in interest rates). The peak in the Consumer Price Index (CPI, 12 month rate) is now expected to be around 9 -10% for 2022.
- 4.2.6 The Chancellor has responded to the worsening economic position by announcing very significant fiscal tightening. In doing this, his objective is both to bring the public finances under control and to demonstrate fiscal competence. Part of achieving this is to show that the fiscal plans are credible. Previously, the Government's fiscal mandate was "to reduce underlying debt as a percentage of GDP in the medium term". There was also a supplementary target that "require[d] current spending to be sustainably funded through tax revenues". The new rules require debt to be falling as a percentage of GDP by 2027/28 (year-5 of the fiscal plan), with a supplementary target that public sector borrowing must be under 3% of GDP.
- 4.2.7 The new rules allowed no change in departmental spending plans for the remainder of SR21 (2023/24 and 2024/25) but with new funding announced for social care alongside additional council tax flexibility, local government was expecting a growth in Core Spending power.
- 4.2.8 As expected, core spending power in England has increased to £59.544bn in 23/24 compared to £54.540bn in 22/23, a 9.18% increase. Overall, the picture for Rutland is slightly worse with core spending power at £41.06m compared to £38.33m in 21/22, an increase of 7%. There are two important comparative points to note in the Settlement:
- In 23/24 nationally 57% of CSP comes from council tax. In 23/24 78% of Rutland's spending power comes from Council tax, significantly higher than the national average;

- The average increase in CSP is 9.16% whereas in Rutland it is 7%. Councils with higher levels of deprivation have received over 11%;
- The average CSP per dwelling is £2,360 whereas in Rutland it is £2,298.

4.2.9 Whilst this figure is used for comparative purposes, most Council's (including Rutland) have more available resources because of miscellaneous grants and additional business rates income (spending power assumes Councils achieve their business rates baseline level but which most Councils keep more because of growth). This factor can distort spending power analysis.

Overall funding available since 19/20

	19/20	20/21	21/22	22/23	23/24
RSG	0	0	0	0	0
Transitional Grant	0	0	0	0	0
Rural Service Delivery Grants	0.849	0.849	0.890	0.890	0.890
Core government funding	0.89	0.89	0.890	0.890	0.890
Misc. grants (2)	0.875	1.039	0.964	1.679	2.737
New Homes Bonus (3)	1.148	0.966	0.518	0.461	0.007
Better Care Fund (4)	2.215	2.330	2.705	2.712	2.794
Business rates (5)	5.244	5.532	5.638	3.462	7.269
Total government funding	10.372	10.757	10.715	9.204	13.697
<i>Council tax (inc. collection fund and adult social care precept)</i>	26.496	27.863	28.426	30.451	32.073
Total resources available	36.868	38.620	39.141	39.655	45.770
Use of Council earmarked reserves	(0.384)	(0.292)	(1.288)	(2.683)	(0.589)

4.2.10 **Adult social care grants.** The Autumn Statement (AS22) announced a large increase in funding for social care via three separate grant streams (on top of the existing social care grant), all of which are within Core Spending Power:

- Adult social care grant of £1.792m in 23/24 and we estimate £2.048m in 24/25.
- Funding for the ASC charging reforms will be re-purposed to fund ongoing pressures (£317k in 2023/24, and we estimate £478k in 2024/25).
- Better Care Fund (local government's 50% share is £300m in 2023/24 and £500m in 2024/25) of which we expect c£300k and £500k
- Ringfenced grant "to support capacity and discharges". This is £31k for Rutland.

- 4.2.11 The Independent Living Fund grant of £60k is being rolled into the Social Care Grant so will no longer be received separately.
- 4.2.12 The Council tax principles allow a 3% increase in “core” **council tax** plus a further 2% increase in the Adult Social Care precept. There is no option to defer the precept increase to future years. The decision around Council tax is discussed further in Section 8.
- 4.2.13 The decision to freeze the **business rates** multiplier will be fully funded, and, from 23/24 onwards, compensation to authorities for under-indexation would be paid based on Consumer Price Index (CPI). The Government have undertaken a Business Rates revaluation which is aimed at being cost neutral but at this stage, we cannot confirm that is the case and will update by the end of January.
- 4.2.14 In 23/24 the Council will benefit from an **additional £1.1m arising from a reduction in business rate appeals**. The Council provides for losses arising from businesses appealing their rates payments to the Valuation Office Agency. If businesses do not win or claims are withdrawn then the Council can release funding set aside. Around 11 claims have led to zero losses and other claims in the pipeline have not materialised. The release of the provision is a one off. This is included in the Business rate figures.
- 4.2.15 **Rural Services Delivery Grant (RSDG)** is the same as 22/23 at £890k.
- 4.2.16 The Council will receive £7k in **New Homes Bonus**.
- 4.2.17 **Services Grant** has reduced from £822m in 2022/23 to £464m in 2023/24, a reduction of £358m. The reduction includes removal of funding for the National Insurance Contribution increase (estimated at about £200m) and the funding increase for Supporting Families (£40m). Rutland is receiving £173k compared to £307k in 22/23.
- 4.2.18 The new **3% Funding Guarantee** replaces the “floor” element within the Lower Tier Services Grant. It ensures that no Council has a CSP increase of less than 3% without having to increase their Band D council tax. Rutland is receiving £121k.
- 4.2.19 **Public health** grant is outside CSP and is announced separately from the settlement itself, usually in the New Year. SR21 announced that public health grant would increase in line with inflation – but this seems unlikely. Our MTFP model assumes no increase in 2023/24.
- 4.2.20 The Council will also receive **£33k for additional Council tax support payments** for those in greatest need.

4.3 MTFP assumptions

- 4.3.1 The Policy Statement gave local authorities advanced notice of the principles that ministers would use in both the 2023/24 and 2024/25 local government finance settlements. There have been no changes in these principles in the provisional settlement.
- 4.3.2 There is still some uncertainty for 2024/25, so this is not a fixed two-year settlement. We do not yet know the future of NHB, or the council taxbases for 2024/25. More

importantly, we do not yet know the level of inflation next September (it is expected to be around 7.5%), and whether ministers will decide to freeze the multiplier again. Therefore, we have estimated figures for the 2024/25 settlement but assumed that a 3% funding guarantee for CSP (before Council tax increases) is maintained.

4.3.3 As explained in Section 4, beyond 24/25 the Government funding position is still unknown. The Government announced its intention to reform the funding regime, business rates retention and New Homes Bonus over four years ago and these reviews are still outstanding.

4.3.4 In the context of the current economic position, the Council has refreshed its assumptions about future funding.

Assumption	Description	23/24	Beyond
Pension contribution rates	Employer rates set by Pension Fund.	Lump Sum increased by £130k as per triannual review. Rate is 27.8% (up from 1%)	Rate fixed for 3 years.
Inflation	Assumed rates of inflation with the MTFP	Inflation rates amended based on latest information. Social Care rates increased to reflect outcome of Fair Cost of Care work (see Appendix 5, Ref P11) General Inflation 2% Other changes set out in Appendix 5	Same as 23/24
Interest rates	The rate at which the Council can invest surplus funds	Interest rates in the range of 3 – 5% for next 18 months.	Assume in 25/26 that rates drop to around 2%
Contingencies	Contingencies within the MTFP	The Council has a demand led contingency reduced to 0.5% (from 1%) of Net Cost of Services	Approx 1 % from 24/25
Staff pay award	Pay award for Chief Officers and other staff negotiated nationally.	Set at 4% for 23/24 only	3% in 24/25 and then 2%
Social care grant	Specific grants given by Government	As per local government draft financial settlement	24/25 - see 4.2.10 25/26 - See 4.3.5 below

Assumption	Description	23/24	Beyond
Rural Delivery grant	Grant for rural authorities	As per local government draft financial settlement	24/25 – as 23/24 25/26 See 4.3.5 below
Council tax base	Number of Band D properties	Taxbase estimated at 15,916.6 for 23/24	Growth set at 140 properties per annum approx. equivalent to 115 Band D properties
Council tax rate	Rate set by elected members	5% (with 2% for social care) as advised by the Executive	5%
Misc. grants	Ad hoc grants	Assumed some grants will continue at the same rates unless known	See 4.3.5
Business Rates	Amount of funding Rutland is allowed to keep (its baseline) by Government from rates collected	Assume rates baseline continues as is (limited growth).	24/25 – in line with expected increase in funding as per 23/24 settlement 25/26 - See 4.3.5
Better Care Fund	Ringfenced funding shared with the CCG	As per Settlement	24/25 – as per 4.2.10 25/26 – no change

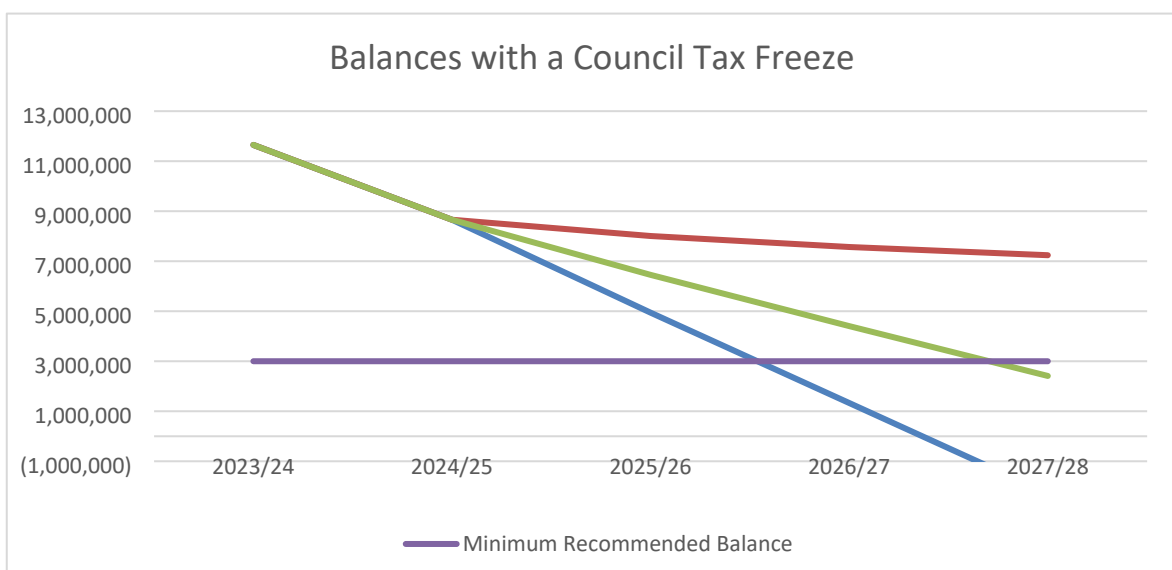
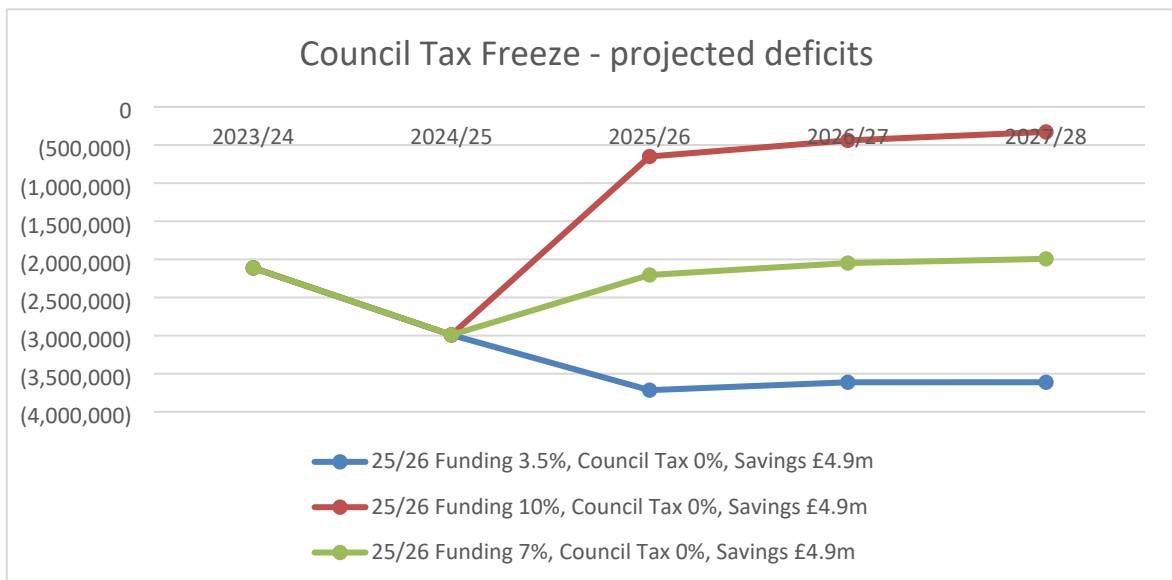
- 4.3.5 The issue of Government funding beyond 24/25 is difficult to gauge. There is a renewed commitment from the Government to implement fundamental funding reform in the near term. This is going to be after the next General Election, though, and possibly even under a different government. Changes in funding reform could then be very different than those that have been proposed by recent governments in recent years.
- 4.3.6 The Chancellor has stated that fiscal tightening is heavily backloaded, with the vast bulk spending cuts in particular penciled in for after April 2025. This suggests that growth will be nearer 1%. Notwithstanding these comments, there are commentators suggesting that even without an injection of Government funding into the local government system, the implementation of Fair Funding will see a redistribution of funding from lower tier to upper tier Councils. This could see the Council receive up to £3m in additional funding but could also result in no additional funding depending on the method of redistribution. Should additional funding be received, then it may come with conditions or new responsibilities such as the implementation of the care cap.

- 4.3.7 In short, speculating beyond 24/25 is difficult and assuming a significant increase in funding is wishful thinking and dangerous in the context of the current economic and political environment. For now, the Council has assumed a 7% increase in overall funding for 25/26 (represented by a Fair Funding Redistribution line on the MTFP) but with the assumption that the delayed care cap reforms will be implemented and will be c80% funded.

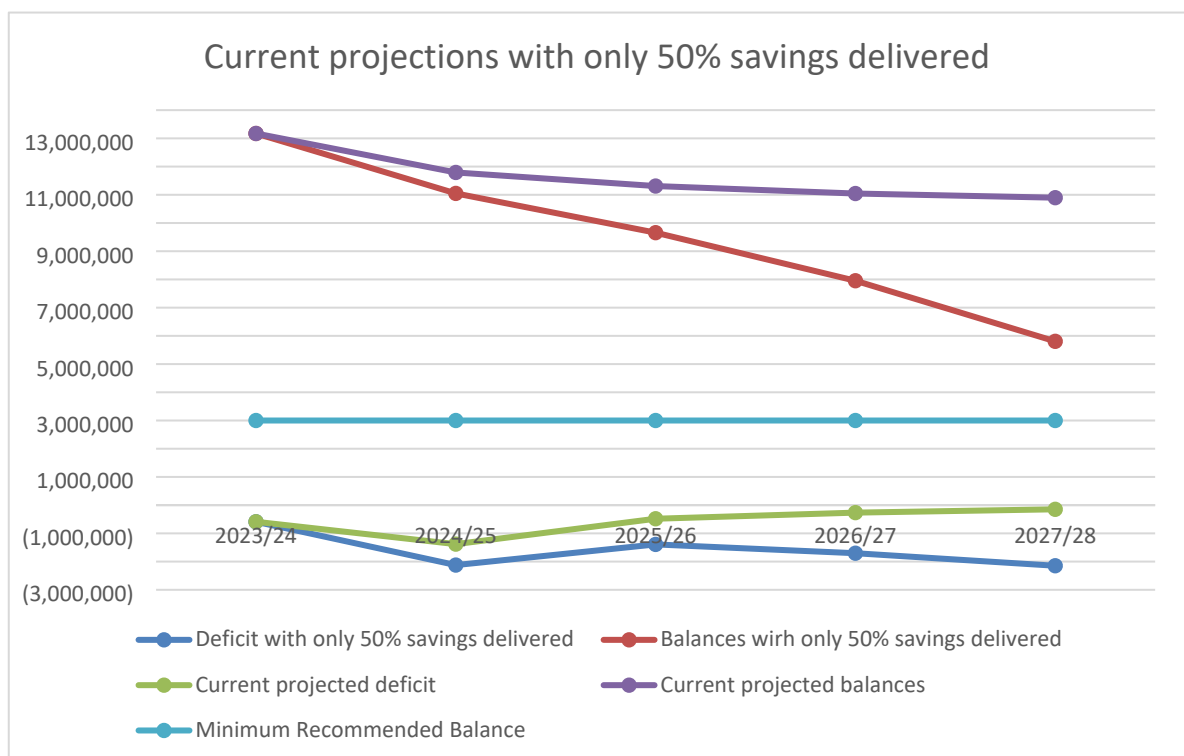
4.4 Alternative Scenarios

- 4.4.1 The MTFP sets out what we consider to be the most likely scenario but there are other alternatives revolving around three key variables: council tax rates, funding and savings/expenditure.

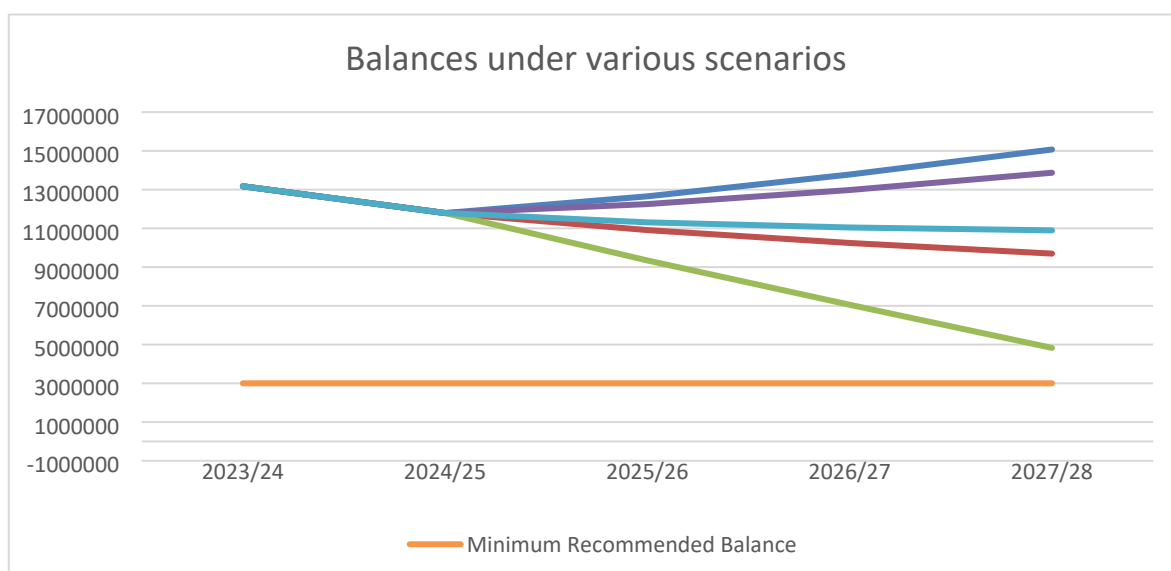
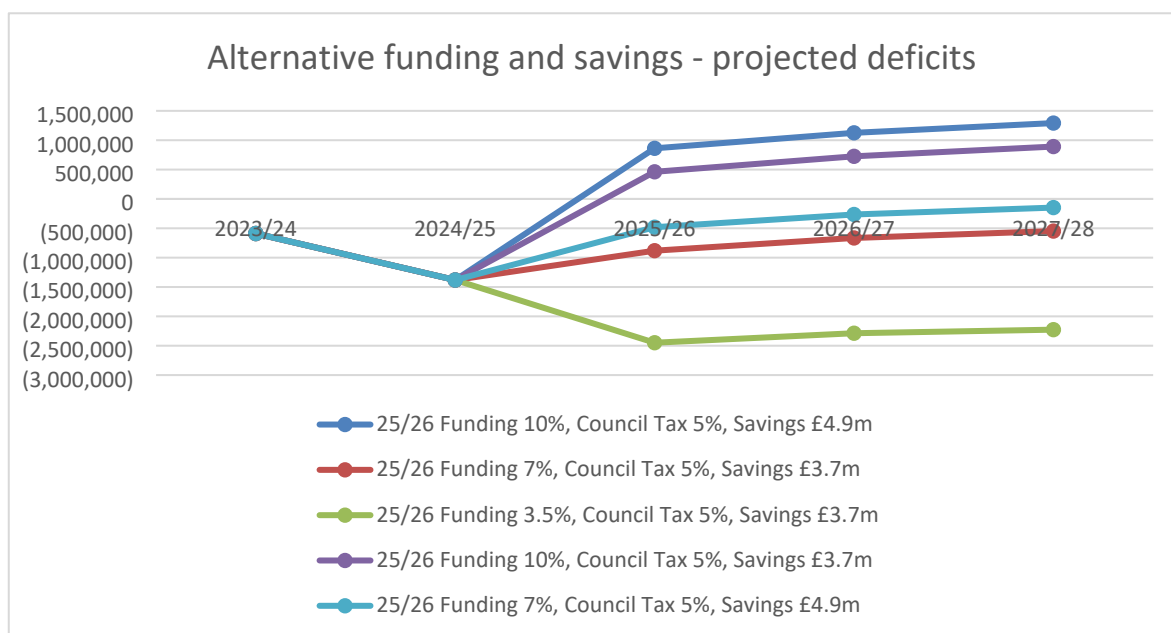
Alternative Council tax rates – applying a 5% increase will give the Council the most tax yield (see Section 8). Applying a lower rate in 23/24 increases the financial gap (1% represents c£305k in income so a freeze over 4.99% would give £1.5m less income in 23/24 and a total of over £8.5m over life of the MTFP) and requires more savings to be made (see below) or gambles on the Council receiving more funding in years to come.



- 4.4.2 The above graph shows the position. A freeze and a low funding Settlement in 25/26 (of 3%) would see the Council with a deficit of over £3.6m (blue line) and would see balances reduce to below £0. If the Council decided to freeze council tax, then it would hope for the best funding settlement in 25/26 (10%, red line). With a Settlement of this magnitude and delivery of an additional £4m savings (on top of what has been achieved in 23/24), the Council would still have a deficit of over £300k but balances of £8m. The risks associated with this option cannot be understated.
- 4.4.3 **Increasing the savings targets** – the MTFP includes a £4.9m savings target (£4m still to deliver). This is ambitious because the Council has already made substantial savings in previous years. In reality, out of a net budget of £46m, we would estimate that only £20m-£22m of the budget is controllable (some costs we simply cannot stop) hence a £4.9m saving target is challenging and represents around 25% of the controllable budget. Assuming that a bigger savings target could “fund” lower Council Tax rises is bordering on reckless. The Council would need to undertake due diligence to ensure any increased target is realistic.
- 4.4.4 More importantly, the target of £4m can only be achieved if Members support savings proposals – this is by no means guaranteed and under delivery of the target will have a significant impact. The table below shows the risk the Council runs if only 50% of the savings target is achieved. In this scenario, the Council would still be running a deficit of over £2m and balances would have reduced to c£5m.



- 4.4.5 **Funding** – funding for 24/25 is more or less certain but beyond that we are entering unknown territory (as per 4.3.5). The best thing financially would be to raise Council Tax now and then should additional funding be provided, reduce council tax increase in later years knowing that funding is certain. The graphs below illustrate the point.



- 4.4.6 A redistribution of funding to the level set out in 4.3.6 would at best give the Council future choices around council tax and the level of savings to be made. It does not allow the Council the luxury of “do nothing now and the problem goes away in a couple of years”. It is the combination of 10% increased funding and savings that would clear the Council’s deficit. The green line represents the worst scenario (failure to achieve £4.9m savings by £1.2m and a 3% funding increase in 25/26) but even in this case balances would remain above £3m if Council Tax is levied at 5% which would give the Council a chance to remedy the £2m deficit that would exist.

4.5 Funding outlook summary

- 4.5.1 With the MTFP updated for the Settlement, budget proposals for 23/24 and other assumptions, the overall position is clear – a 5% tax rise would leave the Council a 23/24 subsidy of £0.589m, a subsidy of c£1.4m in 24/25 which then falls to £147k after assuming the Councils saves £4.9m by 27/28. Even with the savings programme delivered in full and maximum Council tax rises, the Council will not achieve its two Corporate Strategy priorities during the period of the plan unless something else happens e.g. extra funding is received, demand reduces etc. The

scenarios in 4.4 show that in the context of significant uncertainty, the Council's best chance for financial sustainability is to continue with its savings programme and raise Council Tax to the maximum.

	23/24	24/25	25/26	26/27	27/28
Priority 1: Living within our means	x	x	x	x	x
Priority 2: Balances above £3m	✓	✓	✓	✓	✓

5 RISKS AND UNCERTAINTIES

- 5.1 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>The Council has received a 1 year financial settlement. Future funding is difficult to predict (see section 4.1 and 4.4.) as it is not clear as to how the Government will implement Fair Funding or Business Rates Retention which we expect to happen in 25/26 following the next General Election.</p> <p>Funding allocation methods are also critical. For example, using the relative needs formula for Adults would see the Council receiving £3m more than it would under the current system which part equalises funding for those with high taxbases.</p>	<p>MTFP assumes some redistribution and a 7% increase in funding from 25/26 followed by increases of 3.3%.</p> <p>The Council will continue to lobby for additional funding and respond to future calls for evidence.</p>
2	<p>The Government has indicated that 5% will be the maximum Council tax rises permitted without the need for a referendum.</p>	<p>MTFP assumes 5% tax rises from 23/24.</p> <p>The Council will lobby for additional Government funding rather than Council tax rises to minimise the local tax burden.</p>

	Issue/risk	Impact/ Action to mitigate risk
3	<p>The social care cap of £86,000 as part of adult social care reforms has now been deferred and will be implemented from 1 October 2025.</p> <p>Despite work done to date, there are significant unknowns:</p> <ul style="list-style-type: none"> • The number of people who will come forward for a care assessment; • The number of those coming forward who will be eligible for care; • The size of any care package required and the amount of financial contribution those people may require; • How quickly people may reach the care cap meaning the Council picks up the full cost of care; • How much resource the Council will need to meet demand; and • Whether the reforms will be fully funded. <p>It is far too early for the Council, any Council for that matter, to assess with certainty what the costs might be or whether the Council will be fully funded. Previous analysis done in the sector suggested that the Government had underestimated costs by £10 billion.</p>	<p>The Council has a working scenario that assumes the reforms are implemented in 2025, and costs are 80% funded.</p>
4	<p>The Better Care Fund continues into 23/24 with additional investment of £600m in 23/24 and £1bn in 24/25.</p>	<p>The MTFP includes an additional £300k in 23/24 and £500k in 24/25. As this funding is likely to come with conditions, it assumes it will be used to fund new expenditure rather than subsidise current costs.</p>
5	<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, estimated by 2023 to reach £1.3m, caused by High Needs</p>	<p>The Council has set aside a reserve to cover the costs of the deficit and has no plans to change its position despite the existence of the override as it is not permanent.</p> <p>As the reserve balances is only £1m, it is proposed to increase this</p>

	Issue/risk	Impact/ Action to mitigate risk
	<p>pressures which it aims to recover over time.</p> <p>In statute, the Council is not required to fund this deficit and an override continues until 25/26. It is not clear what happens beyond that date.</p> <p>The Council has joined the Delivering Better Value programme organised by the DfE which will provide support to the Council to tackle the issue of SEN demand and how to fund it.</p> <p>The Council will be able to access £1m of grant funding to help implement a DBV action plan.</p>	<p>by £300k to meet the current deficit level.</p>
6	<p>Council tax is the largest single source of revenue for Rutland. The amount raised in future years will depend both on how the tax base evolves and on the scale of any increases in the tax rate.</p> <p>The tax base has grown by 117 which is broadly as expected. There have been no major changes in discounts, exemptions, new homes or the collection rate.</p>	<p>The MTFP assumes net tax base growth of c115 Band D properties in line with the assumptions set out opposite.</p>
7	<p>The Council voted in September 2021 to restart its Local Plan process and set aside c£1.4m to fund this which was topped up to £1.7m at Outturn.</p> <p>The latest information is that costs are estimated at £2.3m (covering costs of a new Local Plan and extra costs from operating without one). Additional planning income above that budgeted will reduce this cost.</p>	<p>The Council has a ringfenced reserve set aside for the Local Plan. If this is not sufficient then additional funding would have to be drawn down.</p> <p>Cabinet is proposing that £300k is set aside to top up the Local Plan reserve whilst the budget is reviewed.</p>
8	<p>Pay inflation rate for 23/24 is not finalised.</p> <p>The Council normally assumes a 2% increase but in the current economic climate and based on the 22/23 settlement, the budget assumes 4% in line with most other Councils.</p>	<p>The MTFP has provided for 4% in 23/24, 3% in 24/25 and reverts back to the normal 2% assumption for 25/26 onwards.</p>

	Issue/risk	Impact/ Action to mitigate risk
	The pay settlement is not expected to be concluded before the end of the 22/23 financial year.	
9	<p>The Government target is to keep inflation below 2%. Inflation, as measured by the Consumer Price Index (CPI) is 9.3% (November 2022).</p> <p>The Council has seen the impact of inflation in all of its business as it has extended and renewed contracts. Contract extensions have led to increased costs. In various other markets, energy costs and recruitment and retention issues have pushed up prices.</p>	The Council has amended inflation rates in the MTFP to reflect increases in energy costs and contract price changes. The costs are shown in individual budgets.
10	<p>Interest rates have increased in 2022 from 0.25% to 3.5% and are expected to rise again to as much as 5% increasing the Council's ability to earn investment income and the potential to repay long term debt earlier.</p> <p>The Bank of England uses the base rate to influence how much people spend and as a consequence, keep inflation rates in line with the Government target of 2%.</p>	<p>Advice from our Treasury advisors is factored into investment returns expectations which have been increased to over £1.6m.</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>
11	<p>Capital financing costs have been estimated based on current spending plans.</p> <p>Corporate analysis of existing and potential new projects indicates that no further external borrowing is expected at this stage. However the Council is in the middle of an asset review and will need to consider plans when this is completed.</p> <p>The Capital Investment Strategy highlights the need for a long term (10 year) capital plan. This could require further borrowing. For now, Cabinet has set out priorities for funding held (Report 197/2022) but it is possible that the Council may need to generate additional funding (borrowing, capital receipts) to</p>	<p>The Council will aim to minimise borrowing unless there is an Invest to Save rationale.</p> <p>All other proposals for investment will be judged on their individual merits.</p>

	Issue/risk	Impact/ Action to mitigate risk
	meet needs. For example, a business case for infrastructure requirements for waste management (that could create revenue savings) may require capital investment beyond available resources.	
12	<p>The Government reform agenda continues and can have an impact on the Council's work and budget:</p> <ul style="list-style-type: none"> • Care cap reforms – deferred to October 2025 • The Schools' Bill – has now been dropped • Elections Act 2022 – this has been passed but regulations are awaited as to how we implement voter ID • Environment Act 2021 – this has been passed but regulations are awaited which will cover green waste charging and food waste collections. <p>Regulations will determine how legislation should be implemented and the advent of new burdens funding will tell us whether we will have to bear any cost.</p>	<p>Care cap reform costs are built into the MTFP from 2025/26 assuming they are 80% funded.</p> <p>There is still some uncertainty around whether the Council will be able to charge for Green Waste, at present the Council have assumed that charging will be allowed</p> <p>It is assumed Food Waste collection will come in from 25/26 and be funded.</p>
13	<p>The Council has completed its condition survey work and has begun a £565k project to fund major essential works. This is a core part of its work on Asset Management.</p> <p>A Corporate Asset Programme has now begun with the plan to produce outline business cases for each Primary Key Asset. Focus will be on Catmose due to changes in the way we are working and Oakham Enterprise Park as the single-largest asset.</p>	<p>The capital programme includes a capital project.</p> <p>Future capital works and needs will be driven by the outcome of business case work. Capital funds and reserves are available but adequacy will depend on the extent of the long term programme.</p>
14	<p>Ash dieback, sometimes known as 'Chalara', affects ash and other species of trees and is caused by a fungal pathogen.</p> <p>The management of Ash dieback was identified in the MTFP as a future financial</p>	<p>The Council is proposing to remove its £500k earmarked reserves to fund ongoing work as no costs have been incurred to date.</p> <p>Any future costs will be picked up by the General Fund.</p>

	Issue/risk	Impact/ Action to mitigate risk
	development/pressure but figures are unknown and no expenditure has been incurred to date.	
15	<p>Businesses can appeal to the VOA about the amount of rates they pay. If their RV is reduced on appeal (NB: appeals can be backdated for years) then the Council will not only lose income but will have to refund businesses for any “overpayments” they have made.</p> <p>To mitigate this risk, the Council has a provision for appeals and losses. The amount set aside represents each Council’s estimate of the sums that may ultimately be repaid to ratepayers. Setting the provision is not straightforward but relies on the various types of information and judgements (and is subject to external audit).</p> <p>The dilemma for the Council is about the level at which to set its provision. If it is too low then the Council may incur costs in the future. If it is too high then the Council could reduce its income in the short term.</p>	<p>As explained in 4.2.13 the Council has now released its provision as claims have not led to losses.</p> <p>A new rating list has been produced for 2023 and the Council will continue to provide for losses.</p>
16	<p>The Council, like many others, is experiencing issues in respect of recruitment and retention.</p> <p>There are a number of challenges contributing to this including the lasting impact of the pandemic (agile working which makes jobs further afield more accessible to staff, pay rates which are moving upwards as authorities will pay more to retain staff and uncertainty in the sector generally which makes the public sector less attractive for private sector candidates.)</p>	<p>Review of recruitment and retention has been completed.</p> <p>Pay levels are reviewed to try and maintain competitiveness.</p> <p>The Council is trying to recruit for two Director positions but has not built in any pressure should it be unsuccessful.</p>
17	The Council has undertaken a review of the County’s leisure and wellbeing needs and has recently tendered for a contractor to run dry side provision at Catmose at zero cost to the Council.	The MTFP allows for £300k to meet the potential costs of either ceasing provision or continuing at cost.

	Issue/risk	Impact/ Action to mitigate risk
	<p>The Council has not secured any viable bids with suppliers unwilling to take the risk of rising energy costs.</p> <p>The Council is now assessing its position but it could mean that public leisure provision may close. As the Council has a lease with Catmose College and facilities were funded with external grant, there may be financial implication of any decision to close.</p>	

6 SAVINGS: DELIVERING FINANCIAL SUSTAINABILITY

6.1 Objective and priorities

6.1.1 The Council has approved a FSS which it is implementing. The strategy is geared around the two objectives set out in 3.2 and is built around three principles:

- raising council tax to maximise yield – this is our biggest income source;
- delivering a transformation programme and an “affordable service offer” and any other savings required; and
- using up to £2m of reserves to subsidise the budget to allow savings to be delivered. The savings per the FSS are set out below.

	23/24	24/25	25/26	26/27	27/28
Total recurring savings required (per FSS)	0.800m	2.443m	2.778m	3.835m	6.989m
Delivered in 23/24 inc. one off savings	1.593m	0.958m	0.958m	0.958m	0.958m
New savings required (per MTFP)	0.800m	1.485m	0.335m	1.057m	1.123m
Cumulative to be delivered (per MTFP)	-	1.485m	1.820m	2.877m	4.000m
NB: The MTFP includes recurring savings of £4.958m which is less than the £6.989m originally envisaged but is based on the current programme and acknowledges that the 25/26 funding position is uncertain.					

6.2 Transformation Programme

6.2.1 The Chief Executive and Corporate Leadership Team are leading the Transformation Programme. From our work to date and conversations thus far with our Transformation Partner, it is clear that any plan will have to achieve two things:

- i) transform the way we deliver so that we reduce waste and maximise efficiency, and we get maximum value for our spend. Our Transformation work will allow us to develop an operating model that achieves this. But the notion that a change of operating model will in itself deliver the extent of savings required is unrealistic with the vast majority of savings expected from moving to an “affordable service” offer (we call this our strategic portfolio).
- ii) delivers a smaller but functional Council that spends less on its strategic portfolio whilst protecting the most vulnerable and enabling the community to do more for itself.

6.2.2 The Council has included savings targets in the MTFP and is working on the following workstreams:

Area	Mission statement
Operating Framework	To design a new operating framework that makes decision making lean and strips out unnecessary bureaucracy making it easier to deliver services for customers.
Customer	We will simplify access to customer services and look for opportunities to enhance customers lives and lived experience by reviewing how customer access works and our model for customer services.
Community Offer	To have an integrated all-age community offer including the Voluntary Community Sector (VCS) that allows individuals and communities to help themselves, provides preventative support and targeted intervention to prevent escalation of needs.
Commissioning and Contracting	The Council manages fragile marketplaces, effectively supports services to source and secure commercially viable contracts and ensures there are skilled contract managers in place to maximise value from contract arrangements in place.
Digital, Data and Technology	Customers are able to self-serve through online interactions and integrated systems create efficiencies and give better access to data and insight, meaning evidence-led decision making is easier.
Enabling Services	The Council’s support services function is reviewed, with clear consideration given to a centralised or decentralised model for each support function which will maximise the value offered by service delivery units.
Public Realm	To reorganise public realm services, rescale our revenue commitment whilst maintaining a safe public realm and develop a standardised and affordable offer across the County that is clear on the role and remit of the Council and partner organisations and who pays.
Cultural Services	To develop an enabling cultural offer that enhances the visitor economy for reduced financial impact to the Council.

Area	Mission statement
Asset Management	To optimise our estate, reduce cost and maximise revenues.
Special Educational Needs	To identify sustainable changes that can drive high quality outcomes for children and young people with SEND (within their locality) and secure a more efficient and cost effective model.
Integrated Care Organisation	To redesign and integrate health and adult social care services, utilising shared resources to secure a more efficient and cost effective model and one that improves the customer experience.
Transport	To design and implement a demand led public transport model which is sustainable and costs less and drives up passenger use and improves accessibility to services including health and education.

6.2.3 The Council's aim is to progress each workstream with a view to coming up with proposals and options for Members to consider post the May election. At this stage, it should be noted that Members have taken no decision in respect of the future delivery of services other than those reflected in this budget but Members have acknowledged that all areas of Council business need to be examined.

6.2.4 Savings for 23/24 are included in the budget (Section 9). There is also a target in the MTFP for 24/25. There is work to done to translate the target for 24/25 into one that is deliverable. By the end of April, the Council should be in a better position as workstream activity will be significantly progressed. **By September 2023 at the latest, the Executive should present detailed proposals (worked up proposals that can be actioned from 1 April 2024) for the achievement of 24/25 savings.**

7 RESERVES

7.1 Our approach

7.1.1 The Council has various reserves as set out below.

Reserve	Description
1.General Fund	General reserve available to fund shortfalls in expenditure or unexpected costs
2.Earmarked Reserves	<p>There reserves are established by Council, they are set up for a specific purpose e.g., health and safety claims. The Council has generally two types:</p> <p>a) reserves set aside in case an event arises e.g. redundancies; and</p> <p>b) reserves set aside where the Council knows spending will take place but is not sure how much or when e.g. Local Plan reserve. The latter is effectively a ring fenced</p>

Reserve	Description
	reserve. In either case, the Council could choose to return the balance on these reserves to the General Fund.
3.Ringfenced reserves	Where the Council receives ring fenced funding, any unspent funds must be held in a reserve and only used for that intended purpose.

7.1.2 For the purposes of its FSS, the Council proposed to use the term non ringfenced reserves to include the General Fund balances plus earmarked reserves that whilst earmarked could in effect be made available to subsidise the budget (those that meet the definition of 2a above).

7.1.3 This classification is helpful as it excludes statutory ringfenced reserves and those such as the Local Plan reserve which are already committed. The use of non-ringfenced reserves in the MTFP effectively means that Members know the total amount of funds available to meet any costs outside of the budget.

7.1.4 **The Council will be asked to:**

- release all balances held in 2a) above as per Appendix 6 back into the General Fund.
- set aside an extra £300k for the Local Plan reserve (Section 5, Risk 7);
- set aside an extra £300k to cover the SEN deficit (Section 5, Risk 5);
- set aside an extra £300k to cover the potential costs from a decision on Leisure provision (Section 5, Risk 17).

7.1.5 This will give the Council balances (after budget setting) as follows with earmarked reserves constituting those reserves already committed for specific issues e.g. Local Plan costs.

Reserve	£
General Fund	13.173m
Earmarked reserves	4.100m
Ringfenced reserves	1.954m

7.2 The minimum level of reserves required

7.2.1 One of the reasons that a budget deficit (plugged by reserves) 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 as per the CIPFA Resilience Index indicating a good degree of financial management.

- 7.2.2 These reserves can be called upon in the short term to balance the budget and meet any additional in year costs. Balancing the budget using reserves is not good practice but is legitimate in the short term alongside a plan to reduce reliance on reserves in the future. The Council's FSS allows for the use of up to £2m of reserves alongside a programme to reduce this usage to £0 by 27/28.
- 7.2.3 It is important to note that in its Local Government Finance Policy Statement, the Government encouraged "local authorities to consider how they can use their reserves to maintain services in the face of immediate inflationary pressures, taking account, of course, of the need to maintain appropriate levels of reserves to support councils' financial sustainability and future investment." The Council's FSS is commensurate with this direction.
- 7.2.4 The current financial position and events like the decision to restart the Local Plan process in 2021 (which calls upon £2m of Reserves) demonstrates the importance of having available funds.
- 7.2.5 The minimum level of reserves is set to take account of:
- strategic, operational and financial risks (see Section 5);
 - key financial assumptions underpinning the budget; and
 - the quality of the Council's financial management arrangements.
- 7.2.6 The Council's minimum reserves target is set at £3m. Presently, the Council's General Fund balances (and useable earmarked reserves) are above the minimum level. As at March 2023, reserve levels are budgeted to be at £13.173m (Appendix 1).
- 7.2.7 A review of the reserves position has been undertaken. **It is my view that the minimum reserve level be maintained at £3m.** This level is deemed adequate based on professional judgement and a risk assessment taking into account the following factors:
- despite a good savings track record, the Council has work to do to deliver future savings but does have a programme in place being driven by the Chief Executive;
 - there are potential risk and cost pressures as set out in Section 5; and
 - the financial outlook is uncertain.

8 COUNCIL TAX AND COLLECTION FUND

8.1 Council tax – options

- 8.1.1 The Government has increased the Council Tax referendum limit to 5% for 23/24 (3% for general council tax and with 2% for social care).
- 8.1.2 The draft budget proposes to raise Council Tax by the maximum available in light of its financial difficulties.
- 8.1.3 The rationale for applying the 2% Adult Social Care (ASC) precept is that the

Council's budget assumes that the rate it will pay for increase to care rates following its fair cost of care work. The budget provides for substantial increases (subject to a report to be presented in February) for residential care, homecare and direct payments. As there are now few providers who will accept the current negotiated rate of £535 for a residential care bed, the Council is required to act to sustain the market – this is also an expectation from Government attached to extra funding.

- 8.1.4 The table below summarises the position for ASC and shows that the pressure on costs is not covered by all the additional funding.

Extra funding (compared to 22/23)		Extra costs (excludes general inflation and pay uplift for social workers and other staff)	
Better Care Fund	£300,000	Demand	£260,000
iBCF	£0	Better Care Fund	£300,000
Fair Cost of Care	£227,000	Fair Cost of Care	£2,000,000
Social care grant	£732,000	Care Cap Reforms	£117,000
Discharge Fund	£31,000		
Precept	£637,000		
Total	£1,927,000	Total	£2,677,000

- 8.1.5 The precept of £637,000 pays for c1,160 weeks of residential care (at the existing negotiated rate) or c35,400 hours of homecare.
- 8.1.6 The table below gives shows the difference between the various options that Members could apply for Council tax as a whole. **The compound impact of any tax rise below the 4.99% maximum is significant. For example, a tax freeze and a loss of £8.5m funding over 5 years would threaten the Council's financial independence.**

Change from 22/23	Council tax rate	23/24 Council tax revenue £m	Loss against maximum yield in 23/24	MTFP Impact (5 years)
4.99%	£2,013.04	£32.043m	N/A	N/A
3.99%	£1,993.86	£31.738m	£0.305m	£1.7m
2.99%	£1,974.69	£31.433m	£0.610m	£3.4m
1.99%	£1,955.52	£31.127m	£0.917m	£5.1m
0.99%	£1,936.34	£30.822m	£1.220m	£6.8m
0%	£1,917.36	£30.518m	£1.525m	£8.5m

NB: The losses over a 5 year period will vary according to a number of factors including growth, council tax support, collection rates, discounts and empty homes.

8.2 Impact on residents

- 8.2.1 The Council runs a Local Council Tax Support scheme. The Scheme gives a maximum 75% discount on Council Tax bills for qualifying residents (i.e. those on low incomes who have capital of less than £10,000). This scheme runs alongside the single person discount so residents living on their own only pay 25% of the value of Council tax for their property.
- 8.2.2 The Council also has a discretionary hardship fund which would allow us to reduce Council tax for the most vulnerable and we have also received £33k from Government to make additional payments for those on low incomes.
- 8.2.3 The table below shows the impact on residents of the Council tax decision.

Impacts	22/23	23/24
<i>On residents</i>		
Council tax per Band D property	£1,917.36	£2,013.04
Weekly cost (Band D)	£36.77	£38.61
Maximum weekly cost for those receiving full council tax support	£9.19	£9.65 (£0 if residents are of pensionable age)
Number of households paying the full charge*	10,025	10,096
Number of households receiving single persons discounts/ council tax support*	6,705	6,715
Council tax support funding available for hardship cases	£20,000	£20,000 plus an additional £33,000 from Government
NB: The Council offers various support for those on low incomes which can be found at https://www.rutland.gov.uk/my-community/cost-of-living-support .		

8.3 Council Tax Collection Fund – the estimated balance for 2022/23

- 8.3.1 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.

- 8.3.2 The estimated financial position on the Collection Fund at 31 March 2023 is shown below.

Estimated Surplus at 31 March 2023	£38,756
Share of Deficit	
Rutland County Council	£33,012
Leicestershire Police Authority	£4,476
Leicestershire Fire Service	£1,268

- 8.3.3 Regulations provide for the Council's share of the estimated deficit to be transferred to the General Fund in 23/24.

8.4 **Business Rates Collection Fund – the estimated balance for 2022/23**

- 8.4.1 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.
- 8.4.2 The Council draws down an amount from the Collection Fund based on an annual return completed in January and this forms the 'funding' from business rates, which does not fluctuate.
- 8.4.3 For 22/23, the P8 position showed a deficit position of £75k. This is largely down to an increase in unoccupied property relief and small changes across a number of other reliefs.
- 8.4.4 As the amount collected will not be as high as when estimated in January, this creates a deficit, but the fund still pays out the estimated amount. The Council will then have to pay back the deficit in the next financial year.
- 8.4.5 To help neutralise this impact the Council will use the additional funds held in the NNDR reserve in order to meet the estimated deficit in the Collection Fund in January 2023. The Business Rates position will be confirmed in January when the annual report is completed.

9 **REVENUE BUDGET**

9.1 **Revenue budget**

- 9.1.1 The Council is proposing a net revenue budget of £46.549m. The table below sets out the detailed make-up of the draft budget.

	Draft budget 23/24 £000
People (Adult and Children's Services)	23,943
Places	16,221
Resources	8,073
<i>Sub-Total Directorate budgets</i>	48,237
Pay Inflation contingency	743
Demand Led Contingency	245
<i>Sub-Total Contingencies & Corporate Savings</i>	988
Net cost of services	49,225
Appropriations	(2,643)
Capital financing costs	1,647
Interest income	(1,680)
<i>Sub-Total Capital</i>	(2,676)
Total Net Spending	46,549
Funding	(45,771)
Contribution from Ring Fenced Reserves	(188)
Use of General Fund reserves	590

9.1.2 The draft budget does not include all expenditure that will likely be incurred in 23/24. Updates will be required for the following in due course:

- **Homes for Ukraine** – the Scheme will continue into 23/24. Hosts' 'thank you' payments to increase to £500 a month after a Ukrainian's first year of sponsorship and will be extended from 12 months to 24 months. From 1st January 2023, Council's will receive £5,900 to help support each new arrival. Government will also provide £150million of new UK-wide funding in the 23/24 financial year to local authorities and devolved governments to help mitigate homelessness in place of the tariff. The Council has current funding which has been spent and will receive additional funding, as indicated above, so it is envisaged that funding will be drawn down as costs are incurred.
- **Local Plan** – the Council has set aside funding for a new Local Plan in a reserve. As expenditure is incurred, that funding will be drawn down to match expenditure.
- **UK Shared Prosperity Fund** – the Council has been awarded funding and will draw this down as expenditure is incurred.
- **Household Support Fund** – this scheme is fully funded by Government and will continue into 23/24 (funding level unknown).

9.2 Contribution to Corporate priorities

9.2.1 The budget will allow the Council to deliver on Corporate Strategy priorities and meet statutory obligations. The Council continues to focus on delivering and maintaining core services during difficult financial times and supporting those who are most vulnerable:

- the Council is investing new funding into the care sector which will allow care providers to receive an increased rate for care provision mitigating the cost rises they are facing;

- the Council is maintaining current Local Council tax support scheme arrangements and its discretionary funds for the most financially vulnerable residents;
- the Council continues to work closely with Health and will invest some new funding in supporting hospital discharge;
- the Council is investing in the waste management service and maintaining service provisions at the same levels;
- the Council continues to invest c£2m of capital funding in the council's road network to keep it at a high standard;
- the Council continues to invest in transport provision to maintain access to public transport;
- the Council continues to meet increased demand for Home to School and Special Educational Needs (SEN) transport;
- the Council continues to expand its digital offer and enable residents to make service requests online; and
- the Council is investing in the development of a new Local Plan and has set aside significant funding for this.

9.2.2 For now the budget protects the majority of key services and avoids service reductions that may be forced in the future. The Council will keep its Corporate Strategy priorities under review in light of how its Transformation work progresses.

9.3 Key assumptions

9.3.1 The **Directorate budgets** are detailed by functional areas in Appendices 2 to 4. The detailed budgets show how they have changed from 22/23 for the following items.

	Description	Directorate Budgets £000	Corporate Budgets £000	Total Budget
	Starting Budget	44,597	(568)	44,029
Inflation +	General inflation is applied to budgets. To illustrate the impact of inflation on different parts of the budget, inflation is shown separately for utilities and contracts.	421*	0	421
Utilities +	Utilities inflation	118*	0	118
Contracts +	Contract inflation pertaining to extension or renewal of contracts	810*	0	810
Pay +	The impact of any pay award for 23/24 (still yet to be decided) is included in the	361*	743*	1,104

	Description	Directorate Budgets £000	Corporate Budgets £000	Total Budget
	Corporate provision. The Directorate Budgets includes any pay related costs such as pension costs, regrades etc.			
Pressures +	A pressure represents an increase in the budget arising from: <ul style="list-style-type: none"> • A loss of income or funding • An increase in demand • Implementation of reforms 	3,285*	0	3,285
Changes in Depreciation +	Changes in depreciation for the assets the council holds	169*	(169)	0
Changes in funding -	Additional funding may be provided for new duties as outlined above or to help subsidise existing duties. Funding can take the form of grants, use of reserves or external funding.	237*	0	237
National Insurance -	Reversal of NI uplift giving a saving	(142)*	0	(142)
Savings =	Directorate Savings arising from: <ul style="list-style-type: none"> • A reduction in demand • Stopping/reduction in service • Efficiencies Corporate Savings Arising From <ul style="list-style-type: none"> • Investment Income • Reduction in Demand Contingency 	(1,593)*	(1,720)*	(3,313)
	23/24 budget	48,263	(1,714)	46,549
	Budget Reductions	(1,735)	(1,889)	(3,624)
	Budget Increases	5,401	743	6,144

9.4 Reserves and Estimates - robustness

- 9.4.1 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.

- 9.4.2 The most substantial risks in 23/24 pertain to demand led budgets, delivery of savings and inflationary pressures on budgets. The Council has prudently assumed that:
- current trends of increased demand etc will continue but also has some contingency included in the budget for any pressures;
 - social care rates will be increased to a level that is sustainable in the current care economy;
 - savings of £1.735m can be realised.
- 9.4.3 It is my view that estimates made in the plan are prudent. In the medium term, the risks to the budget strategy arise from the risks detailed in Section 5 but can be summarised as follows.
- non-identification and delivery of future savings built into the MTFP;
 - unidentified and uncontrollable pressures; and
 - loss of future resources, particularly in respect of changes to business rates, government funding or council tax.
- 9.4.4 The risk of economic downturn continuing, nationally or locally, is a distinct possibility as noted in the risk section. This could result in further significant reductions in funding, falling business rate income, and increased cost of Council Tax reductions for taxpayers on low incomes. It could also lead to a growing demand for Council support and services and an increase in bad debts.
- 9.4.5 In 23/24, it was my view that the Council's financial resilience is adequate. In light of the risks highlighted in section 5, **my view is that the position is deteriorating as reserves continue to be used to balance the budget but this is manageable in the short term because:**
- The Council has a good level of earmarked and General Fund reserves;
 - 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
 - A savings programme is in place, year 1 savings have been delivered and work is progressing on workstreams which will deliver savings in year 2.
- 9.4.6 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.

10 CAPITAL PROGRAMME PRIOR YEAR

10.1 Overall Programme – existing and new projects

- 10.1.1 The Capital Programme is developed around specific projects. The programme

comprises of 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 2023/24);
- Ring Fenced Grants: These grants can be awarded following a successful application process or passported by Government to support objectives. Projects will automatically be included in the existing capital programme (e.g. disabled facilities grants) if there is a project to spend the funding;
- Non Ring-Fenced Grants: New projects to be approved in the budget or in-year; and
- Funding available but not yet allocated.

10.1.2 The table below is an overview of the position for 2023/24. Projects that make up the total £16.420m are listed in Appendix 7.

Capital Programme	Budget Approved to Date	New Capital Projects	Budget 2023/24
	£000	£000	£000
Strategic Aims and Priorities	6,000	282	6,282
Asset Management Requirements	10,138	0	10,138
Total Projects	16,138	282	16,420
Grant	(13,685)	(282)	(13,967)
Prudential Borrowing	(349)	0	(349)
Capital Receipts	(595)	0	(595)
RCCO	(309)	0	(309)
Developers Contributions	(1,200)	0	(1,200)
Total Budget Funding	(16,138)	(282)	(16,420)

10.2 Changes to the Capital Programme

10.2.1 In October 2022, £15.509m was approved as the new capital programme, amendments of £629k have been made since this report, A further £282k of ring fenced projects have been added within the 2023/24 budget setting process. These amendments are shown within the table below, therefore giving the council a revised capital programme of £16.420m.

	Project	Capital Project Approval or Delegation	Value	Value
			£000	£000
Approved Capital Programme (Mid-Year Report 157/2022)				15,509
New Capital Programme – Approved Since Outturn				
Strategic Aims and Priorities	Exton Play Area Refurbishment	S106 Delegation	14	

	Project	Capital Project Approval or Delegation	Value	Value
			£000	£000
Asset Management Requirements	Asset Review	Report 183/2022	565	
Strategic Aims and Priorities	Schools Energy Efficiency Improvement	Ring Fenced Funding	26	
Strategic Aims and Priorities	UK Share Prosperity Fund	Ring Fenced Funding	24	
Total New Capital Programme – Approved Since Mid-Year Report				629
New Capital Programmes for 2023/24 Budget Setting				
Strategic Aims and Priorities	Devolved Formula Capital	Ring Fenced 2023/24 Funding	12	
Strategic Aims and Priorities	Disabled Facilities Grants	Ring Fenced – 2023/24 Funding	270	
Total New Capital Programme – Approved for 2023/24 Budget Setting				282
Revised Capital Programme 2022/23				16,420

10.3 Approved projects – approved projects continuing into 2023/24

10.3.1 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 2023/24. The estimated spend in 2023/24 will depend primarily on the outturn position (the amount spent) for 2022/23. Examples include the school expansion project at Catmose and the council's asset review.

10.4 Approved projects – projects delivered with ring fenced funding

10.4.1 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.

10.4.2 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.

10.5 Projects in pipeline – to be submitted for approval or added in due course

10.5.1 In a few areas, works are ongoing and some proposals for new projects are being developed. In these areas, Cabinet reports are expected in 2023/24. Funding for any future projects will be met in full or in part from the unallocated funding (set out in 12.6 below). Areas under review include:

10.5.2 Levelling Up fund bid – Cabinet approval was given in June 2022 to submit a joint application with Melton Borough Council for Levelling Up Funding. If successful, the Council may be asked to provide match funding for up to 20% of the award value. An update will be given once the Council is notified on the outcome of the bid.

10.5.3 UK Share Prosperity Fund Allocation (UKSPF) – the funding has been launched to support the Levelling Up agenda. The Council is now allowed to draw down its £1m share of the allocation over the next 3 years. The 2022/23 allocations have been

added to the Councils revenue and capital budget. The allocations for 2023/24 and 2024/25 will be included once detailed plans are known.

Allocation 22/23			23/24	24/25
Capital	Revenue	Capacity	£117,344	£823,984
£23,469	£35,203	£20,000		

- 10.5.4 The Rural England Prosperity Fund was announced by Government on 3rd September 2022. It complements the UKSPF and is a top-up to help address the extra needs and challenges facing rural areas. The Council submitted an investment plan (28th November 2022) and received an indicative allocation of £100k in 2023/24 and £300k in 2024/25. This is subject to government review. An update will be provided once the funding has been officially awarded.
- 10.5.5 Property Asset Review – Cabinet approval was granted in November 2022 for a capital project for emergency works on the Council's estate. The next phase of work will now focus on the options for each class of assets and subsequently the development of a longer term planned maintenance programme.
- 10.5.6 SEND Capital Funding – Funding for High Needs Provision Capital Allocation (HNPCA) has been confirmed for 2022/23 (£500k) and 2023/24 (£540k) but are not included in the capital programme yet. The funding is to support local authorities to deliver new places and improve existing provision for children's and young people with special educational needs and disabilities or who require alternative provision. The Council is joining the Delivering Better Value programme in January 2023, these works will feed into the process and where appropriate, to a Cabinet paper. Proposals will be presented in the new year.
- 10.5.7 Highways – the Department for Transport provided indicative funding of £2.381m for 2023/24 for local roads and upgrades to tackle potholes, relieve congestion and boost connectivity. This is included within the unallocated table in 12.6 until a paper is presented to Cabinet for approval.
- 10.5.8 10 year capital investment plan – There is a commitment in the Corporate Strategy for the Council to develop a 10 year capital investment plan to guide future spending on infrastructure and facilities. As this will link to and be informed by the development of the new Infrastructure Delivery Plan (IDP) it is anticipated that capital investment plan will now be developed in the latter half of 2023.

10.6 Unallocated Funding (funding available)

- 10.6.1 Currently the Council is holding capital funds that have not yet been approved to a project. A breakdown of these funds is shown in the table below.

	Developers Contributions			Other funds		
	Section 106	Community Infrastructure Levy Fund	Oakham North Agreement	Ring fenced Grants	Non ring-fenced Grants	Total

					/Capital receipts	
	£000s	£000s	£000s	£000s	£000s	£000s
Opening Balance at P5	(2,695)	(2,569)	(3,168)	(1,327)	(3,281)	(13,039)
Changes since Mid-Year report						
Changes since P5	0	0	0	(26)	0	(26)
New Projects Approved since P5	14	0	0	26	565	605
Total Changes since P5	14	0	0	0	565	579
Changes at Budget Setting 2023/24						
Estimated Grant Award 2023/24	0	(430)	0	(937)	(2,943)	(4,310)
New Capital projects approved at budget setting	0	0	0	282	0	285
Leisure Commitment	0	250	0	0	0	250
Total Changes at Budget Setting	0	(180)	0	(655)	(2,943)	(3,778)
Closing Balance Unallocated	(2,681)	(2,749)	(3,168)	(1,981)	(5,659)	(16,238)

Breakdown of Funding	Ring fenced Grants	Non ring-fenced Grants/ Capital receipts
SEND Funding	(1,039)	
Schools Capital Maintenance Funding	(717)	
Other Social Care Funding	(225)	
Highways		(2,458)
Integrated Transport		(1,929)
Capital Receipts		(1,195)
Other Non-Ringfenced Funding		(77)
Total	(1,981)	(5,659)

10.7 Indicative Allocations

- 10.7.1 A report (No: 197/2022) went to Cabinet in December, to set out the capital funds currently held by the Council, also to approve indicative allocations for the Council's investments. The report aligns the capital resources to the Council's strategic priorities that are set out in the Corporate Strategy and shows provisionally how the £16.2m held above might be used.
- 10.7.2 The indicative allocations will enable services and partners to develop their investment plans and bring forwards proposals for specific projects to meet the County's infrastructure needs and strategic priorities. Details of the indicative allocations can be found in the table below

	Developers Contributions					
	Section 106	Community Infrastructure Levy Fund	Oakham North Agreement	Ring fenced Grants	Non ring-fenced Grants	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Opening Balance as above	(2,681)	(2,749)	(3,168)	(1,981)	(5,659)	(16,238)
Priority 1: A Special Place	1,383	0	1,000	0	4,526	6,909
Priority 2: Sustainable Lives	45	1,000	2,000	0	0	3,045
Priority 3: Health and Well	72	1,500	0	225	0	1,798
Priority 4: A County for Everyone	1,180	0	0	1,205	0	2,385
Priority 5: A Modern and Effective Council	0	0	0	551	1,133	1,684
Total Indicative Allocations	2,681	2,500	3,000	1,981	5,659	15,821
Unallocated (after indicative allocations)	0	(249)	(168)	0	0	(417)

10.7.3 **Priority One: A Special Place: Total £6.909m**

10.7.4 Investment in Highways, Heritage and Culture and the County's public spaces to improve the cultural offer, attractiveness, accessibility, and safety within the market towns and villages. This investment will enhance the public realm and support the development of the Council's cultural offer.

10.7.5 It is proposed that a community grants scheme is established to promote and support the vibrancy of the County's communities. The community grants scheme will be the subject of a future report to Cabinet.

10.7.6 **Priority Two: Sustainable Lives: Total £3.045m**

10.7.7 Investment in the County's waste and recycling services and facilities to secure long-term resilience and value for money and address the pressure of additional waste arisings created by growth.

10.7.8 It is also proposed to invest in the redesign of a sustainable and integrated public transport network that supports the implementation of the approved Bus Service Improvement Plan, increases bus usage, and reduces the County's carbon footprint.

10.7.9 **Priority Three: Healthy and Well: Total £1.798m**

10.7.10 Investment in improvements and increased health provision that meets the needs of all the County's residents. This investment must increase provision and not just upgrade or maintain existing provision. The County's health services are under pressure and additional development means further investment is required to support local residents.

10.7.11 Use of ring-fenced adult social care capital funds to support the care and independence of the County's residents.

10.7.12 Priority Four: A County for Everyone: Total £2.385m

10.7.13 Investment in the provision of services for early years, children, and young people and promoting the delivery of affordable housing within the County. The Council is exploring options for the provision of 'family hub' services which this investment could support.

10.7.14 It is also proposed to work with Police and Fire and Rescue services to invest in ensuring Rutland remains safe and welcoming.

10.7.15 Priority Five: A Modern and Effective Council: Total £1.684m

10.7.16 Investment in optimising the use of assets to provide value for money and support future service delivery and the County's strategic priorities. The report to November Cabinet on the high-level asset strategy will inform investment priorities and requirements for the Council's operational estate.

11 TREASURY MANAGEMENT

11.1 Overview

11.1.1 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 where known but there are also issues that may impact the MTFP in the future.

11.2 Key issues

11.2.1 Over the past few years, Treasury Management has become high profile as a number of Council's treasury activity has hit the headlines. Excessive borrowing and investments in property and other commercial ventures has got some Council's into financial trouble to the point that they now face intervention and/or have been issued with s114 notices.

11.2.2 In response to this activity, regulations have been tightened to prevent what regulators including CIPFA believe is reckless activity and now the requirements placed on all Council's is greater than ever. The Council's treasury activity has always been prudent and the new regulations do not impact the way it works.

11.2.3 The Council's TMS sets out rules on investment which focus on security, liquidity and yield. The Council's current approach, which is low risk, will reduce yield compared to previous years reflect current economic conditions. The Council does not plan to change this approach and invest in longer term investment products.

11.2.4 Nor does the Council propose to borrow purely for investment gain. This is not allowed now under CIPFA guidance and under the Council'

11.2.5 The Council's capital financing costs include any borrowing charge. Presently, the capital plans include limited borrowing. There may be borrowing implications from future projects that could impact the MTFP. This work will be prioritised after the Council had produced its new corporate plan.

11.2.6 The Council's Capital Investment Strategy will still permit borrowing for capital

expenditure where financial return is a key priority alongside service considerations.

11.3 Prudential indicators – indicators to be approved

- 11.3.1 Local authority capital expenditure is based on a system of self-regulation, based upon a code of practice (the “prudential code”).
- 11.3.2 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 Treasury report includes all relevant indicators.

11.4 Minimum Revenue provision – method of calculation

- 11.4.1 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).
- 11.4.2 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.
- 11.4.3 The Government is consulting on the duty of local authorities to make prudent Minimum Revenue Provision each year. Where authorities borrow to finance capital spend, they are required under regulations to set aside money each year from their revenue account. This is referred to as Minimum Revenue Provision (MRP) and is to make sure they can afford to repay the principal of their debt.
- 11.4.4 Prudent MRP must be determined with respect to the authority’s total capital financing requirement. The intention is to stop the intentional exclusion, by some authorities, of debt from the MRP determination because it relates to an investment asset or capital loan. The changes proposed will not impact on the Council.

12 SCHOOL FUNDING

12.1 Overview – How school funding works

- 12.1.1 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.
- 12.1.2 The Government has announced indicative allocations for all blocks (Schools, High Needs, Early Years and Central Services for 2023/24).
- 12.1.3 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 2023/24. This transfer will equate to approximately £0.140m being transferred between blocks
- 12.1.4 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. The options are limited.

- 12.1.5 Schools have reserves they can call on, and the Council will work closely with any maintained school (there are 3 in Rutland) that is experiencing financial difficulty to draw up a recovery plan.

12.2 Allocations – funding received and allocated

DSG

- 12.2.1 The Schools Block allocation for Rutland is £30.294m compared to 2022/23 of £28.182m (an increase of £2.112m) equating to an increase of 7.5%. The National Funding Formula sets the Primary and Secondary units of funding for each authority based on the previous year's census data and these are used to calculate the funding received by the authority for the following year.
- 12.2.2 The two units of funding for Rutland County Council for 2023/24 have been set as follows:
- Primary Unit of Funding is £4,712.25 (£4,487.63 in 2022/23)
 - Secondary Unit of Funding is £5,746.146 (£5,525.00 in 2022/23)
- 12.2.3 The High Needs block allocation for 2023/24 is £5.872m compared to 2021/22 of £5.272m (an increase of £0.600m) equating to 11.4%.
- 12.2.4 The current level of spending on high needs is projected to be £5.7m in 2022/23, and continues to rise, and therefore the allocation for 2023/24 is likely to be insufficient to cover costs next year. The transfer of 0.5% from the Schools Block (approximately £0.140m) is for one year only.
- 12.2.5 The Council is likely to be carrying a DSG deficit of c£1.37m by the end of March 2023. The Council does have a plan to address the issue and is part of the Delivering Better Value programme which will start in January which is aimed at helping Councils to improve delivery of SEND services for children and young people while ensuring services are sustainable. As part of DBV the Council will be able to apply for up to £1m of grant funding to help implement change and reform.
- 12.2.6 However, 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. The Council do have a ringfenced reserve of £1.025m (balance on the DSG as at 31st March 2022) to cover its liability if the deficit is not recovered. This will be increased to cover the projected balance of £1.37m.
- 12.2.7 The Early Years block allocation for 2023/24 has been provisionally set as £1.718m based on an increase rate for 2 year old funding of £5.63 (£5.57 2022/23) and funding for 3 and 4 year olds of £4.87 (£4.61 2022/23).
- 12.2.8 The Council will review the funding and will set individual rates paid over to nurseries (after deducting 5% for Council statutory duties). It is expected that rates will increase from the 2022/23 rates of £5.57 for 2 year olds and £4.38 for 3 and four year olds. This will be confirmed in the final budget report.

12.2.9 The Central School Services block allocation is £0.198m for 2023/24 a slight increase (£0.01m) from the allocation in 2022/23. 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.

12.3 Pupil Premium Grant (PPG)

12.3.1 The DfE have not yet published the pupil premium rates for 2023/24. Any allocations are passported straight to schools.

12.4 Universal Infant Free School Meals (UIFSM)

12.4.1 The DfE have not yet published the pupil premium rates for 2023/24. Any allocations are passported straight to schools.

13 CONSULTATION

13.1 The Council is required to consult on the budget and has plans in place to meet those requirements. It is proposed that consultation for 23/24 includes:

- Consideration by Scrutiny at a special meeting in January;
- Correspondence with businesses about the budget and business rates issues inviting online comments;
- Consultation online and publicity through the local print and broadcast media from 13th January to 3rd February; and
- Public events to be held in the County, hosted by the Leader, where the Council will outline its financial position, explain what this means and how it is seeking to address it through its Transformation work.

13.2 Consultation will focus on some questions as set out in Appendix 8.

14 ALTERNATIVE OPTIONS

14.1 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.

14.2 Revenue savings/pressures

14.2.1 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. 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.

- 14.2.2 Option 2 - Members could not accept 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 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. Officers have already absorbed pressures where possible. Members could request that more savings are made in 23/24. Members would need to give clear direction as to where additional savings would need to be made. Simply requesting an additional say £500k is saved with no direction would be unacceptable in light of the savings already proposed in 23/24. Reducing the savings to be made would be equally damaging and Members would need to be mindful of the financial implications of doing this on the overall financial position. Option 2 is not recommended.

14.3 Capital programme

- 14.3.1 Option 1 - The capital programme for 23/24 includes projects already approved by Cabinet/Council. Some additions/deletions are proposed and Members could approve the capital programme as stated.
- 14.3.2 Option 2 – Members could reject all or some of the additions/deletions. This is not recommended as changes reflect Council priorities.

14.4 Funding – Council Tax

- 14.4.1 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.
- 14.4.2 Option 1 - Members could approve the draft budget which assumes a 4.99% Council Tax increase (2% for Adult Social Care).
- 14.4.3 Option 2 – Members could vary the Council Tax rate. The impact of not making this decision is set out in Section 4. The loss of income for different rates is shown in Section 8. Given the financial gap already projected, the risks highlighted in Section 5 and the comments made by the s151 Officer in Section 3.1.

14.5 Final budget

- 14.5.1 In approving the draft budget for consultation, the Committee will still be able to revisit the alternative options above after consultation and prior to recommending the final budget to Council in due course.

15 FINANCIAL IMPLICATIONS

- 15.1 The draft budget as presented relies on a contribution from the General Fund of £0.598m and £0.900m to be put into earmarked reserves.

16 LEGAL AND GOVERNANCE CONSIDERATIONS

- 16.1 The Council is on course to agree its budget and set its Council Tax for 2023/24 within the timetable required by statute and the constitution as per the table below.

Requirement	Status
<i>Statutory requirements under Local Government Finance Act 1992:</i>	
To levy and collect council tax	To be approved at Council in February 2023
To calculate budget requirements and levels of council tax	To be approved at Council in February 2023
To consult representatives of persons subject to non-domestic rates about proposals for expenditure	Covered in consultation (section 13)
To approve the budget and set Council Tax by 11th March in each year	To be approved at Council in February 2023
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 8.3
<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 9.4
<i>Constitution</i>	
The Council is required to consult on the budget for a minimum of 3 weeks.	Section 13 covers consultation plans.

17 EQUALITY IMPACT ASSESSMENT (EIA)

- 17.1 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.

- 17.2 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 4.99%, including the Adult Social Care Precept of 2% taking Band D Council Tax from £1,917.36 to £2,013.04 (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. The Council Tax rules in place that limit the extent of any Council Tax increases before a referendum is required, the limit for Rutland for 2023/24 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 £1.84.</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, additional Hardship award, a Discretionary Fund and Advice.</p> <p>On top of the 75% discount, for those on LCTS 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. The Council has a webpage dedicated to showing the support available to those in need.</p> <p>https://www.rutland.gov.uk/my-community/cost-of-living-support/</p>

18 COMMUNITY SAFETY IMPLICATIONS

- 18.1 There are no community safety implications.

19 DATA PROTECTION

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

20 HEALTH AND WELLBEING IMPLICATIONS

- 20.1 There are no health and wellbeing implications.

21 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 21.1 The Council is required to set a balanced budget and agree the level of Council tax for 23/24. The draft budget for consultation is affordable within the context of the MTFP.

22 BACKGROUND PAPERS

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

23 APPENDICES

Appendix 1	Medium Term Financial Plan
Appendix 2	Resources Directorate budget 22/23
Appendix 3	Places Directorate budget 22/23
Appendix 4	People Directorate budget 22/23
Appendix 5	Pressure / Savings
Appendix 6	Earmarked Reserves
Appendix 7	Capital
Appendix 8	Consultation

Appendix 1 – Medium Term Financial Plan

	2022/23 P8 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
People	21,240,700	23,942,704	25,135,804	25,794,304	26,545,204	27,312,704
Places	15,843,200	16,221,200	17,470,100	17,859,200	18,260,000	18,671,400
Resources	7,833,000	8,072,500	8,020,900	8,115,500	8,241,500	8,470,400
Additional Savings		0	(1,485,000)	(1,820,000)	(2,877,000)	(4,000,000)
ASC Reform Costs	0	0	0	200,000	400,000	600,000
Contribution to Overheads	(162,000)	0	0	0	0	0
Projects	433,600	0	0	0	0	0
Pay Inflation Contingency	0	743,200	1,329,500	1,722,800	2,111,000	2,505,100
Demand Led Contingency	0	244,900	764,500	1,299,400	1,851,000	2,420,600
Net Cost of Services	45,188,500	49,224,504	51,235,804	53,171,204	54,531,704	55,980,204
Capital financing and related items	(588,200)	(996,000)	(996,000)	(996,000)	(996,000)	(996,000)
Interest Receivable	(1,091,900)	(1,680,000)	(1,080,000)	(780,000)	(680,000)	(510,000)
Net spending	43,508,400	46,548,504	49,159,804	51,395,204	52,855,704	54,474,204
Other Income	(1,819,100)	(376,600)	(380,000)	(330,700)	(330,700)	(330,700)
New Homes Bonus	(461,300)	(7,000)	(7,000)	0	0	0
Improved Better Care Fund	0	(218,800)	(218,800)	(218,800)	(218,800)	(218,800)
Better Care Fund	(2,712,300)	(2,793,500)	(2,993,500)	(2,993,500)	(2,993,500)	(2,993,500)
Social Care Grant	0	(1,793,000)	(2,048,000)	(2,048,000)	(2,048,000)	(2,048,000)
ASC Market Sustainability		(318,000)	(478,000)	(478,000)	(478,000)	(478,000)
ASC Discharge Fund		(31,000)	(51,000)	(51,000)	(51,000)	(51,000)
Rural Delivery Grant	(890,400)	(890,400)	(890,400)	(890,400)	(890,400)	(890,400)
Fair Funding Redistribution				(2,607,657)	(2,002,859)	(1,318,763)
Retained Business Rates Funding	(3,462,200)	(7,269,300)	(6,829,700)	(5,467,900)	(5,694,600)	(5,943,500)
Government funding subtotal	(9,345,300)	(13,697,600)	(13,896,400)	(15,085,957)	(14,707,859)	(14,272,663)
Council Tax/Social care precept	(30,292,100)	(32,040,700)	(33,882,200)	(35,827,600)	(37,882,900)	(40,054,000)
Collection fund Deficit/(Surplus)	(159,000)	(33,012)	0	0	0	0
Total available Resources	(39,796,400)	(45,771,312)	(47,778,600)	(50,913,557)	(52,590,759)	(54,326,663)
Earmarked Reserve	(2,369,800)	(188,000)	0	0	0	0
Use of General Fund Balances	1,342,200	589,192	1,381,204	481,647	264,945	147,541
Balance brought forward	(13,026,162)	(14,661,868)	(13,172,676)	(11,791,472)	(11,309,825)	(11,044,880)
Transfer in of Earmarked Reserves	(4,002,906)					
Local Plan	0	300,000	0	0	0	0
Leisure		300,000				
High Needs	1,025,000	300,000				
Balance carried forward	(14,661,868)	(13,172,676)	(11,791,472)	(11,309,825)	(11,044,880)	(10,897,339)
Ringfenced ER b/f	(6,882,607)	(5,342,107)	(6,054,107)	(6,054,107)	(6,054,107)	(6,054,107)
Ringfenced ER c/f	(5,342,107)	(6,054,107)	(6,054,107)	(6,054,107)	(6,054,107)	(6,054,107)

Appendix 2 – Resources Directorate Budget 22/23

22/23 Restated Budget – this is the budget for 22/23 (as presented at Outturn) adjusted for one off budgets (Budget Carry Forwards etc.) and 21/22 and 22/23 pay awards

Pressures – These are new pressures identified during the budget setting process. These link to appendix 5 and will be referenced started “P”

Savings – These are savings identified during the budget setting process. These link to appendix 5 and will be referenced started “S”

National Insurance (NI) Social Care Levy Removal – This is the saving from the government’s decision to reverse the 1% social care levy on National Insurance.

Government Funding – These dictate changes to Government Funding within the Directorate Budgets

Pay Inflation – this column represents changes to pay (increments, pension changes, regrades etc.)

Contractual Inflation – These are pressures from Contracts identified during the budget setting process. These link to appendix 5 and will be referenced started “CI”

Utility Inflation – Pressures due to hyperinflation on utilities (Gas, Water and Electric)

General Inflation – general allowance for items costing more (not linked to a contract)

Depreciation – Adjustments for Depreciation within the Directorate Budgets

Transfers – Transfers within the budget to reflect operational changes and depreciation adjustments. Where depreciation is adjusted this will be denoted with a “D” in the reference field

	22/23 Restated Budget	Pressures	Savings	NI Levy Removal	Government Funding	Pay Inflation	Contractual Inflation	Utility Inflation	General Inflation	Depreciation	Transfers	23/24 Budget	Saving and Pressure References
Resources	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Chief Executives Office	273	0	0	0	0	7	0	0	0	0	0	280	
Directorate Management Costs	320	0	0	(1)	0	(1)	0	0	0	0	0	318	
Communications	241	0	0	(2)	0	4	0	0	0	0	0	243	
Corporate Costs	173	0	0	0	0	0	5	0	3	0	0	181	CI1
Pensions	1,044	0	0	0	0	0	0	0	(1)	0	0	1,043	
Audit Services	199	0	0	0	0	0	97	0	0	0	0	296	CI1, CI2
Finance and Insurance	942	0	0	(11)	0	12	17	0	11	0	0	971	CI3
Information Technology	1,535	64	(42)	(5)	0	11	78	0	5	(4)	10	1,652	P2, P15, S10, S11, S15, CI1, CI4
Business Support Services	1,012	0	(150)	(6)	0	21	0	0	1	0	2	880	S13, S14
Members Services	290	5	0	0	0	0	0	0	5	0	0	300	P4
Customer Services Team	202	0	0	(2)	0	4	0	0	0	0	(10)	194	
Elections	130	87	(27)	(1)	0	0	0	0	1	0	0	190	P3, S25
Legal and Governance	677	0	(74)	0	0	11	0	0	6	0	0	620	S12, S17

	22/23 Restated Budget	Pressures	Savings	NI Levy Removal	Government Funding	Pay Inflation	Contractual Inflation	Utility Inflation	General Inflation	Depreciation	Transfers	23/24 Budget	Saving and Pressure References
Resources	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Human Resources	488	0	(23)	(3)	0	9	0	0	0	0	0	471	S1, S16
Revenues and Benefits	363	43	0	(8)	0	4	0	0	(4)	0	0	398	P1
Financial Support	40	0	0	0	0	0	0	0	0	0	0	40	
Total Resources	7,929	199	(316)	(39)	0	82	197	0	27	(4)	2	8,077	

Appendix 3 – Places Directorate Budget 22/23

	22/23 Restated Budget	Pressures	Savings	NI Levy Removal	Government Funding	Pay Inflation	Contractual Inflation	Utility Inflation	General Inflation	Depreciation	Transfers	23/24 Budget	Saving and Pressure References
Places	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Directorate Management Costs	402	0	(40)	(3)	0	(7)	0	0	0	0	0	352	S10
Development Control	183	0	(38)	(6)	0	12	0	0	1	0	0	152	S15
Drainage & Structures	143	0	0	0	0	0	0	0	3	0	10	156	
Emergency Planning	37	0	0	0	0	0	0	0	1	0	0	38	
Environmental Maintenance	1,439	0	(24)	(2)	0	5	179	0	4	0	0	1,601	CI1
Forestry Maintenance	108	0	0	0	0	0	0	0	2	0	0	110	
Crime Prevention	125	0	(5)	(1)	0	1	0	0	1	10	0	131	S2
Highways Capital Charges	1,828	0	0	0	0	0	0	0	0	116	0	1,944	
Highways Management	283	94	(10)	(4)	0	8	0	0	2	0	0	373	P5, P6
Commissioned Transport	2,357	256	(18)	(3)	0	5	14	0	29	0	0	2,640	CI1, P7, S10
Lighting, Safety Barriers and Traffic Signals	169	0	0	0	0	0	0	68	2	0	(10)	229	
Parking	(191)	0	(16)	(1)	0	3	0	1	5	3	0	(196)	S5
Pool Cars & Car Hire	107	0	0	0	0	0	22	0	1	0	0	130	CI1

	22/23 Restated Budget	Pressures	Savings	NI Levy Removal	Government Funding	Pay Inflation	Contractual Inflation	Utility Inflation	General Inflation	Depreciation	Transfers	23/24 Budget	Saving and Pressure References
Places	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Public Protection	417	0	(1)	0	0	0	59	0	0	0	0	475	S6, C11
Public Rights of Way	35	16	0	0	0	0	0	0	1	0	0	52	P9
Public Transport	835	0	(25)	0	0	0	0	0	18	0	0	828	S26
Road Maintenance	339	0	(20)	0	0	0	0	16	7	0	0	342	
Transport Management	602	0	(126)	(3)	0	6	0	0	0	15	0	494	S10, S20
Waste Management	3,276	0	(179)	0	0	1	0	0	96	4	0	3,198	S3, S30, S31
Winter Maintenance	280	0	0	0	0	0	0	0	6	0	0	286	
Planning Policy	363	0	0	(3)	0	7	0	0	1	0	0	368	
Tourism	1	0	0	0	0	0	0	0	0	0	0	1	
Health & Safety	44	0	(2)	0	0	1	0	0	0	0	0	43	S4
Property Services	1,217	74	(45)	(5)	0	10	24	11	14	(26)	0	1,274	CI5, P?, P8, S21
Building Control	15	0	0	0	0	0	3	0	0	0	0	18	CI1
Commercial & Industrial Properties	(178)	0	0	0	0	1	0	16	7	0	0	(154)	
Economic Development	208	0	(87)	(1)	0	2	0	0	1	1	0	124	S18, S19
Culture & Registration Services	168	0	0	(2)	0	4	0	0	(6)		0	164	
Libraries	496	0	0	(2)	0	5	0	2	2	9	0	513	
Museum Services	475	0	0	(1)	0	3	0	3	3	5	0	488	

	22/23 Restated Budget	Pressures	Savings	NI Levy Removal	Government Funding	Pay Inflation	Contractual Inflation	Utility Inflation	General Inflation	Depreciation	Transfers	23/24 Budget	Saving and Pressure References
Places	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Sports & Leisure Services	93	0	(6)	(1)	(6)	2	0	1	2	11	0	96	S27
Total Places	15,677	440	(642)	(38)	(6)	69	301	118	203	148	0	16,227	

Appendix 4 – People Directorate Budget 22/23

	22/23 Restated Budget	Pressures	Savings	NI Levy Removal	Government Funding	Pay Inflation	Contractual Inflation	Utility Inflation	General Inflation	Depreciation	Transfers	23/24 Budget	Saving and Pressure References
People	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Directorate Management Costs	1,404	2,090	(102)	(9)	0	51	0	0	1	0	38	3,473	P11, S13, S7
Public Health	(214)	0	0	0	0	0	0	0	21	0	(5)	(197)	
BCF Enablers	128	0	0	0	300	2	0	0	1	0	0	430	
BCF Unified Prevention	343	0	0	0	0	1	0	0	0	0	(36)	307	
BCF Holistic Management of Health & Wellbeing	1,033	0	(40)	0	0	6	0	0	11	0	(142)	865	S28
BCF Hospital Flows	1,264	0	0	(2)	0	1	0	0	7	0	6	1,276	
Non BCF Contract & Procurement	531	0	0	0	0	5	0	0	2	0	(65)	470	
ASC - Community Inclusion	1,269	39	(52)	(13)	0	23	0	0	1	0	(25)	1,242	P10, S8, S28
ASC Prevention and Safeguarding	72	0	(128)	0	0	0	0	0	2	0	67	13	S23
ASC Prevention and Safeguarding - Staffing	303	0	0	(3)	0	6	0	0	0	0	(98)	208	
ASC Housing	252	0	0	0	0	17	0	0	3	0	0	270	
ASC Support and Review - Daycare	104	0	0	0	0	0	0	0	2	0	(75)	31	

	22/23 Restated Budget	Pressures	Savings	NI Levy Removal	Government Funding	Pay Inflation	Contractual Inflation	Utility Inflation	General Inflation	Depreciation	Transfers	23/24 Budget	Saving and Pressure References
People	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
ASC Support and Review - Direct Payments	1,414	0	0	0	0	0	62	0	0	0	(216)	1,260	CI1
ASC Support and Review - Homecare	1,998	13	0	(3)	0	9	53	0	23	0	632	2,725	P14, CI1
ASC Support and Review - Homecare	(425)	0	0	0	0	0	0	0	0	0	55	(370)	
ASC Support and Review - Other	323	0	0	0	0	0	0	0	7	0	0	330	
ASC Support and Review - Residential and Nursing	4,001	247	0	0	0	0	197	0	12	0	(347)	4,110	P14, CI1
ASC Support and Review - Staffing	552	0	0	(5)	0	14	0	0	0	0	279	840	
Hospital and Reablement	720	0	(135)	(6)	0	14	0	0	15	0	0	608	S8, S9
Safeguarding	378	0	0	(2)	0	1	0	0	2	0	(50)	329	
CSC Referral, Assessment and Intervention Service	262	0	(25)	0	0	30	0	0	0	0	(41)	226	S24
CSC Permanency and Protection Service	476	0	(23)	(3)	0	3	0	0	5	0	(51)	407	S24, CI1

	22/23 Restated Budget	Pressures	Savings	NI Levy Removal	Government Funding	Pay Inflation	Contractual Inflation	Utility Inflation	General Inflation	Depreciation	Transfers	23/24 Budget	Saving and Pressure References
People	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
CSC Fostering, Adoption and Care Leaver Service	2,281	0	(56)	(2)	0	5	0	0	53	0	143	2,424	S24, S32
Early Intervention - Targeted Intervention	1,085	300	(72)	(4)	0	9	5	0	7	0	(2)	1,328	P16, S7, S29, S33, CI1
Early Intervention - SEND & Inclusion	878	0	0	0	0	10	0	0	4	0	0	892	
Early Intervention - Universal and Partnership	316	0	(2)	(2)	0	(1)	0	0	3	0	0	314	S7
Schools and Early Years	222	0	0	(4)	(57)	2	0	0	0	25	(69)	119	
Rutland Adult Learning and Skills Service (RALSS)	21	0	0	(4)	0	2	0	0	4	0	0	23	
Total People	20,991	2,689	(635)	(65)	243	210	312	0	191	25	(2)	23,952	

Appendix 5 – Savings and Pressures

The tables below show changes to the budget from 22/23 including the impact of pressures and savings.

Table Reference	Resources	Places	People	Corporate	Total
Table 1 – Contractual Inflation	196	301	312	0	809
Table 2 – Pressures	199	397	2,689	0	3,285
Pay Inflation (Directorate Appendices)	82	69	210	0	361
Utility Inflation (Directorate Appendices)	0	118	0	0	118
General Inflation (Directorate Appendices)	27	203	191	0	421
Government Funding (Directorate Appendices)	0	(6)	243	0	237
Depreciation (Directorate Appendices)	(4)	148	25	0	169
Service Pressures	500	1,230	3,670	0	5,400
Table 5 – Corporate Pressure	0	0	0	375	375

Table Reference	Resources	Places	People	Corporate	Total
Table 3 – Budget Re-alignment and change in Funding	(5)	(212)	(248)	0	(465)
Table 4 – Service Led Savings	(311)	(430)	(390)	0	(1,131)
NI Savings	(39)	(38)	(65)	0	(142)
Service Savings	(355)	(680)	(703)	0	(1,738)
Table 5 – Ring Fenced Funding	0	0	0	(188)	(188)
Table 5 – Corporate Savings	0	0	0	(1,480)	(1,480)
Total	(355)	(680)	(703)	(1,668)	(3,406)

Table 1 – Contractual Inflation

Ref		Resources £000	Places £000	People £000	Total £000	Comments
	Contractual Inflation – Two types of Pressure 1) Inflation built into contract and due to hyperinflation has led to higher than assumption within MTFP 2) Re-procurement led to higher cost					
CI1	General Contract Inflation	75	277	312	664	Pressure due to inflation built into contracts
CI2	External Audit	92	0	0	92	The Council opted into the National Procurement process ran by the Public Sector Audit Appointments (PSAA). Following the results of the tender all Councils have been advised that fees are expected to increase by 150%, The Councils current scale fee for Audit is £57k plus £17k for specific Grant Audits.
CI3	Asset Valuations	17	0	0	17	<p>The Council has to undertake a rolling programme of asset valuations to support the production of the Statement of Accounts. This is a key piece of work that is prescribed within the CIPFA Code.</p> <p>The Council re-procured its Asset Valuation Contract in 2022/23. The result of the procurement was an uplift in cost from the £8k currently paid to £25k.</p>
CI4	Internet and Intranet	12	0	0	12	The new website has moved hosting provider and the annual costs for support and maintenance have increased. In addition, a project has commenced for the hosting of a new intranet for staff and members.

Ref		Resources £000	Places £000	People £000	Total £000	Comments
CI5	Cleaning Contract	0	24	0	24	Revised value for cleaning contract as per report 194/2022 presented to Cabinet 13th December
	Total Contractual Inflation	196	301	312	809	

Table 2

Ref		Resources £000	Places £000	People £000	Total £000	Comments
	One-Off Pressures					
P1	Community Care Finance Staffing	43	0	0	43	<p>The service has been unable to recruit to a full time role and this has been covered by an agency worker (37 hours per week) and Civica On Demand service (20 hours per week). This will need to continue to enable the service to operate, increasing by 5 hours to cope with an increase in workload.</p> <p>The original pressure for both posts is £105k but is offset by reducing staff in other areas to help mitigate the pressure.</p>
P2	IT Schools Admissions	37	0	0	37	<p>The current costs of the Capita system are around £108,000 per annum. The end of the contract is April 2024 and options are being considered for a system replacement that will offer better value for money.</p> <p>Any system go live would need to be September and therefore we are unable to match the end data of the Capita cost and we will have duplicate costs in 23/24 before starting</p>

Ref		Resources £000	Places £000	People £000	Total £000	Comments
						to save costs when compared to the main Capita contract. The above costs are based on current proposal of £64,000 annual costs but 7 months in 23/24
P3	Local Elections	87	0	0	87	This is the cost of running the local elections in 23/24. Some costs are recharged to parishes and shown in savings.
P4	Members Training	5	0	0	5	<p>All-out elections to the Council in May 2023 mean there will be a large amount of Member training to deliver in the 23/24 financial year. This goes beyond the normal amount of training required in-year for which the budget would otherwise be £1,000.</p> <p>There is some specialist training that will be delivered externally which comes with associated costs e.g. planning training etc.</p>
P5	Highways Contract Procurement	0	40	0	40	The pressure is to cover legal costs and the use of Social Value Engine to evaluate and monitor social value.
P6	Highways Staffing	0	54	0	54	To cover maternity leave from 1 st April 2023 to 5 th March 2024.
	Total One-Off Pressures	172	94	0	266	
	Recurring Pressures					
P7	Commissioned Transport	0	256	0	256	Forecasted spend for next year, based on growing trends for the past 2 full academic years is showing a pressure of

Ref		Resources £000	Places £000	People £000	Total £000	Comments
						<p>£255,000 required in addition to existing budget allocation. The pressure reflects an:</p> <p>Increase in the number of SEND students requiring transport to out of county placements on the ground of enhanced need; and</p> <p>Price increases across the board for the transport sector resulting in higher bid prices for contracts.</p>
P8	Property Asset Review	0	31	0	31	Pressure approved as per Asset Review Report 183/2022 presented to Cabinet on the 15 th November.
P9	Public Rights of Way	0	16	0	16	Seasonal vegetation clearance that was previously undertaken by the now vacant PROW post is currently being undertaken by a contractor (Tarmac), at a cost of approximately £8,000 per cut (2 cuts each year). There can be some off-setting against savings in the salary budget (highways management) whilst the PROW post remains vacant. This is being included as an option in the specification for the new Highways Term Maintenance contract.
P10	Community Support Services	0	0	39	39	Previously some tenants were assessed by health to be eligible to receive Health funding, however on a review by health it was decided that these tenants are no longer eligible but still require staffing support.
P11	ASC Fair Costs of Care	0	0	2,000	2,000	<p>Fair Cost of Care is focused on delivering a sustainable local care market.</p> <p>Paying a fair rate enables providers to cover the cost of care delivery and be able to make a reasonable profit (including</p>

Ref		Resources £000	Places £000	People £000	Total £000	Comments
						<p>re-investment in their business), surplus or meet their charitable objectives.</p> <p>For local authorities, it recognises the responsibility they have in stewarding public money, including securing best value for the taxpayer.</p>
P14	ASC Demand	0	0	260	260	<p>The Homecare budget is under pressures due to the cost of fuel and an increase in people receiving homecare packages of care</p> <p>Homecare PD:</p> <ul style="list-style-type: none"> • Increase due to one case which will not receive health funding. <p>Older People Residential and Nursing exceeding budget due to:</p> <ul style="list-style-type: none"> • 4 new non banded rated placements • 3 new service users • Increases due to depleted fund cases (were self-funders but now ASC funded)
P15	ASC Reforms	27	0	90	117	<p>Although the care cap reforms have been delayed some elements will be implemented as they support the Councils transformation agenda e.g. digital access and self-serve and will be required to be in place for October 2025.</p>

Ref		Resources £000	Places £000	People £000	Total £000	Comments
P16	Children's Demand	0	0	300	300	New Domiciliary support for small number of children with very complex health and care needs.
	Total Recurring Pressures	27	303	2,689	3,019	
	Total Pressures	199	397	2,689	3,285	

Table 3

Ref		Resources £000	Places £000	People £000	Total £000	Comments
	Savings - Budget Re-Alignment					
S1	HR	(5)	0	0	(5)	Review of Professional Fees
S2	CCTV	0	(5)	0	(5)	Reduction in Fees - not used in last 2 years
S3	Environmental Services	0	(1)	0	(1)	Reduce Car Mileage Budget as not being used
S4	Health & Safety	0	(2)	0	(2)	Fees and Charges Budget reduced in line with spending
S5	Parking	0	(16)	0	(16)	Various budget(s) reduced in line with spending
S6	Dog Warden	0	(1)	0	(1)	Reduce budget in line with current spend

Ref		Resources £000	Places £000	People £000	Total £000	Comments
S7	Children's	0	0	(10)	(10)	Reduction in some small third-party budgets e.g. Furniture, equipment, books
S8	Adults	0	0	(8)	(8)	Minor Budgets not required
	Total Budget Alignment	(5)	(25)	(18)	(48)	
Savings - Change in Funding Source from General Fund to Ringfenced						
S9	Adults	0	0	(130)	(130)	We will widen the use of available Disabled Facilities Grant to cover other costs.
S10	Transport Grants	0	(149)	0	(149)	We will use transport grants to fund (where possible) work being done by current officers rather than bring in external consultants.
S13	SEN	0	0	(100)	(100)	We will use SEN capital grants to fund (where possible) costs of staff working on proposals for use of capital grants
S15	Development Control	0	(38)	0	(38)	Removal of Post - Funding from Reserves (Grant)
	Total Change in Funding Source	0	(187)	(230)	(417)	

Table 4

Ref		Resources £000	Places £000	People £000	Total £000	Description of Saving	Impact
	Service Led Savings						
S10	IT Hardware	(10)	0	0	(10)	IT Hardware - Agreed saving of 20/21 Budget Review	Staff will be asked to use laptops for longer than a reasonable life and it is unlikely that that end user hardware will not be replaced unless the device is not functioning. Investment in central IT server hardware will not be carried out during the financial year 23/24 unless absolutely essential.
S11	IT Mobile phones	(7)	0	0	(7)	Mobile Phones - Agreed Saving of 20/21 Budget Review	Replacement for additional phones will not be possible and there will be no options to extend the number of staff that have a mobile phone.
S12	Legal	(50)	0	0	(50)	The Council is reviewing its legal arrangements with a view to optimising spend and getting better value for money	Commissioning process to be tightened up. More work will be delivered in house (within central legal or in service areas). Reduction in core offer with additional projects may need to ask for additional budget provision. Legal support to be reduced for non-essential/low risk matters and Member requests for ad hoc external legal advice may not always be possible e.g. Planning matters.
S13	Business Support Staffing	(100)	0	0	(100)	Interim staffing savings by removing four vacancy posts from the	These savings have been enabled by a number of changes to working practices e.g. subsumed some tasks into the work of

Ref		Resources £000	Places £000	People £000	Total £000	Description of Saving	Impact
						budget pending further support service review	others, made better use of technology to reduce administrative burden, deprioritised some low value work e.g. minuting of certain meetings and rationalised management.
S14	Postage and Printing	(50)	0	0	(50)	Remove vacancy in corporate support which supports post and reprographics	<p>Revision to the post and reprographics offer for the Council includes a freeze on a staff vacancy. This means:</p> <ul style="list-style-type: none"> - less capacity to deal with work beyond post and reprographics e.g. meeting support, 18 pointing, website support. - reducing how much the Council posts, limiting postage to statutory and essential items only. - reducing the amount of days post is posted/collected from 3 days to 1 day per week. - we will stop printing and posting to Parish Councils. - we will stop printing in colour. - we will recharge services printing anything which is not meeting a statutory requirement for distribution. - we will move more towards digimail as the method for printing and posting bulk services such as council tax reminders.

Ref		Resources £000	Places £000	People £000	Total £000	Description of Saving	Impact
							- we will minimise printing for Council meetings.
S15	IT	(25)	0	0	(25)	Various IT savings including removal of IT health check, additional savings on phones and data connection between sites.	The removal of the PSN certification process is expected also remove the need for an external health check which provides external assurance around the security of the network. Clearly any reduction in overall assurance might lead to additional risks in managing a secure network. Review of data connections between sites will be the result of new procurement and no significant loss of service.
S16	Training	(18)	0	0	(18)	Reduce training to priority areas only. Budget has already been reduced by £20k, further reductions of £18k.	Some planned training will be cancelled and training offered to staff will be reduced or sourced via less costly routes if possible. This may limit career development and potentially impacting recruitment.
S17	Governance Staffing	(24)	0	0	(24)	Reduction in staffing (1 post)	The team is planning measures to reduce service offer, including: <ul style="list-style-type: none"> - Reducing meeting schedule where meetings are not required. - Items for noting to instead be suggested for circulation by email or Members bulletin circulation thereby reducing workload required for quality checks and printing prior to publication.

Ref		Resources £000	Places £000	People £000	Total £000	Description of Saving	Impact
							<ul style="list-style-type: none"> - Reducing level of detail in minuting in line with sector norms (recognising existence of recordings online). - Reducing broader administrative support available to staff and Members such as through booking of meetings and training courses.
S18	Climate Change	0	(49)	0	(49)	Holding Climate Change officer post	<p>No proactive work will be done on Carbon Reduction plan/strategy over and above what services are already indirectly contributing through existing activities or can do through embedding environmental strategic thinking in the Local Plan, key procurement activity such as waste management, highways and transport. Community led initiatives will have to be self-managed and organised without support or co-ordination from the Council.</p> <p>This may also limit the Council's response to delivering on new government targets on biodiversity net gain.</p>
S19	Economic Development Staffing	0	(38)	0	(38)	Holding Economic Development post	<p>The Council will develop a new Strategy focusing on its enabling role through planning, transport, securing funding etc.</p> <p>Direct engagement with the County's business community will be more limited, potentially impacting the development and</p>

Ref		Resources £000	Places £000	People £000	Total £000	Description of Saving	Impact
							<p>ownership of the economic strategy. Capacity to arrange and host business liaison activities, and events will be limited to business events.</p> <p>Should Government introduce further business grant support, additional resources would be needed. Currently working with Melton and Harborough to explore scope for shared resource to manage UKSPF £1m with Melton and Harborough. There is a risk of clawback if the Council does not adequately monitor and manage.</p>
S20	Transport Staffing	0	(35)	0	(35)	Holding Sustainable Transport Officer post and reconfigure management of Transport services	<p>A fundamental redesign of the Council's transport network is underway as part of the Transformation programme.</p> <p>At a micro level, there will be limited proactive support on promoting sustainable transport and road safety campaigns within community and schools. Reduced staffing has meant a corresponding reduction in work in this area.</p> <p>Reductions in staff within the team will result in other workstreams being delayed such as independent travel training (which can lead to savings on home to school</p>

Ref		Resources £000	Places £000	People £000	Total £000	Description of Saving	Impact
							<p>transport/SEN transport) and Road safety education and monitoring (which can increase risk of accident/injury)</p> <p>The Council has a comparatively high standard highways network as recognised through Government incentive funding.</p> <p>It will proactively take local traffic concerns and manage them through the annual Highways capital programme rather than in year activity. This may involve a change in the way the Council engages with local communities.</p>
S21	Property Staffing	0	(45)	0	(45)	Holding Building Surveyor	The lack of capacity arising from the vacant Building Surveyor role will result in ongoing delays in dealing with reactive repairs and other property matters. Should unforeseen/urgent/serious work arise it will result in reprioritised and may mean other work will need to be paused/stopped this will mean needing to stop some work.
S22	Highways & Environment	0	(89)	0	(89)	Highways & Environment - pausing and reducing works	Some revenue costs have been capitalised which increases risk of overspend if the capital programme is not delivered in full. A portion of fixed costs was removed which again increases risk if capital programme is not delivered. There

Ref		Resources £000	Places £000	People £000	Total £000	Description of Saving	Impact
							<p>is reduced budget for emergency works and unplanned remediation.</p> <p>Drainage and jetting budget has reduced due to reserves being exhausted over recent years so the capability in this area is under pressure and will impact on both planned and reactive work.</p> <p>Reduced capacity to deliver unplanned grounds maintenance on ad-hoc land in RCC responsibility and in closed church yards. This work will be introduced to a programme of work within the contract in future years, however this is longer-term. The savings reduce capacity to deliver on reactive requests in the short-term.</p> <p>It will proactively take local traffic concerns and manage them through the annual Highways capital programme rather than in year activity. This may involve a change in the way the Council engages with local communities.</p>
S23	Adults	0	0	(128)	(128)	Carers grant to be withdrawn. Rutland is one of very few LA's who have continued funding carers in this way especially as we have two posts in ASC	A carers assessment is a statutory responsibility which Rutland will continue to meet, through our current staffing resource. With 400 people badged as a carer in Rutland and only 27 receiving a direct payment we currently have an inequitable service. The carers budget is

Ref		Resources £000	Places £000	People £000	Total £000	Description of Saving	Impact
						who offer support as well as the specialist Admiral Nurse service.	£128,000, which is currently due to save £57,000, if we do not commission any further direct payments this year. It is proposed we stop them completely which will save the whole 128K (Made up of LPT contribution, BCF and establishment). There is a risk of complaints however, a carers voucher could be considered at a greatly reduced rate as other LA's do which possibly could be financed from the LPT contribution.
S24	Children's Third Party Fees and Charges	0	0	(75)	(75)	Improved practice, better assessments for courts and undertaking family help meetings has led to less use of External Experts.	There is no immediate impact. However, if staffing levels reduce or case numbers are high, there would be limited capacity to outsource additional assessments which leads to reduced timeliness and quality of service.
S25	Elections recharges	(27)	0	0	(27)	Charges for Contested Parish Elections. If Parishes are uncontested the saving not available.	None to the Council. Parishes have been notified of likely charges so should provide for this amount
S26	Public Transport	0	(25)	0	(25)	Contribution from Oakham Town Council towards Oakham Hopper	No direct impact to the Council – additional income. It could result in Parish Councils raising Council Tax by a higher percentage.

Ref		Resources £000	Places £000	People £000	Total £000	Description of Saving	Impact
S27	Active Rutland	0	(6)	0	(6)	Release of small sink fund (set aside for small repairs)	Future repairs will have to be absorbed in the budget.
S28	Adults Learning Disabilities day-care	0	0	(90)	(90)	Stopping support for elements of Learning Disabilities day-care and a dementia support worker.	The risk of not appointing to the dementia support worker for one year, to save £26,700 would mean the service would need to delay its time to respond to people. At a time when memory services have a backlog of people waiting for a diagnosis staff will continue to triage risk and prioritise the most complex cases. Freeze recruitment for two community support workers for LD day opportunities for 12 months – this will reduce the capacity to expand the new day opportunities service, resulting in fewer service users being able to attend the service and a reduction in income generated from health, self-funder, and other local authorities service users
S29	Children with Disabilities	0	0	(20)	(20)	Holding of Children with Disabilities Social Worker post (0.5) once interim contract ends.	Increased caseloads for existing staff risks affecting timeliness and quality of service delivery. There will be a risk of increased complaints and legal challenges and costs. This includes reduced capacity towards meeting statutory timescales for plans, such as CiN plans and Section D of the EHCPs.

Ref		Resources £000	Places £000	People £000	Total £000	Description of Saving	Impact
S30	Refuse Collection	0	(50)	0	(50)	Align budget to expected contract position	None. The MTFP assumed c8% in the MTFP for the 22/23, but the actual increase was significantly less than this.
S31	Refuse Collection	0	(93)	0	(93)	Reduce disposal costs based on current gate fees.	If gate fees increase, which are outside of the Councils control, this will result in a pressure.
S32	Adoption	0	0	(28)	(28)	Reduce budget to revised contract sum	May reduce the offer of services commissioned by Lincolnshire should they continue to increase the costs of the contract based on inflation.
S33	Children's Staffing	0	0	(49)	(49)	Holding of Participation and Engagement Officer post	Reduced participation and engagement opportunities for children and young people to influence service planning and regional national work. Increase in workload for existing staff.
	Total Service Savings	(311)	(430)	(390)	(1,128)		
	Total Savings	(316)	(642)	(638)	(1,596)		

Table 5

	Total £000	Comments
Ring Fenced Reserve Funding		
Adults MiCare (BCF)	(48)	We will recharge more of the MiCare service to Better Care Fund (BCF) as it contributes towards achieving health outcomes.
Hospital Discharge	(140)	Additional BCF fund hospital discharge will cover social worker costs from those helping on hospital discharges.
Total Savings	(188)	
Corporate Savings		
Interest Receivable	(1,430)	Updated assumptions based on expected rate profile. Tails off from 24/25.
Grants	(50)	The Council plans to set aside a % amount of new grants to cover the associated service and management overhead subject to terms and conditions.
Reduction in Demand Contingency	(239)	Reduce demand contingency by 50% to offset some of the service pressures.
Total Corporate Savings	(1,719)	
Corporate Pressures		
Pay Award	743	The Council had assumed a 2% pay award for 23/24, but this seems unlikely in the current market so are proposing increasing this to 4% which will create a pressure of £375k

Appendix 6 – Earmarked Reserves

Reserve	Balance 31/03/22	Budget Report Drawdown 22/23	Movement at P8	Total Movement 22/23	Balance 31/03/23	Transfer To General Fund	Budget Report Drawdown 23/24	Balance 31/03/24
National Non Domestic Rates	(2,772,850)	2,314,000		2,314,000	(458,850)			(458,850)
Tourism	(11,136)			0	(11,136)			(11,136)
Leisure					0		(300,000)	(300,000)
High Needs Reserve			(1,025,000)	(1,025,000)	(1,025,000)		(300,000)	(1,325,000)
Local Plan	(1,704,700)			0	(1,704,700)		(300,000)	(2,004,700)
Locally Set Ring Fenced	(4,488,686)	2,314,000	(1,025,000)	1,289,000	(3,199,686)	0	(900,000)	(4,099,686)
Public Health	(407,121)		(33,000)	(33,000)	(440,121)			(440,121)
Grants	(1,050,100)		173,200	173,200	(876,900)			(876,900)
Better Care Fund	(936,700)	200,000	(88,700)	111,300	(825,400)		188,000	(637,400)
Total Ring Fenced by Statute	(2,393,921)	200,000	51,500	251,500	(2,142,421)	0	188,000	(1,954,421)
Total Ring Fenced Reserves	(6,882,607)	2,514,000	(973,500)	1,540,500	(5,342,107)	0	(712,000)	(6,054,107)
Invest to Save	(172,721)		100,000	100,000	(72,721)	72,721		0
Internal Audit	0			0	0			0
Staffing Contingency	0		(290,800)	(290,800)	(290,800)	290,800		0
Training	(125,144)		15,600	15,600	(109,544)	109,544		0
Repairs	(249,000)			0	(249,000)	249,000		0
Highways	(396,438)	30,000		30,000	(366,438)	366,438		0
Brexit	(266,000)		266,000	266,000	0	0		0
Digital Rutland	(25,775)			0	(25,775)	25,775		0
Social Care Reserve	(1,316,454)		34,000	34,000	(1,282,454)	1,282,454		0
Legal & Insurance	(100,000)			0	(100,000)	100,000		0

Hardship Reserve	(187,174)	40,000		40,000	(147,174)	147,174		0
Pressure Reserve	0			0	0	0		0
Ash Die Back	(500,000)			0	(500,000)	500,000		0
Budget Carry Forward	(641,100)		404,000	486,300	(154,800)	154,800		0
CST Improvements	(145,900)		49,000	49,000	(96,900)	96,900		0
Rutland Adult Learning	(40,000)			0	(40,000)	40,000		0
Covid	(613,100)	79,000		79,000	(534,100)	534,100		0
Neighbourhood Plans	(27,000)			0	(27,000)	27,000		0
Culture Reserve	(6,200)			0	(6,200)	6,200		0
Total Non-Ring-Fenced Earmarked Reserves	(4,812,006)	149,000	577,800	809,100	(4,002,906)	4,002,906	0	0
General Fund	(13,026,162)			2,367,200	(10,658,962)	(4,002,906)	1,489,192	(13,172,676)
Total Non-Ring Fenced Reserves	(17,838,168)	149,000	577,800	3,176,300	(14,661,868)	0	1,489,192	(13,172,676)

Appendix 7 – Capital Programme

Asset Management Requirements Capital Programme									
Project	Project Description	Total Project Budget at M8	Approval Sought	Total Project Budget	Prior Year's Outturn (include estimate for 2022/23)	Estimated spend for 2023/24	Estimated Project Outturn for future years	Total Estimated Project Outturn	Project Over/ (Under) spend
Schools Maintenance	The capital project is to address maintenance issues in maintained schools and to support the smooth transition to Academy Status. (Report 184/2017)	36	0	36	19	12	5	36	0
Schools Capital Expansion Project – Catmose Project	The capital programme enables the local authority to meet its statutory obligation to provide sufficient secondary school places within Rutland (Report 38/2021)	5,400	0	5,400	4,860	362	178	5,400	0
Asset Review	The Asset Review Project will be used for any essential works to council owned assets, that were identified within the Corporate Asset Programme (Report 183/2022)	565	0	565	100	465	0	565	0

Highways Capital Projects	The highways capital project is for the permanent repair of carriageways, footways, surface dressing and bridges in Rutland (Report 39/2021 & 65/2021)	2,606	0	2,660	2,660	0	0	2,660	0
Integrated Transport Block	The capital project is for the improvement of new transport schemes within Rutland (Report 25/2021)	1,324	0	1,324	445	450	429	1,324	0
Emergency Active Travel Project	The project is to support the installation of temporary projects for the COVID-19 pandemic (Ring Fenced Funding & Report 25/2021)	103	0	103	85	18	0	103	0
St Eabba's Close	The capital project is to improve existing infrastructure at St Eabba's Close, Ryhall. (Delegated Approval)	4	0	4	0	0	4	4	0
ITCP 2019/42 Barleythorpe Roundabout	The capital project is to provide a formal pedestrian crossing at the Barleythorpe roundabout. (Delegated Approval)	100	0	100	100	0	0	100	0
Total Asset Management Requirements		10,138	0	10,138	8,216	1,307	616	10,139	0

	Strategic Aims and Priorities Capital Programme								
Project	Project Description	Total Project Budget at M8	Approval Sought	Total Project Budget	Prior Year's Outturn (include estimate for 2022/23)	Estimated spend for 2023/24	Estimated Project Outturn for future years	Total Estimated Project Outturn	Project Over/ (Under) spend
Devolved Formula Capital	The funding is passed directly to schools to use for capital improvements to buildings and other facilities. (Ring- fenced funding)	12	12	24	12	12	0	24	0
Schools Energy Efficiency Improvement	The capital project is for eligible schools and six form colleges to improve buildings and facilities, prioritising works to improve energy efficiencies. (Ring Fenced Funding)	26	0	26	26	0	0	26	0
Disabled Facilities Grants	The project supports disabled people to live more independently and safely in their own homes by providing home adaptations. (Ring- fenced funding)	495	270	765	365	400	0	765	0
Changing Place at Anglian Water	Grant funding was awarded for the installation of a changing place toilet at Rutland Water (Ring Fenced Funding)	78	0	78	0	78	0	78	0

Changing Place at Uppingham	Grant funding was awarded for the installation of a changing place toilet at Uppingham (Ring Fenced Funding)	80	0	80	0	80	0	80	0
SEND	The project provides Rutland with the opportunity for additional local education places to improve outcomes for children and young people with Special Educational Needs and Disabilities (SEND) and assist them as they mature into independence. (Report 86/2018)	1,549	0	1,549	731	400	418	1,549	0
Sports Grants	The project allowed communities to bid for funds relating to sports, recreation, leisure and community facilities (Report 80/2015)	418	0	418	343	0	75	418	0
Catmose Pool - contribution towards demolition	This is a contribution to Catmose College to facilitate the demolition of the Swimming pool (Report 76/2022)	150	0	150	150	0	0	150	0
Digital Rutland Full Fibre	The project supports the connecting of homes and businesses within Rutland to a faster broadband (Report 159/2019)	2,229	0	2,229	1,686	0	543	2,229	0

Uppingham Town Centre WC	The project is a contribution towards the refurbishment of the public convenience at Uppingham Town Centre (Report 90/2020)	27	0	27	27	0	0	27	
Exton Play Area Refurbishment	The project is to support the improvement and safety requirement of Exton children's play area (Delegated Approval)	14	0	14	14	0	0	14	0
Great Casterton C of E Primary (S106)	The project is for extension works to provide wheelchair friendly access to a cloakroom and classroom. (Delegated Approval)	43	0	43	43	0	0	43	0
SMSJ Fire Exit and Emergency Lighting	The project will contribute towards the fire exit and emergency lighting works needed at the school (Delegated Approval)	17	0	17	6	0	11	17	0
Affordable Housing, Brooke Road, Oakham	The project is a grant award to Platform Housing Group for the development of the former allotments at Brooke Road, Oakham (Report 03/2021)	650	0	650	0	0	650	650	0
UK Share Prosperity Allocation (UKSPF)	The project is a contribution towards the delivery and implementation of the council's investment plan. (Ring Fenced Funding	24	0	24	24	0	0	24	0
Oakham Enterprise Park - Unit 2 and 4	The capital project for Oakham Enterprise Park is to develop the site to maximise the return on the asset (Report 75/2019)	110	0	110	66	0	44	110	0

Website Development	The capital project is for a new council website platform (Report 173/2021)	49	0	49	49	0	0	49	0
IT Projects	The allocation will support a number of IT capital projects within the council (Delegated Approval required)	30	0	30	0	0	30	30	0
Total Strategic Aims and Priorities		6,000	282	6,282	3,542	970	1,771	6,282	0
Total Capital Programme		16,138	282	16,420	11,758	2,277	2,387	16,420	0

Appendix 8 – Consultation

Rutland County Council budget consultation 2023/24

Introduction

Public consultation on Rutland County Council's latest annual budget runs until 5.00pm on Friday 3 February 2023. All the feedback received as part of this consultation will be reported to Cabinet and Full Council at the end of February, helping to councillors to make their decision.

Key points

A full copy of our latest draft budget can be read and downloaded on our website. Some of the key points to note in our 2023/24 budget are:

- The total cost of funding local services in Rutland in 2023/24 is **£46.5million** (up from **£42.3million** last year)
- The latest Local Government Finance Settlement has awarded Rutland County Council more money than it did in 2022/2023. However, this increase is not enough to cover the rising cost of services
- Service pressures of **£5.401m** have been included in the budget. This has been driven largely by inflation, which averaged around 10% for the year 2022. This has added to costs across every one of the council's services and contracts. Increased demand for services like social care is also a contributing to these increased costs
- National government continues to give councils the flexibility to raise Council Tax by as much as **4.99%** (half the 12-month rate of inflation for 2022) and expects local authorities to make full use of this to help fund local services
- Rutland's budget therefore includes a Council Tax increase of **2.99%**, together with **2%** precept to help fund adult social care services.
- If approved, the average Council Tax increase for a Band D equivalent property would be just under **£8 per month**
- The draft budget for 2023/24 is balanced using **£589k** of the Council's General Fund reserves
- Rutland's funding gap is projected to be **£1.4m** in 2024/35, assuming **£1.485m** savings are made in the next year and Council Tax is raised by a further 5%.

Budget consultation survey

Q1. Setting the council's budget

Rutland County Council must set a balanced budget each year. The amount we spend on running your local services can't be more than the total amount of money we get from our three main sources of income – money given to us by national government, fees and charges and Council Tax.

National government uses something called 'Core Spending Power' to measure the total resources available to councils to fund local services. Core spending power for councils in England has increased this year. However, it is based on the government's assumption that councils will raise Council Tax by the maximum 4.99% allowed (2.99% Council Tax and 2% just for Adult Social Care).

The current government funding formula does nothing to make up for historic inequalities in the way Councils have been funded over many years. Some councils get more money from the government than others, which means Council Tax makes up a smaller proportion of their overall Core Spending Power. Under the current funding model, Rutland gets less government funding per household than other councils with the same responsibilities. As a result, Council Tax accounts for 78% of our Core Spending Power. Nationally, other authorities rely on Council Tax for around 57% of their Core Spending Power. This is a big difference.

Do you understand the role that Council Tax plays in funding local services?

- Yes
- No
- Not sure

Do you understand why Council Tax is even more important in Rutland than many other local authority areas?

- Yes
- No
- Not sure

Do you support Rutland County Council's view that there should be fairer government funding for local councils?

- Yes
- No
- Not sure

Please use the space below to leave any additional comments:

Q2. Our financial health

The Council has worked hard to manage its budget carefully over many years. We consistently receive positive value for money assessments from independent auditors, while the Local Government Association recently highlighted Rutland as a national example of good practice for the quality of its financial management. This is because we spend less money to deliver the same services as other local authorities and often achieve better results.

Our approach to financial management has worked well over the past 10 years – allowing us to absorb much of the pressure caused by rising inflation and growing demand for key services like adults and children’s social care. To put this in context, Rutland County Council made savings of almost £12.5million between 2011 and 2021 while still managing to protect local services.

The current state of the UK economy is placing even more pressure on the public sector. The cost of delivering local services is rising way beyond any increase in council funding or Core Spending Power. Despite making even more savings in 2022, increased demand for local services, rising energy prices and an inflation rate of 10% over the past 12 months mean that it will cost us £5million more to deliver the same local services in 2023/24, compared to last year.

Do you think that Rutland County Council manages its finances well?

- Yes
- No
- Not sure

Do you understand why the cost of running local services has increased significantly in the past 12 months?

- Yes
- No
- Not sure

Please use the space below to leave any additional comments:

Q3. Transforming the council

Because of the current economic climate and the severe financial pressure on councils, Rutland is facing a big funding gap – the amount of money we need to run local services is now much bigger than the funding we have available to us. Knowing this, Councillors recently approved new plans to use Council Tax, cost reductions and a safe amount of reserve funding to balance Rutland’s annual budget in each of the next four years, while using this time to reorganise the council and make it as efficient as it can be. Our total savings target over this period is around £4.9million.

Although the situation is very serious, many other councils are in a worse position and face the prospect of sweeping cuts to balance their budgets. Rutland has enough reserves to manage the situation carefully and create a more sustainable council over the next four

years – one where we spend less money by fundamentally changing the way we work. This process of wholesale change is taking the form of a council-wide ‘Transformation Programme.’ As well as changing how we work, it is inevitable that we will need to reduce our overall spending and prioritise key services for vulnerable people if we are to continue operating in the current economic climate.

Do you agree with the following principles that form the basis of Rutland County Council’s Transformation Programme:

We will transform the way we deliver local services so that we reduce waste and maximise efficiency, getting maximum value for the money we spend

- Agree
- Disagree
- Not sure

We will create a smaller but functional council that spends less overall, while protecting the most vulnerable and enabling the community to do more for itself

- Agree
- Disagree
- Not sure

Please use the space below to leave any additional comments:

Q4. Our latest budget

While councils feel that they are being treated unfairly, we are left with little choice but to set a budget based on the UK’s current economic outlook, rate of inflation and local government funding model. This means using our reserves to balance our budget in the short term, implementing a Transformation Programme to reshape the council (create more savings) and raising Council Tax by the maximum amount allowed, to fund local services.

If we do not follow this course of action, our funding gap will grow and our ability to balance the budget will be reliant on external factors like inflation and the level of government funding, over which councils have no control. Rutland County Council would be solvent for the next few years. However, our long-term future would be out of our hands, effectively risking bankruptcy.

With the 12-month rate of inflation running at 10% for 2022, the government expects councils to raise Council Tax by the maximum amount allowed (4.99%), as well as using reserves and making savings to balance their budgets and keep delivering local services.

Do you agree with the following actions, as proposed on the council’s draft budget for 2023/24:

Use a safe amount of the council’s financial reserves to balance the budget in the short term

- Agree
- Disagree
- Not sure

Implement a Transformation Programme to reshape the council and create more savings

- Agree
- Disagree
- Not sure

Use the Council Tax flexibility given to us by national government on the explicit understanding that councils will make maximum use of this to help fund local services

- Agree
- Disagree
- Not sure

Please use the space below to leave any additional comments:

Q5. Do you have any other suggestions on how the Council could increase income, reduce costs or make savings to help us balance the budget?

ENDS