

CABINET

16 April 2024

LEISURE FINANCING

Report of the Leader of the Council

Corporate Priorities	All	
Exempt Information	Yes, the appendix to the report contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A: Information relating to the financial or business affairs of any particular person (including the authority holding that information).	
If yes please state relevant paragraph from Schedule 12A LGA 1972: Exemption authorised by Chief Executive or in his absence by Strategic Director :		
Cabinet Member(s) Responsible:	Councillor G Waller, Leader of the Council Councillor A Johnson, Deputy Leader and Portfolio Holder for Governances and Resources	
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Ward Councillors	N/A	

1. SUMMARY AND RECOMMENDATIONS

1.1. Summary

- 1.1.1. At its meeting of 25 March 2024 Council considered the information contained within report number 26/2024, the report of the Leader of the Council on the

subject of the contract for the operation of Catmose Sports Centre (Leisure Contract) and voted upon the recommendations outlined in the exempt Appendix B to the report.

- 1.1.2. Cabinet is now required to consider the information contained within this report and to approve a recommendation to Council as set out below. This will involve consideration of the Council's Medium Term Financial Strategy (MTFS), its Corporate Strategy and options for funding leisure (including options for subsidising the Leisure Contract).

1.2. Recommendations

- 1.2.1. That Cabinet recommends the proposed options to funding leisure for Council to consider and approve.

1.3. Reasons for Recommendations

- 1.3.1. There are significant savings across all directorates of the Council and a number of risks in the delivery of these savings. There may also be a need to find further savings in future years if cost, demand or government funding does not meet the current assumptions in the Council's Medium Term Financial Strategy.
- 1.3.2. There is no statutory requirement for councils to provide sports and leisure services and facilities. Councils receive no dedicated funding from government to provide sports and leisure services and facilities. It is therefore important that, if Council consider options for funding leisure, the approach must minimise the impact on the Council's statutory duties and subsequent levels of service performance.
- 1.3.3. It is therefore recommended Cabinet consider removing planned investments in areas using the following criteria where there are no
- recent and / or significant new duties
 - trend of demand / cost increase
 - investment requirement to deliver savings
- 1.3.4. This recommendation is not without risk as areas that fit these criteria have been identified for investment in line with the priorities and ambitions of the refreshed Corporate Strategy. The two areas that most closely fit the three criteria above are investment in a Climate Change Officer and investment in additional flood expertise and capacity. It should be noted that the council had approved these areas as key investments to deliver its priority 'Tackling the Climate Emergency'. These are considered in more detail alongside all other areas of the Council services from 2.2 in this report.
- 1.3.5. Cabinet should consider this recommendation and the other options covered in this report in terms of their relative priority to subsidising leisure.

2. REPORT

2.1. **Background & Context**

Financial Sustainability

- 2.1.1. The Council, and therefore all Members, are required to set a balanced budget each year. This means that all expenditure needs to match the income resources received in year.
- 2.1.2. Full Council agreed the Integrated Budget Plan unanimously for the financial year 2024/25 and the strategy over the medium term up to 2027/28 on 26 February 2024. Inherent in this budget approval the Council approved the continuation of the budget assumption that Catmose Sport Centre would operate at net nil cost with no additional budget provision to support the contract provider.
- 2.1.3. If Council was to subsidise the Catmose Leisure facility, a budget is required for each of the contract's 10 years. In general terms the Council has two approaches to reduce expenditure previously approved in the budget, which have been considered within this report, these are:
- Reducing the additional service investments identified in 2024/25 and ongoing – this would result in not delivering some of the Corporate Strategy as originally planned when the budget was set.
- Or,
- Identifying further savings which may mean stopping some services, given that the transformation savings are challenging as detailed in the budget papers risk allocations – this would result in not delivering some of the Corporate Strategy as originally planned when the budget was set.
- 2.1.4. The Integrated Budget Plan and Medium-Term Financial Strategy (IBP & MTFS) is not without risk. The Chief Financial Officer Robustness Statement notes the following risk factors with regards to the budget estimates:
- Savings rely on significant transformational change with how the public interact with the Council
 - Saving options that are not directly within the Council's gift to deliver eg use of partners to generate savings
 - Considerable amount of work needed to deliver the savings and additional income, and there is a risk regarding the capacity and pace needed to deliver the whole package of savings
 - Predicting demand pressures will always be a challenge, particularly when individual placements can be hugely expensive
 - People's behaviours have undoubtedly changed from the pandemic years and may continue to do so now through the Cost-of-Living period
 - For many years, inflation has been low and stable. Predicting where rates will go over the coming year remains difficult.
- 2.1.5. Linked to the above inherent budget risks the Council agreed the Reserves Strategy & Policy as part of Budget Council on the 26 February 2024. All members agreed unanimously that reserves would be used for the investment for financial sustainability or as part of risk mitigation. Therefore, it was agreed post 2024/25 that Reserve funds will no longer be used to meet ongoing

revenue cost commitments.

- 2.1.6. An extract of the Council budget papers for estimated pressures, savings and income over the medium term follows:

Budget movement from 2023/24	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
2023/24 budget gap	589	589	589	589
Prior Year Budget Adjustment	1,215	1,247	1,247	1,347
Pressure - Demand	765	1,299	1,851	2,421
Pressure - Inflation	1,329	2,425	3,687	4,990
Service Investment	964	1,025	1,164	1,104
Pay award & risk management	1,198	1,648	2,326	2,684
Additional costs	6,060	8,233	10,864	13,135
Additional funding	(3,326)	(5,332)	(6,819)	(8,555)
Gap before savings	2,734	2,901	4,045	4,580
Transformation & savings	(1,865)	(2,901)	(4,045)	(4,580)
Gap to be funded from reserves	869	-	-	-
Savings as a % of budget	3.5%	5.3%	7.1%	7.7%

Recent Budget Experience - 2023/24 Financial Performance

- 2.1.7. The 2023/24 financial performance is forecast to be favourably impacted by better interest returns on cash balances as interest rates increased during the year following the Bank of England interest rate rises to combat inflationary pressures experienced at the national level. This additional income masks the performance of service budgets where an overspend of £40k in the Quarter 3 Cabinet report is forecast. Within the services, expenditure pressures include

- Adult Social Care – increasing complexity of care cases, alongside increased costs from suppliers
- Childrens Social Care & Family Help – deployment of interim cover to avoid safeguarding risks and a high need placement costs
- Waste Management – alternative provision required in year for the transfer station
- Transport – additional demand from Special Educational Needs transport and Home to School transport.

These pressures are being offset by various vacancy savings. The level of vacancies across Council services, alongside financial sustainability, are the two highest risks in the Council's Strategic Risk Register to the delivery of the Council's Corporate Strategy.

Summary Financial Context

- 2.1.8. In summary to be financially sustainable the Council's ongoing revenue commitments need to match income receipts. If Council deems that the award of this Leisure Contract delivers better on its Corporate Strategy, then the current budget priorities agreed by Council on 26 February need to be reconsidered to identify the funds to meet the ongoing budget requirement for this contract. The approach outlined below provides Cabinet with options to

reconsider the balance of the Corporate Strategy priorities and resulting amendments to Integrated Budget Plan for 2024/25 that would be required with Full Council approval.

2.2. Options Considered

2.2.1. The following options have been considered for funding leisure (including options for subsidising the Leisure Contract)

2.2.2. Adult Social Care Services

2.2.2.1. The adult social care system has been allocated a saving of £1.683m additional to a £0.128m saving for carers from 2023/24 (8% of the Adult Care budget). This is to be achieved through the redesign and further integration of health and care services, utilising shared resources to secure a more efficient and cost-effective model to reduce demand. Experienced activity during 2023/24 means that £0.409m has already been removed from the placements budget through negotiating residential fees, a more significant saving of £1.274m is planned over the current MTFs through more targeted preventative health and care models.

2.2.2.2. The care market has already become more unstable since setting these targets putting savings at risk. Failure to achieve the planned impact or future need for additional savings could require decisions about reducing preventative services. Reducing the social worker workforce and increasing caseloads remains a future option in a worst-case scenario, although not recommended in the current context. It is therefore not recommended additional savings to fund leisure are taken from this area.

2.2.2.3. Impact on Corporate Strategy – reducing funds to ‘Support the most vulnerable’ and ‘Provide good public services’.

2.2.3. Housing and Homelessness

2.2.3.1. The Housing service is a service where there have not been any planned reductions as it is a service under pressure. Homelessness in Rutland has increased in recent years, driven primarily by rising rents and family breakdown. There have also been additional responsibilities placed on the housing service related to various refugee schemes such as the Homes for Ukraine scheme or the Afghan Citizens Resettlement Scheme (ACRS). There are no planned investments for this service against the backdrop of increased demand, although some short-term grants have assisted the service to manage capacity. With increasing demand, uncertainty of future grants and no planned investments it is not recommended savings to fund leisure are taken from this area.

2.2.3.2. Impact on Corporate Strategy – reducing funds to ‘Support the most vulnerable’

2.2.4. Children’s Services

2.2.4.1. Children’s Services has been allocated a saving of £0.683m additional to the £0.085m previously identified in 2023/24 for professional fees and equipment (8% of the Children’s budget). £0.295m is to be met through the implementation of demand/care cost management approaches including Multi Systemic

Therapy and foster care recruitment. £45k has already been met through a commissioning review, however the complexity of cases and the rising costs of placements creates risk in the delivery of the full saving.

2.2.4.2. The service will also make a number of savings through structural changes. £0.119m is to be delivered by integrating targeted family support into the social care structure. A further saving is to be delivered as part of the children's early help and adult learning services contribution to the £0.510m saving for the new communities' service, which establishes an integrated all-age community offer to provide preventative support and targeted intervention to prevent escalation of needs. This saving equates to a 20% reduction of the contributing budgets.

2.2.4.3. Failing to achieve demand/care cost reductions, meet all the community's transformation savings, or meet a future need for additional savings would likely require a less transformational approach to the communities service plans. This would mean stopping a significant proportion of preventative services to be able to exceed the relatively ambitious savings targets already set for the communities' service transformation. Reducing the social worker workforce and increasing caseloads remains a high risk future option in a worst-case scenario, although not recommended in the current context. It is therefore not recommended additional savings to fund leisure are taken from this area.

2.2.4.4. There is also a service investment of £45K to meet the staffing pressure due to increasing numbers of care leavers, it is not recommended to stop this investment to fund leisure.

2.2.4.5. Impact on Corporate Strategy – reducing funds to 'Support the most vulnerable' and 'Provide good public services'.

2.2.5. **Library and Active Rutland Services**

2.2.5.1. A saving is to be delivered as part of the Library and Active Rutland services contribution to the £0.510m saving for the new communities' service, which establishes an integrated all-age community offer to provide preventative support and targeted intervention to prevent escalation of needs. This saving equates to a 20% reduction of the contributing budgets.

2.2.5.2. As mentioned above failing to meet all the Communities transformation savings or meet a future need for additional savings would likely require a less transformational approach to the Communities service plans. This would mean in the main stopping a significant proportion of library services, such as consolidating onto a single library site, to be able to exceed the ambitious savings targets already set for the Communities service transformation. It is not recommended additional savings to fund leisure are taken from this area.

2.2.6. Impact on Corporate Strategy – reducing funds to 'Support the most vulnerable' and 'Provide good public services'

2.2.7. **Transport Services**

2.2.7.1. Transport currently has a saving target of £0.665m (13% of the transport budget). £0.300m (56% of the public transport budget) is planned to be delivered through a redesign of the public Bus network to deliver a model which is sustainable, costs less, drives up passenger use and improves accessibility

to services including health and education.

- 2.2.7.2. To meet the overall saving there will be a need to review the discretionary post-16 transport contribution to save £0.100m (13% of the post 16 subsidy) and the SEND transport offer to save a further £0.265m (15% of the school transport budget). The current budget invests £0.300m to cover increased demand for school and SEND transport and recent modelling suggests this will not be sufficient.
- 2.2.7.3. Failing to achieve cost reductions or meet a future need for additional savings would require a less transformational approach to discretionary bus spending, by withdrawing all supported bus service subsidy, as other Councils are planning on doing. It is not recommended additional savings to fund leisure are taken from this area.
- 2.2.7.4. Impact on Corporate Strategy – reducing funds for ‘Tackling the Climate Emergency’ and ‘Provide good public services’.

2.2.8. Investment and Visitor Economy

- 2.2.8.1. There were previous permanent savings in economic development, leaving the Council with a single Sustainable Economy Manager, which was held vacant. The governments levelling up agenda has led to some significant changes in policy in this area with Local Enterprise Partnerships transitioning to local government, further legislation on devolution and significant grants such as UK Shared Prosperity Fund (UKSPF) coming to local authorities to support the economy. The Sustainable Economy Manager has now been recruited in order to support developments in this area and promote inward investment. It is therefore not recommended additional savings to fund leisure are taken from this area as it will mean there is no capacity to undertake this work.
- 2.2.8.2. Our Cultural services, a major part of our contribution to our visitor economy, currently has a saving target of £0.301m (42% of the cultural budget). The current work being undertaken is to develop a cultural offer in partnership with other key stakeholders that enhances the visitor economy, increases income and reduces the financial subsidy to the Council. There is an investment to support the redesign of the Council's heritage service with a role required to facilitate the work, this will be self-funded by year three and four with income by 26/27.
- 2.2.8.3. Failing to achieve cost reductions or meet a future need for additional savings would require a less transformational approach to discretionary cultural subsidy and would require closure of the majority of the Council's cultural offer, such as closure of the County Museum. It is therefore not recommended additional savings to fund leisure are taken from this area.
- 2.2.8.4. Impact on Corporate Strategy – reducing funds to create ‘A diverse & sustainable economy’ and ‘Provide good public services’.

2.2.9. Environment and Waste Services

- 2.2.9.1. Environment and waste services have a required saving of £0.350m (4.8% of the environmental services budget). £0.100m is being achieved through increased income generation from Green Waste charges, with a further

£0.250m required through the reduction of spend on the public realm. £0.100m of this has been achieved through a reduced grass cutting regime.

- 2.2.9.2. However, £0.150m is still undefined and will require a reorganisation of public realm services, rescaling our revenue commitments whilst maintaining a safe public realm. Work is underway to realise this including some early discussions about the transfer of parks and open spaces, as well as considerations for the minimum replacement costs for signage and street furniture. However, this saving is still likely to include some reductions in spend on rights of way (budget of c£56k), street lighting (budget of c£214k, net of £100k income) and potentially a contribution from highways maintenance spend. As there remains an undefined saving of £150k it is not recommended that additional savings to fund leisure are taken from this area.
- 2.2.9.3. Waste costs have been rising and the failure of a third-party waste transfer station in Rutland has driven up costs further. This required a £0.120m investment to cover additional costs for the alternative. It is not recommended to remove this investment to fund leisure as the cost of the alternative site will remain.
- 2.2.9.4. There are a number of environmental investments that have been added to the current budget. Climate Change officer (c£49k) which has been added back into the budget after being held vacant during 2023/24, investment in capacity to further support the delivery of our flood authority duties (c£46k) and investment to fund new biodiversity duties (a net c£67k investment). It should be noted that it remains unclear if a grant for biodiversity duties will continue in future budget settlements.
- 2.2.9.5. Given the current position across service areas removing planned investments in areas where there are no recent and/or significant new duties; trend of demand/cost increase or investment requirement to deliver savings is the most reasonable approach to funding leisure. Although cabinet will need to consider the impact on its priorities.
- 2.2.9.6. The investment in a Climate Change officer closely matches this approach. While there are provisions and implications for local government in the recent Environment Act many can be addressed within the responsible services, e.g. biodiversity or waste. That said the Council has not undertaken work that was earmarked for the climate change officer as this post was held vacant. This has meant that no proactive work has been done on the Carbon Reduction plan / strategy over and above what services are already indirectly contributing through existing activities. If agreed, it will mean the council will not have a resourced plan to achieving it's net carbon zero ambitions and is therefore likely not to meet these ambitions.
- 2.2.9.7. The investment in additional flood expertise and capacity also broadly fits these criteria. That is not to say this investment is not required or is not an important aspect in the delivery of the Council's agreed corporate priorities. There was recognition in the current budget plan, reinforced by recent unprecedented flooding in the County, that the Council wanted to resource a much more proactive approach to managing the impact of climate change. However, the Council has undertaken it's duties as lead flood authority since 2010 without this additional investment, albeit within the limitations of current resources. The

Council needs to consider if this position could be maintained if it is to prioritise funding Leisure. Although we will deliver our core main duties and retain our powers such as those to enforce obligations to maintain flow in a watercourse. Stopping this investment will impact the council's ability to work more proactively with local communities and watercourse owners on preventative actions. Not investing as planned will also affect the council's ability to respond if recent unprecedented flooding events in the county become a future trend.

2.2.9.8. Impact on Corporate Strategy – reducing funds for 'Tackling the Climate Emergency' and to 'Provide good public services'.

2.2.10. Licensing and Regulatory Services

2.2.10.1. This area has seen an investment of £0.088m due to increased costs associated with the delivery of our Licensing and regulatory services by Peterborough. At budget setting consideration was given to proposals for reducing the frequency of food safety inspections to reduce overall costs by taking a greater risk-based approach to inspection frequency. This was discounted as it was felt it could put individuals and communities at risk and damage local businesses and key parts of the economy. Council also approved the shared services agreement at its meeting 25 March 2024. It is therefore not recommended to remove this investment to fund the leisure contract.

2.2.10.2. Impact on Corporate Strategy – reducing funds to create 'A diverse & sustainable economy' and 'Provide good public services'.

2.2.11. Highways Services

2.2.11.1. Highways is a service where there have not been any planned reductions as it is a service under pressure. The service is looking to address capacity issues through the implementation of a permitting scheme that brings in additional income to offset the majority of investment requirements to meet demand. This still results in a required net investment of £34k. Removing this investment would remove capacity required to meet demand and would prevent delivery of a permitting scheme, forgoing £180k additional income (£60k net of staff costs) to support capacity increase. If further reductions in revenue costs are required consideration may need to be given to highways maintenance spend, although the current drainage and jetting regime should always be protected given recent flooding incidents. It is therefore not recommended additional savings to fund leisure are taken from this area.

2.2.11.2. Impact on Corporate Strategy – reducing funds to create 'A diverse & sustainable economy' and 'Provide good public services'.

2.2.12. Planning Services

2.2.12.1. Planning is another service where there have not been any planned reductions. The service has had a time limited investment in capacity to meet demand of having no local plan which is enabling it to meet current demand, although not meet all expectations. It is likely that the planning service will find difficulty in meeting future demand when this additional resource is stopped, even with increases in planning income. It is not recommended that the service reduces further beyond this reduction as it may struggle to meet government targets for

progressing planning applications. It is therefore not recommended additional savings to fund leisure are taken from this area.

2.2.12.2. Impact on Corporate Strategy – reducing funds to create ‘A diverse & sustainable economy’ and ‘Provide good public services’.

2.2.13. Enabling Services (back-office costs)

2.2.13.1. Back-office services have been set a saving of £0.588m additional to the £0.314m achieved in 2023/24 (9.7% of the enabling services budgets). The savings in back-office costs require investment in technology and systems to amend the way internal and external customers interact with the corporate back-office services. This will result in more reliance in a self-help approach that will enable the professional expertise within the services to resolve the most complex of cases only as the amount of resources used to deliver these services are reduced over the medium to long term. As the services deliver more tailored services based on need, service provision will be rationalised based on evidenced data metrics rather than a more expensive and general ‘one size fits all’ approach. This approach relies on an increased focus and use of Business Intelligence with data and performance metrics and measures being key.

2.2.13.2. The ‘saving’ noted above includes additional income from commercial property rents of £0.060m, see link to 2.2.14 income generation options.

2.2.13.3. Enabling Services are the Council’s corporate core, providing the expertise necessary to ensure the efficient and effective operation of all Council services. The services include those set out in the following non-exhaustive list and are those required to:

- employ staff
- ensure payments are made
- that income is raised and received
- support our most vulnerable in society through benefit payments
- ensure that systems and IT infrastructure are safe and secure, modern and fit for purpose
- ensure that statutory returns and documents are produced for key stakeholders
- financial controls are efficient and effective with public funds protected
- value for money is achieved through well managed commissioning and robust procurement and negotiation
- that the Council acts lawfully and is able to defend and prosecute its position appropriately
- ensure the good governance necessary to support sound decision making
- customer services providing first line support for resident and business query resolution and care package funding
- data driven information to measure and improve service performance
- communication of Council services, including support for residents, new service delivery methods, and emergency updates such as road closures

- 2.2.13.4. It is not recommended that the services are reduced further beyond the reductions included in the MTFS as additional reductions would result in loss of corporate capacity, affecting the Council's ability to deliver core functions, thereby increasing the risk to the already high risks included in the Council's Risk Register. It is therefore not recommended additional savings to fund leisure are taken from this area.
- 2.2.13.5. Impact on Corporate Strategy – reducing funds to 'Provide good public services' and inherently enabling the delivery of all the Corporate Strategy priorities.

2.2.14. Income Generation

- 2.2.14.1. The Council can generate funds in the form of Fees and Charges, by 2027/28 this is estimated to be £6.3m. The Council approved a Fees & Charges Policy as part of the budget approval in February 2024 and provides a framework for the Council to ensure that fees and charges are kept under review to ensure that services provide value for money to all residents; that charging potential is maximised, and charging principles are applied consistently.
- 2.2.14.2. The budget contains increased income opportunities to offset cost of service of 4.7%. Additional income is being raised through Garden Waste £0.100m, introduction of a Highways permitting scheme £0.180m, and £0.062m additional income generated from the redesign of the Council's heritage services. The Council has factored in commercial property gross income of £0.979m, including rental increase £0.060m. This means that current rental returns at 3-5% depending on the site.
- 2.2.14.3. Additional income generated from increased car parking fees has been discounted beyond the proposed increase for 24/25, given the cost-of-living impact, and continued recovery post Covid-19 that would impact on the businesses and tourism that rely on footfall to the area (2024/25 £0.562m). In general terms the Council may not make a profit on its charging activities, subsidise other services, and cannot charge for services that customers do not choose to use.
- 2.2.14.4. Impact on Corporate Strategy – to create 'A diverse & sustainable economy'.
- 2.2.14.5. Following the 2023/24 performance of interest receipts from investment of cash balances the IBP and MTFS assumptions were updated to reflect the greater interest rates and higher cash balances through receipt of grants in advance of activity being undertaken such as from the capital projects and reserves not being drawn down as quickly as planned. As a result, additional interest receipt of £2.0m has been estimated across the MTFS period. It is not recommended that further interest receipt target is added given that interest rates are predicted to reduce as inflation reduces, that cash balances are forecast to reduce as reserve balances decline and capital projects are progressed, and that this is not a reliable source of funding for a 10 year contract given the economic variables of this income source.
- 2.2.14.6. There are no specific grants available to fund this contract. Use of Public Health grant funding was considered and discounted as it would not be an appropriate use of Health funds to subsidise a private sector supplier. Instead, the Public Health grant is targeted for health interventions such as exercise referrals and

not open access to leisure facilities.

2.2.15. Members Allowances

- 2.2.15.1. An independent report has highlighted that there is a gap between the Council's member allowances and those at comparator authorities. It is therefore not recommended to reduce these allowances further from the £280k budgeted in 2024/25. Further the report recommended that following elections to the authority, the council should consider how to close that gap. The MTFS assumes funding an increase from 2026/27, however the budget assumption states this will be contingent on wider MTFS assumptions at the time of implementation.
- 2.2.15.2. Based on the current economic climate, and current indications of the Government's approach to public sector finances and Local Government specifically, the current view is that it is unlikely that conditions will allow for this to be implemented. As this will not be considered until 2026/27 and it is unlikely conditions will allow this uplift to be implemented it is not recommended additional savings to fund leisure are taken from this area.

2.2.16. Do Nothing Option – Corporate Strategy Priorities & Funding Maintained

- 2.2.16.1. The 'Do Nothing Option' would be to maintain the balance of priorities and therefore funding of services as unanimously agreed by Full Council 26 February 2024. It would require Leisure Services to be provided at net nil costs to the Council. This option is considered in more detail in Appendix A.
- 2.2.16.2. Impact on Corporate Strategy – delivery of the Corporate Strategy as funding levels maintained as agreed in the Integrated Budget Plan 2024/25.

2.3 Consultation

- 2.3.1 A public engagement exercise has been undertaken on the refreshed Corporate Strategy alongside the Integrated Budget Plan 2024/25. Representations were sought from a range of stakeholders to enable residents, partner organisations, businesses and other interested parties to feedback on the budget proposals, which had been designed to deliver on the refreshed Corporate Strategy. Cabinet should consider these responses when considering the options and recommendations in this report ([Appendix J of the Council report – 04/2024 Integrated Budget plan & Medium Term Financial Strategy 2024/25 to 2027/28](#)).

3 IMPLICATIONS OF THE RECOMMENDATION

3.1 FINANCIAL IMPLICATIONS

- 3.1.1 This section has been approved by Kirsty Nutton, Strategic Director for Resources.
- 3.1.2 The main financial issues arising for this Report are contained in the main body of this report, and specific details linked with the Leisure Contract costs are contained in Appendix A to this report alongside consideration of specific risk factors inherent in the contract assumptions.
- 3.1.3 The Council is under a legal duty to meet the full requirements of Section 31A

of the Local Government Finance Act 1992, which includes the obligation to produce a balanced budget. For the 2024/25 financial year this decision was on 26 February 2024.

- 3.1.4 For the remainder of the year, the principal purpose of the Budget is to set the upper limits of what the executive (Leader, Cabinet or officer under delegated executive authority) may decide to spend the Council's resources on. The Council cannot, through the budget, overrule an executive decision as to how to spend money, but the Budget will require the Cabinet to exercise their responsibilities for decision making so as not to make a decision where they are 'minded to determine the matter contrary to, or not wholly in accordance with the authorities 'budget''. This means that a decision that leads to excess expenditure, a virement from one budget heading to another over the amount allowed by Council in the Integrated Budget Plan and Medium-Term Financial Strategy, or expenditure of unexpected new money outside the Budget is required to have approval of the Council before the Leader and the Cabinet can make that decision.
- 3.1.5 With regards to the general financial risk Local Government has become increasingly exposed to risk and instability within the system. It has become financially stretched following over a decade of funding cuts and austerity measures, and the uncertainty around future funding and wider public sector reforms causes added difficulties for strategic planning. It remains true that the Council faces financial challenges, with early indications from government suggesting a return to the level of cuts seen in the years of austerity.
- 3.1.6 There are rising external factors creating an additional layer of financial risk such as the rising cost of the national living wage, the impact of inflation, increasing energy prices and additional burdens placed on Councils from further government reforms such as with waste collection and disposal, and adult social care reform. Recent experience of the latter risk is that new burdens are more costly than the funding attached from government.

3.2 LEGAL IMPLICATIONS

- 3.2.1 This section has been approved by Angela Wakefield, Strategic Director for Law and Governance.
- 3.2.2 Cabinet is permitted to discharge its executive functions subject to the provisions of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 but also to the extent determined by the Council's Budget and its Policy Framework. Any decision which would be contrary to the Policy Framework or contrary to/not wholly in accordance with the Budget is a matter for Council.
- 3.2.3 Article 4 of the Council's Constitution stipulates that only Council will exercise the function of approving or adopting the Policy Framework and the Budget.
- 3.2.4 The Policy Framework includes the Council's Corporate Strategy, which was most recently approved by Council at its meeting on 26th February 2024.
- 3.2.5 As stated at 3.1.3 above, the obligation for Council to set a balanced budget each year in accordance with section 31A of the Local Government Finance

Act 1992 is an obligation upon all Members of the Council.

3.3 RISK MANAGEMENT IMPLICATIONS

3.4.1 The main risks to this Report and the Council achieving its objectives are as follows:

3.4.2 Risk/s: One of the Council's key priorities is Tackling the Climate Emergency. If the Council approves the recommended option to fund leisure it will impact the delivery of the Council's current plans to reduce carbon emissions and adapt to the impact of climate change.

3.4.3 Assessment of Risk (Low/Medium/High): High

3.4.4 Mitigation: The Council is still likely to be able to meet its duties in related areas through the contribution of existing service delivery of aspects of flooding management and climate change. But the Council's ability to deliver on its climate ambitions and respond effectively to the growing impact of climate change will be impaired.

3.4.5 Residual Risk (Low/Medium/High): Med/High

3.4.6 The risks related to the ongoing procurement exercise contains commercially sensitive information and therefore is outlined in the confidential appendix.

3.4 DATA PROTECTION IMPLICATIONS

3.4.7 A Data Protection Impact Assessments (DPIA) has not been completed because there are no identified risks or issues to the rights and freedoms of individuals.

3.5 EQUALITY IMPLICATIONS

3.5.1 An Equality Impact Assessment (EqIA) has been completed. No adverse or other significant issues were identified. A copy of the EqIA can be obtained from Kirsty Nutton, Strategic Director for Resources.

3.6 COMMUNITY SAFETY IMPLICATIONS

3.6.1 The Council has a duty in accordance with S17 Crime and Disorder Act 1988, when exercising its functions, to have due regard to the likely effect of that exercise of those functions on and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social behaviour).

3.6.2 This duty has been considered and there are no community safety implications relating to the recommendations.

3.7 HEALTH AND WELLBEING IMPLICATIONS

3.7.1 There are no wellbeing implications associated with the recommended funding options. The health and wellbeing implications of the Leisure Contract are set out in report [Catmose Sports Contract, Item 19, Council 25 March 2024](#).

3.8 ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS

3.8.1 On 11 January 2021 Rutland County Council acknowledged that it was in a climate crisis. The Council understands that it needs to take urgent action to address it.

3.8.2 However, if the Council approves the recommended approach to fund leisure it will impact the delivery of the Council's current plans to reduce carbon emissions and adapt to the impact of climate change. Although this is considered the least impactful approach.

3.9 PROCUREMENT IMPLICATIONS

3.9.1 The procurement implications of the Catmose Sports contract are set out in report No: 26/2024 [Catmose Sports Contract, Item 19, Council 25 March 2024](#).

3.10 HR IMPLICATIONS

3.10.1 There are no HR implications arising from this report.

4 BACKGROUND PAPERS

4.1 [Catmose Sports Contract, Item 19, Council 25 March 2024](#)

4.2 [Integrated Budget Plan 2024/25 and Medium-Term Financial Strategy 2024/25 – 2027/28, Item 10, Council 26 February 2024](#).

4.3 [2023/24 Quarter 3 - Revenue & Capital Forecast, Item 8, Cabinet 13 February 2024](#)

4.4 [Strategic Risk Register, Item 10, Audit & Risk Committee 5 December 2023](#)

5 APPENDICES

5.1 Appendix A – Confidential Supplementary Note

An Accessible Version of this Report is available upon request – Contact 01572 722577.