

19th October 2016

CABINET – 31ST OCTOBER 2016

A meeting of Cabinet will be held at 5.30 pm on Monday 31st October 2016 in the Council Chamber, Town Hall, Rugby.

Adam Norburn
Executive Director

A G E N D A

PART 1 – PUBLIC BUSINESS

1. Minutes.

To confirm the minutes of the meeting held on 3rd October 2016.

2. Apologies.

To receive apologies for absence from the meeting.

3. Declarations of Interest.

To receive declarations of –

(a) non-pecuniary interests as defined by the Council's Code of Conduct for Councillors;

(b) pecuniary interests as defined by the Council's Code of Conduct for Councillors; and

(c) notice under Section 106 Local Government Finance Act 1992 – non-payment of Community Charge or Council Tax.

Note: Members are reminded that they should declare the existence and nature of their interests at the commencement of the meeting (or as soon as the interest becomes apparent). If that interest is a prejudicial interest, the Member must withdraw from the room unless one of the exceptions applies.

Membership of Warwickshire County Council or any Parish Council is classed as a non-pecuniary interest under the Code of Conduct. A Member does not need to declare this interest unless the Member chooses to speak on a matter relating to their membership. If the Member does not wish to speak on the matter, the Member may still vote on the matter without making a declaration.

4. Question Time.

Notice of questions from the public should be delivered in writing, by fax or e-mail to the Executive Director at least three clear working days prior to the meeting (no later than Tuesday 25th October 2016).

Growth and Investment Portfolio

5. On Track Service Development.

Corporate Resources Portfolio

6. Draft General Fund Revenue and Capital Budgets 2017/18 and Medium Term Financial Plan 2017-20.

7. Civic Honours – Approval of a Protocol.

Communities and Homes Portfolio

8. Retrospective approval of new service charges for the Ashwood Court Supported Housing Scheme.

Environment and Public Realm Portfolio

Nothing to report to this meeting.

The following item contains reports which are to be considered en bloc subject to any Portfolio Holder requesting discussion of an individual report

Nothing to report to this meeting.

9. Motion to Exclude the Public under Section 100(A)(4) of the Local Government Act 1972

To consider passing the following resolution:

“under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of information defined in paragraphs 2 and 3 of Schedule 12A of the Act.”

PART 2 – EXEMPT INFORMATION

Growth and Investment Portfolio

1. World Rugby Hall of Fame Visitor Attraction.

Corporate Resources Portfolio

2. Restructure of Human Resources.

Communities and Homes Portfolio

Nothing to report to this meeting.

Environment and Public Realm Portfolio

Nothing to report to this meeting.

The following item contains reports which are to be considered en bloc subject to any Portfolio Holder requesting discussion of an individual report

3. Write Offs.

Any additional papers for this meeting can be accessed via the website.

The Reports of Officers (Ref. CAB 2016/17 – 5) are attached.

Membership of Cabinet:

Councillors Stokes (Chairman), Leigh Hunt, Mrs Parker, Ms Robbins and Mrs Timms.

CALL- IN PROCEDURES

Publication of the decisions made at this meeting will normally be within three working days of the decision. Each decision will come into force at the expiry of five working days after its publication. This does not apply to decisions made to take immediate effect. Call-in procedures are set out in detail in Standing Order 15 of Part 3c of the Constitution.

If you have any general queries with regard to this agenda please contact Claire Waleczek, Senior Democratic Services Officer (01788 533524 or e-mail claire.waleczek@rugby.gov.uk). Any specific queries concerning reports should be directed to the listed contact officer.

If you wish to attend the meeting and have any special requirements for access please contact the Democratic Services Officer named above.

AGENDA MANAGEMENT SHEET

Report Title: On Track Service Development

Name of Committee: Cabinet

Date: 31st October 2016

Report Director: Head of Growth and Investment

Portfolio: Growth and Investment

Ward Relevance: All

Prior Consultation: Senior Management Team Report

Contact Officer: Tom Kittendorf 01788 533749

Public or Private: Private

Report subject to Call-In: No

Report En-Bloc: No

Forward Plan: No

This report relates to the following priority(ies):

Corporate Priorities:

PEOPLE - Provide leisure facilities and support independent and healthy living.

COUNCIL - Actively seek revenue-generating opportunities and apply charges in order to meet our costs.

COUNCIL - Engage in partnerships to meet local needs, reduce costs and increase efficiency.

COUNCIL – Engage in partnerships to meet local needs, reduce costs and increase efficiency.

Statutory / Policy Background: None

| | |
|--------------------------------------|---|
| Summary: | An increase in staffing budget for the On Track Service, funded by additional revenue generated. |
| Financial Implications: | As detailed within the report |
| Risk Management Implications: | Withdrawal of services from schools or youth settings – On Track Coordinator will oversee development of service and maintain and develop new relationships |
| Environmental Implications: | None |
| Legal Implications: | None |
| Equality and Diversity: | None |

| | |
|-----------------|---|
| Options: | <p>Option 1: Approve an internal restructure and increase in staffing budget to include the creation of two new Senior On Track Leader posts to facilitate further growth and income generation opportunities</p> <p>Risks: Failure to retain income streams</p> <p>Benefits: Develop income generation opportunities and attract future funding organisations to deliver increased youth provision in the Borough. Engage with a wider element of the Borough's residents through schools, youth centres and community based activities</p> <p>Option 2: Do not approve the increase in staffing budget and staff structure for the On Track Service.</p> <p>Risks: Restricts future growth and income generation opportunities.</p> <p>Benefits: None</p> |
|-----------------|---|

Recommendation:

1. A supplementary General Fund revenue expenditure budget of £14,240 to facilitate the restructuring of the service and a supplementary income budget of £19,180 for additional income from schools and youth provision delivery be approved;
2. The creation of two Senior On Track Leader twelve month fixed term posts to be approved, to be recruited via internal selection; and
3. The disestablishment of three On Track Leader posts be approved and with existing salary budgets redistributed across the new structure.

Reasons for Recommendation:

Endorsement of these recommendations will increase service efficiency and ensure the service is fit for future growth.

Cabinet - 3rd October 2016

On Track Service Development

Report of the Head of Growth and Investment

Recommendation

1. A supplementary General Fund revenue expenditure budget of £14,240 to facilitate the restructuring of the service and a supplementary income budget of £19,180 for additional income from schools and youth provision delivery be approved;
2. the creation of two Senior On Track Leader twelve month fixed term posts to be approved, to be recruited via internal selection; and
3. the disestablishment of three On Track Leader posts be approved and with existing salary budgets redistributed across the new structure.

1. INTRODUCTION AND BACKGROUND

- 1.1. Rugby Borough Council's On Track service replaced the previous Positive Futures national programme in April 2013. On Track services target young people from marginalised communities and provides them with educational and recreational activities.
- 1.2. In order to replace the grant funding attached to the former Positive Futures programme, over the past three years On Track has expanded its service provision and consequently brought in additional income to the Council. This has primarily been achieved by developing strong relationships with both primary and secondary schools across the borough.
- 1.3. For example, the production of an On Track promotional and information booklet during the first year of delivery in schools led to a number of meetings with school head teachers and school cluster coordinators and subsequently opened their doors to the service. This resulted in further income generation from the award of contracts to the Council.
- 1.4. Alongside the schools offer, On Track has also been actively developing opportunities for income generation through community programmes. This aspect of delivery has witnessed high levels of interest from Community Associations and professional bodies seeking to commission On Track services over the last three years. On Track has now established itself as one of the largest youth service providers of recreational activities in Rugby.

2. PROPOSED RESTRUCTURE

- 2.1. The current staffing structure consists of five On Track Leaders, of which four of the roles are filled and one is vacant.
- 2.2. In order to meet new demand placed on the service and also be fit for future growth, it is requested to replace two of the On Track Leader roles with two newly created Senior On Track Leader posts, initially recruited to on twelve month fixed term contracts. Providing a new structure of two Senior On Track Leaders and two On Track Leaders.
- 2.3. A job specification for the Senior On Track post has been developed in conjunction with the Human Resources Department to reflect additional responsibilities and has been evaluated as a Salary Grade D, in comparison to current Grade C roles.
- 2.4. The two new Senior On Track Leader posts would be recruited internally, from a ring-fenced pool of the four currently contracted On Track Leaders. Following the appointment of two new Senior On Track Leaders, it is anticipated the two unsuccessful candidates would then remain in their original posts and the current vacant post would be disestablished.
- 2.5. It should be noted that there would not be any redundancies as a result of this restructure.

3. FINANCIAL IMPLICATIONS

- 3.1. The additional budgetary requirement for the two new posts ranges between £1,860 and £14,240 per annum, dependent on the appointment of the successful candidates.
- 3.2. As set out above, the service has continued to grow over the three years and the cost of this service restructure can be met from agreed provision with partners to deliver after school clubs and mentoring programmes, which will provide an additional income of £19,180 over the twelve month period.
- 3.3. Approximately £10,000 of this income relates to the mentoring aspect of the service provision, which can only be provided by the Senior On Track Leaders, and therefore this restructure is required in order to realise all of this income.
- 3.4. The table overleaf shows the financial implications of the restructure and proposed budget adjustments, based upon the assumption that the highest end of the range of salary increases will be required.

| Current Structure | Grade | Proposed Structure | Grade |
|---|----------------|--------------------------------|----------------|
| 4 On Track Leaders | C | 2 Senior On Track Leaders | D |
| 1 On Track Leader (Vacant) | C | 2 On Track Leaders | C |
| | | | |
| 2016/17 Current Budget | £65,600 | 2016/17 Proposed Budget | £79,840 |
| Supplementary Expenditure Budget Adjustment | | | £14,240 |
| Supplementary Income Budget Adjustment | | | -£19,180 |
| Net Income | | | -£4,940 |

- 3.5. The above table shows that under the worst case scenario, based on the biggest increase to salaries, that service budgets can be adjusted by a net income of £4,940.
- 3.6. In contrast, if the lower adjustment to the salaries is required the net income to the service would result in a surplus of £17,320.
- 3.7. However, the full budget provision has been requested for approval in this report to allow for the potential for the highest increase in salaries. Should officers be appointed requiring a smaller increase in the salary budget the variance will be returned to corporate savings.

4. CONCLUSION

- 4.1. The On Track service is a successful Council programme that provides positive engagement opportunities for young people aged 10 to 19. These services are well received by a range of partners and members of the public and they also support other services within the Council, tackling local issues such as crime and anti-social behaviour.
- 4.2. Approval of this report will facilitate future growth of the service, consequently establishing new income generation opportunities for the Council and offset the costs of the service. This will in turn deliver increased health and physical activity outcomes to young people across the borough and provide targeted provision in key priority areas.

Name of Meeting: Cabinet
Date of Meeting: 31st October 2016
Subject Matter: On Track Service Development
Originating Department: Growth and Investment

List of Background Papers

There are no background papers relating to this item.

AGENDA MANAGEMENT SHEET

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|---|--|
| <i>Name of Meeting</i> | Cabinet |
| <i>Date of Meeting</i> | 31 st October 2016 |
| <i>Report Title</i> | Draft General Fund Revenue & Capital Budget 2017/18 and Medium Term Financial Plan 2017-20 |
| <i>Portfolio</i> | All Portfolios |
| <i>Ward Relevance</i> | All Wards |
| <i>Prior Consultation</i> | None – this is the first budget report for 2017/18 |
| <i>Contact Officer</i> | Mannie Ketley – Head of Corporate Resources and Chief Financial Officer Ext 3416 |
| <i>Report Subject to Call-in</i> | Yes |
| <i>Report En-Bloc</i> | No |
| <i>Forward Plan</i> | Yes |
| <i>Corporate Priorities</i> | This report relates to all of the Council's priorities. |
| <i>Financial Implications</i> | As detailed within the report. |
| <i>Risk Management Implications</i> | The Council has a statutory duty to set an annual General Fund Revenue budget that will enable it to determine the level of council tax. |
| <i>Environmental Implications</i> | There are no Environmental implications arising from this report. |
| <i>Legal Implications</i> | There are no Legal implications arising from this report. |
| <i>Equality & Diversity Implications</i> | There are no Equality and Diversity implications arising from this report. It may be necessary later on in the budget process to carry out Equality Impact Assessments of the implications of any service changes. |

Recommendation

- (1) The initial draft General Fund Revenue and Capital Budget position for 2017/18 be considered alongside the Council's 2017-20 Medium Term Financial Plan;
- (2) approval be given to commence a consultation period with Parish Councils to remove allocation of council tax support funding from 2017/18 onwards;
- (3) Cabinet considers the key decisions section detailed within the report and identifies alternative income/savings sources to replace any items that are not to be included within the 2017/18 revenue budgets;
- (4) a detailed scheme by scheme review be carried out of the items in the Capital Programme in order to rationalise the overall programme in terms of affordability and sustainability; and
- (5) the Council's Efficiency Statement 2016-20 be noted.

Reasons for Recommendation

This initial overview of the Council's General Fund revenue and capital budgets needs to be considered by Cabinet as part of the budget setting process and to ensure its affordability and contribution to the Council's ambition to achieve self-sufficiency by 2020.

The report includes proposals for savings and income generation which require consideration for inclusion in the 2017/18 draft budgets and also the medium term.

A consultation is required to understand the implications of the removal of council tax support funding allocations to Parish Councils.

Cabinet – 31st October 2016

Draft General Fund Revenue & Capital Budget 2017/18 and Medium Term Financial Plan 2017-20

Report of the Head of Corporate Resources & Chief Financial Officer

Recommendation

- (1) The initial draft General Fund Revenue and Capital Budget position for 2017/18 be considered alongside the Council's 2017-20 Medium Term Financial Plan;
- (2) approval be given to commence a consultation period with Parish Councils to remove allocation of council tax support funding from 2017/18 onwards;
- (3) Cabinet considers the key decisions section detailed within the report and identifies alternative income/savings sources to replace any items that are not to be included within the 2017/18 revenue budgets;
- (4) a detailed scheme by scheme review be carried out of the items in the Capital Programme in order to rationalise the overall programme in terms of affordability and sustainability; and
- (5) the Council's Efficiency Statement 2016-20 be noted.

1. Introduction

This is the first 2017/18 General Fund budget setting report from the Head of Corporate Resources in her capacity as the Council's Chief Financial Officer.

The primary purpose of this report is to present a summary draft General Fund revenue position (see section 5) and a capital position (see section 6) for 2017/18 based on these initial budget submissions, plus a Medium Term Financial Plan (MTFP) (see section 7). The report also provides an update on the progress to date in addressing the budget gap that was identified in February 2016 (see section 2) and also update on changes to the local government finance system (see section 3).

Cabinet will further consider more detailed updates on the draft revenue and capital General Fund budgets right through to final budget setting and council tax determination at Full Council on 28th February 2017.

The process to set Housing Revenue Account (HRA) budgets, Council House Rents and the Housing Capital Programme is subject to a different timetable. An updated HRA Medium Term Financial Plan will be presented to Cabinet in November 2016 when details of government policy affecting rents in 2017/18 have been established. A special meeting of Council on the 7th February 2017 will approve HRA budgets and Council House Rents for 2017/18.

This report includes eight appendices;

- **Appendix 1** is a summary position for 2017/18 detailing the various changes made to the 2016/17 original budget.
- **Appendix 2** identifies by service the proposed growth items for 2017/18. This appendix also shows whether corresponding income or savings (Appendices 3 or 4) have been identified to offset the growth.
- **Appendix 3** identifies by service the proposed income increases (-) or shortfalls (+) for 2017/18.
- **Appendix 4** identifies by service the proposed savings items for 2017/18. The appendix also shows where savings have been used to offset proposed growth (Appendix 2) and details are provided.
- **Appendix 5** identifies the draft capital programme for 2016/17 onwards based on scheme proposals from budget officers, along with proposed funding splits, revenue implications, and a projection for capital receipts usage.
- **Appendix 6** shows an initial Medium Term Financial Plan for 2017-20.
- **Appendix 7** shows a risk assessment of General Fund balances.
- **Appendix 8** shows the Council's Efficiency Statement that was submitted to government on 14th October 2016.

2. Progress Since 2016/17 Budget Setting

2.1. Overview and Context

At the end of the 2016/17 budget setting process an outline MTFP 2016-20 was presented to Cabinet, however due to the uncertainty surrounding New Homes Bonus (NHB) and implementation of 100% of Retained Business Rates the projections produced were presented as indicative figures only, primarily illustrating the direction of Council's finances over the medium term. At that juncture the MTFP showed a potential shortfall of approximately £1.9m in 2018/19 and £2.1m in 2019/20.

The Council is committed to achieving financial self-sufficiency and recognises that whilst the Council has responded successfully to the challenge so far, the Council will have to continue to adapt and alter its operations over the medium term in order to meet its objective of becoming financially self-sufficient by 2020. With this objective in mind the Council has taken a pro-active approach and has already begun taking action to address the gaps in the MTFP that was presented to Cabinet in February 2016.

2.2. Senior Management Restructure

In May 2016 the Council completed its restructure of the senior management team, making both financial savings and also better aligning responsibilities and services. The restructure was concluded in May 2016, moving from two Executive Directors and six Heads of Service to one Executive Director and four Heads of Service, resulting in savings of approximately £200,000 per year for the General Fund. Furthermore changes made to Cabinet to align the structure to that of the new Senior Management Team has also realised savings of £6,500 that have been reflected within these budget proposals.

2.3. Voluntary Redundancies and Vacant Posts

Following a series of employee briefings over the spring and summer of 2016, where Senior Management set out the Council's current financial position to the wider workforce, the Council invited staff to express an interest in taking voluntary redundancy. The evaluation of these proposals is still on-going, with Senior Management carefully considering the resulting service implications of implementing the proposals. The initial evaluation has identified voluntary redundancies requests from nine officers that senior management recommend to be accepted, at a cost of £204,800. These redundancies would provide annual year-on-year savings of £220,000 and therefore would pay-back the initial costs within twelve months.

It is anticipated that the redundancy process could be completed by the beginning of 2017, realising three months of salary savings totalling £55,000 in 2016/17, which will be used to offset the cost of the proposals, with the balance to be met from savings the additional savings projected for 2016/17, see section 2.4 below.

It is proposed that Cabinet note the consideration of these voluntary redundancies and a further report with details of the posts affected will be presented to Council on 15th November for approval.

Senior Management have continued with the restrictions to replacements for vacant posts and as a result have identified a number of them for disestablishment following discussions with Service Managers. Current year savings resulting from this are reflected in section 2.4 below and £100,000 of savings have been reflected in the draft 2017/18 budgets. This practice will continue across the medium term until the certainty of the Council's financial sustainability is secured; it is estimated that further savings in the region of £60,000 will be realised across the medium term.

2.4. Achievement of Corporate Savings

Annually the Council builds a £200,000 corporate savings target into its budget and at the end of September 2016 the Council has recognised of savings £293,000. Whilst a proportion of this amount is due to one-off in-year savings, for example costs of goods and services being less than anticipated, the organisation has made good progress towards addressing the £2.1m budget shortfall in 2019/20 and therefore made considered decisions that have a longer term impact, these decisions which have been made at the earliest opportunity have contributed to the realisation of savings in excess of the 2016/17 target.

2.5. Work Ahead

The management restructure and voluntary redundancy proposals are only the beginning of the Council's journey to achieving financial self-sufficiency.

The Digitalisation transformation project is underway, which will harness improved use of IT for delivering services to our customers and improving efficiency. Service Managers, along with IT officers are examining all service areas where greater use of digitalisation can be made and the detailed results of this review will be fed into the budget process at a later stage. Examples of initiatives underway include the introduction of "route optimisation" software, for the waste service, use of electronic forms for Benefit claims, with resultant savings included within the draft budgets. Across the medium term it is expected that digitalisation will produce annual efficiency savings for the Council in the region of £250,000.

The Council is also continuing to explore opportunities for income generation and alternative service delivery models including commercial opportunities, social enterprises and trusts. Within the draft 2017-20 MTFP a prudent £200,000 is programmed in for achievement from such sources from 2019/20, however it is anticipated that greater sums may be realised at an earlier date.

3. Update on Local Government Finance System

3.1. Overview

Local government finance is subject to on-going uncertainty and is in the midst a period of substantial change, with fundamental reform of the finance system expected by the end of the decade. This uncertainty has increased further post-Brexit and the establishment of a new Government, with ambiguity around the short to medium term prospects for the national economy and how this will translate into government policy and spending.

3.2. Business Rates

Most notably the Government intends to implement 100% Business rates by "the end of the parliament", which is assumed to mean either 2019/20 or 2020/21. The move to 100% business rate retention will build on the current rate-retention system, introduced in 2013/14, where local government retains 50% of business rates. The Government has announced that the move to 100% business rates retention will be fiscally neutral. To ensure this, the main local government grants will be phased out and additional responsibilities will be devolved to local authorities in order to match the additional funding from business rates. However, in the medium to long-term, the Council's pro-growth agenda should see it benefit financially from the transition to 100%, with the Council able to retain a larger proportion of the growth in its business rates base.

The Government is consulting on how the new system will work and the Council responded to two initial high level consultations "Self-sufficient local government: 100% Business Rates Retention" and "Fair Funding Review: Call for evidence on Needs and Redistribution" in September. The content of these consultation responses are included elsewhere on this agenda. Both are very open consultations with the emphasis on getting responses and contributions from local

government and other stakeholders. Consequently at this stage it is difficult to get a clear idea of the policy decisions the Government is likely to take. More technical papers will be issued over the autumn and further details will be provided to members as the process develops.

3.3. Business Rates Revaluation

General revaluations of all non-domestic properties are currently scheduled to take place every 5 years, although the last revaluation was in 2010. The next business rates revaluation will take effect from 1 April 2017. The 2017 rating list will provide new rateable values for every non-domestic property in England and Wales. The new rating list will show how the economy – and underlying business rents, on which rateable values are based – has changed over the past 6 years.

In November 2016 the Government will propose a new business rate multiplier for 2017-18. The multiplier will be set so that there is no increase or decrease in the total national yield from business rates as a result of revaluation. So if rateable values increase overall at the revaluation the multiplier will fall (and vice-versa).

It is intended that the direct impact of revaluation on local authorities is neutral. If an authority's business rates yield increases then its Business Rates Baseline will be uplifted; if its yield falls, then there will be a corresponding reduction. The resulting difference between this and the authority's Funding Baseline Level will lead to an adjustment in the authority's top up or tariff. If it is necessary to make adjustments, these will be made at the 2017-18 Settlement.

3.4. New Homes Bonus

In March 2016 the Council responded to the Government's 'New Homes Bonus: Sharpening the Incentive' technical consultation. Government is still to provide the formal response to this consultation and therefore the outcome of the proposals and future of the scheme is still uncertain.

The consultation identified a number of options to remove approximately half the global funding from the scheme, with the most notable and easiest to quantify being reducing the number of years that the bonus payments are made. The consultation contained three proposals in relation to reducing the number of allocations:

- **Proposal 1:** NHB funding based on 4 years with a transition year in 2017/18
- **Proposal 2:** NHB funding based on 4 years without the interim step
- **Proposal 3:** NHB funding based on 3 years (assuming no interim steps)

The February MTFP had already captured some of this shortfall, but under all three options the position worsens in 2017/18 compared to the February MTFP, with the variances ranging from £337,000 under Proposal 1 to £1.2m under Proposal 3.

However, looking beyond 2017/18 under Proposals 1 and 2 the NHB projections are more positive compared to the February 2016-20 MTFP. In summary, it could be said that under options 1 and 2 the Council would see an earlier reduction in funding than previously anticipated but over the medium term they are not as deep as reported in February. Under Proposal 3, the position is significantly worse in 2017/18 with a variance of approximately £1.2m, however beyond this reductions are not significantly different to those presented in the 2016-20 MTFP.

The draft 2017-20 MTFP included within this report is based upon Proposal 2, however as stated above the outcome of this consultation is not yet known and therefore further updates will be fed into future budget setting reports over the coming months.

3.5. Revenue Support Grant and other Core Grants

As reported throughout the 2016/17 budget setting process the Council is still expecting significant reductions in Revenue Support Grant (RSG) and other core grants. In 2017/18 the Council will see a further £587,000 reduction in its RSG allocation and it is expected that it will not be in receipt of any RSG by 2019/20.

3.6. Council Tax

As part of the Final 2016/17 Local Government Finance Settlement district councils were permitted to increase the average Band D council tax by £5. The £5 increase for Rugby represented the first increase in 2016/17, following 6 years of tax freezes for residents. It is anticipated that the £5 increase will be permitted across the medium term and a £5 increase has been assumed for the 2017/18 draft budget.

As with previous years, the Council is expecting significant increase in its council tax base as result of the on-going growth in the borough. An estimated increase has been assumed in this draft report and the exact council tax base for 2017/18 will be reported to Cabinet in January 2017.

4. Council Tax Support Funding

Since 2013/14, the Council has provided annual support funding to compensate each Parish for the tax base it lost as a result of the introduction of local council tax support on 1st April 2013. This scheme replaced council tax benefit and support to certain groups took the form of a locally-determined discount on the council tax bill, rather than payment of a benefit. This change had the overall effect of reducing the council tax base and therefore to compensate Council's for this loss the Government passed down funding to partially mitigate their losses, with only 90% of the costs being met. The funding has provided on an unconditional basis and therefore it is not compulsory for billing authorities to pass down funding to their local councils but the Government urged co-operation.

In 2013/14 the Government made specific allocations of council tax support funding to the Council and therefore it was relatively clear what level of funding might be allocated to Parish Councils and £53,550 was passed down in 2013/14. However, from 2014/15 council tax support funding was "rolled into" local authorities' Revenue Support Grant allocations with no distinguished breakdown of the funding. Therefore, over the last three financial years, the amounts allocated to Parishes for this purpose has been reduced in-line with the Council's own core funding reductions. In 2016/17, the amount of support funding passed down to Parishes had reduced to £26,650.

From 2017/18 it is now proposed that this funding payment is removed with effect from 2017/18 onwards. The loss of funding will mean that each Parish will have to consider whether to adjust their precept demands. As in order for the Parish to receive the same overall amount of funds, relevant households would need to pay more. It is recommended that a consultation period commences with the Parish Councils with immediate effect.

5. 2017/18 Draft Portfolio and Corporate Revenue Budgets

5.1. Overview

The table below shows an overview of the draft revenue budget for 2017/18. Further details are provided in Appendix 1.

| Draft General Fund Revenue Summary 2017/18 | 2016/17 Revised Budget £ | Budget Adjustments £ | Salaries and Inflation £ | 2017/18 Draft Budget £ |
|--|-------------------------------------|---------------------------------|-------------------------------------|-----------------------------------|
| EXPENDITURE: | | | | |
| Committed Expenditure: | | | | |
| Economy, Development & Culture | 3,186,740 | 363,950 | -2,080 | 3,548,610 |
| Resources & Corporate Governance | 2,008,190 | 54,300 | 18,430 | 2,080,920 |
| Sustainable Environment | 7,493,300 | 230,710 | -2,840 | 7,721,170 |
| Sustainable Inclusive Communities | 1,094,970 | -62,220 | -11,760 | 1,020,990 |
| Executive Director's Office | 1,800,380 | -140,480 | -57,080 | 1,602,820 |
| Key Decisions | | -738,000 | -220,000 | -958,000 |
| Total Portfolio & Corporate Budgets | 15,583,580 | -291,740 | -275,330 | 15,016,510 |
| Less Capital Charge Adjustment | -2,086,740 | -338,510 | 0 | -2,425,250 |
| Less Corporate Savings Target (inc salary savings) | -200,000 | 0 | 0 | -200,000 |
| Less Pension Adjustment | -315,880 | 102,490 | 0 | -213,390 |
| Net Portfolio & Corporate Budgets | 12,980,960 | -527,760 | -275,330 | 12,177,870 |
| Net Cost of Borrowing | 670,110 | -7,200 | 0 | 662,910 |
| Revenue Contribution to Capital Outlay | 87,500 | 0 | 0 | 87,500 |
| Contribution to Balances | 0 | 0 | 0 | 0 |
| Contribution to Reserves | 0 | 405,820 | 0 | 405,820 |
| Minimum Revenue Provision (MRP) | 1,191,580 | 408,800 | 0 | 1,600,380 |
| Parish Council Precepts | 715,180 | 0 | 0 | 715,180 |
| TOTAL EXPENDITURE | 15,645,330 | 279,660 | -275,330 | 15,649,660 |
| INCOME: | | | | |
| Revenue Support Grant | -1,098,450 | 587,520 | 0 | -510,930 |
| Retained Business Rates (Net of Tariff) | -4,225,800 | -547,900 | 0 | -4,773,700 |
| New Homes Bonus Funding | -3,221,280 | 708,700 | 0 | -2,512,580 |
| Government Grants | -426,810 | 42,680 | 0 | -384,130 |
| Council Tax | -6,746,100 | -220,610 | 0 | -6,966,710 |
| Collection Fund Surplus(-)/Deficit | 1,364,890 | -1,770,710 | 0 | -405,820 |
| Contribution from Reserves | -1,123,550 | 1,016,760 | 0 | -106,790 |
| TOTAL INCOME | -15,477,100 | -183,560 | 0 | -15,660,660 |
| VARIANCE ON 2016/17 BUDGET (see Appendix 1) | 168,230 | 96,100 | -275,330 | -11,000 |
| 2017/18 Estimated Revenue Implications of the Draft Capital Programme (see Appendix 5) | 0 | 11,000 | 0 | 11,000 |
| OVERALL TOTAL VARIANCE ON 2016/17 BUDGET | 168,230 | 107,100 | -275,330 | 0 |

The current draft general fund revenue budget shows a balanced budget for 2017/18.

5.2. Key Decisions

As shown above the 2017/18 draft budget currently presents a balanced position, however this position is largely underpinned by the estimated financial implications that relate to a number of key financial decisions that Members will need to consider in order to deliver a balanced budget.

The table below shows that the aggregate of these estimates total **£958,000** and should these policy changes not be approved then alternative savings will need to be identified in their place.

| Key Decision / Policy Change | £'000 |
|---|------------|
| Assumed savings from the review and potential reconfiguration of the waste and recycling service as reported to Cabinet on 3 rd October. | -400 |
| Estimated income from charging for entry to the Hall of Fame to non-borough residents* | -250 |
| Savings from voluntary redundancies as per section 2.3 | -220 |
| Additional council tax raised by levying a £5 increase in the Band D compared to a 2% increase | -53 |
| Increase in council tax from changes in policy on empty properties | -35 |
| Total | 958 |

*As per the Council report on 19th May, a conservative level of visitors based on World Rugby's and Mather & Co.'s suggestions has been assumed and that entry for residents of the Borough will be free. Once the attraction opens actual visitor numbers will be used to review the assumptions that have been made at this stage, however the risk of visitor numbers being lower has been factored into the General Fund Balances analysis at Appendix 7 which would allow sufficient time to review alternative promotion strategies amongst other things.

The following section sets out some of the other significant items that are reflected in the 2017/18 draft budget.

5.3. Pension Fund Revaluation

In addition the 2016 Local Government Pension Revaluation may significantly impact upon the pension contributions the Council is liable for. Current assumptions, based on advice and guidance from pension and investment experts, project annual increases in Employer Contributions of 0.7% per annum equivalent to £115,000; but these rates are subject to change particularly with the market volatility affecting the value of the Pension Fund's investments and liabilities.

5.4. Pay Review

The Council has also reviewed pay across the organisation, following changes in market conditions and experiencing some difficulty in recruiting to key posts, to ensure it has a workforce capable of delivering the organisation's corporate priorities. The impact of this has not been included in the draft budget, subject to member approval these financial implications will be built into later budget reports.

5.5. Other Significant Items

- Continuation of the **£150,000** budget on annual basis for the re-assignment of the out of town retail business rates for the benefit of the town centre.
- A **£200,000** increase for additional work needed to complete the Local Plan, which will largely be met from a contribution from earmarked reserves.
- An approximate **£240,000** increase resulting from the 1% pay award, staff progression through pay scales and an increase in employer pension contributions.
- Approximately **£400,000** increase in borrowing costs and debt repayment. See section 5 and Appendix 5 for further details.
- An approximate **£220,000** saving in salary costs resulting from the Senior Management restructure.
- Under the terms to the Leisure Centre operating and management contract it is anticipated RBC will receive **£34,500** of additional income from the centre's operator.
- A one year saving of **£173,000** for Electoral Services due to 2017/18 being a non-election year in the four year electoral cycle.

5.6. Fees and Charges Review

During 2017/18, a two stage review of fees and charges was incorporated into the annual budget process. The process is designed such that at stage one service managers identify the charging approach that is most appropriate for the service and this is subsequently followed by critical challenge of the proposed charge by Financial Services at the second stage of the review.

The purpose of these reviews is to ensure a rigorous and critical approach to the setting of fees and charges and to achieve optimisation of service income. The outputs of the reviews should deliver:

- Making changes to existing fees and charges, where appropriate;
- Introducing new fees/charges, where appropriate; and
- Better understanding the value of the services currently provided.

This process is now underway and the outcomes will be reported in subsequent budget setting reports to Cabinet.

6. Draft Portfolio Capital Budgets

Appendix 5 shows the draft position for the 2017/18 capital programme and onwards. As can be seen, the total capital programme proposed for 2017/18 (including agreed carry-forward budgets from previous years) is **£2.3m**. Excluding grants and other contributions, this leaves a net **£1.4m** of expenditure to be financed in 2017/18.

Forecast General Fund capital receipts are £1.972m at the beginning of financial year 2017/18. As noted in previous years it is not considered prudent to allow overall General Fund capital receipts to be depleted, as this will subject the Council to interest rate risks in future years and in emergency situations. In other words it maintains the stability currently provided by retaining a reasonable level of capital receipts as any future borrowing would have to be undertaken at the interest rates available in the market at the time. A revised Asset Management Strategy, incorporating future plans for the Council's General Fund asset portfolio, will be presented to members for adoption in 2016/17.

The additional revenue financing implications of this first draft programme for 2017/18 to 2019/20 upon future years are as follows:

| | 2018/19 £'000 | 2019/20 £'000 |
|--|------------------|------------------|
| Additional Minimum Revenue Provision (MRP) | 155 | 119 |
| Additional Interest Costs | 38 | 35 |
| Total | 193 | 154 |
| Cumulative Effect | | 347 |

In light of these revenue financing implications, it is important to give consideration to the scale of the Council's capital programme for future years and also to the re-introduction of General Fund revenue contributions towards the financing of capital schemes. **Therefore it is recommended that a more detailed examination of the capital schemes is undertaken in order to arrive at a capital programme which is affordable and sustainable.** The results of that review and amendments to capital cost estimates will be included within future budget preparation reports to Cabinet.

The direct revenue implications of the running costs attached to this first proposed capital programme are £11,000 for 2017/18 and have been included in the draft revenue budgets shown within this report.

For the 2017/18 draft General Fund revenue budget there is an approximate £400,000 increase in the MRP and net cost of borrowing, which largely results from the additional borrowing undertaken to finance the 2016/17 capital programme as approved by Council in February this year.

7. Medium Term Financial Plan 2017-2020

Appendix 6 shows a forecast position for the next 3 financial years, which presents a balanced position across a three year period to 2019/20, with a contribution £108,000 to General Fund Balances in 2018/19. Traditionally the Council has produced a four-year MTFP, but due to the uncertainty about the operation of 100% retention of Business Rates the horizon has been reduced to three years for this report. The scope to return to the four year timeframe will be considered as details about the Business Rates reform are announced.

As with the draft 2017/18 budget the MTFP 2017-20 is also underpinned by a number of key decisions that members will need to consider. As shown in Appendix 6, the estimated financial implications of these decisions total £1.0 million, £1.4 million and £1.5 million across the three successive years.

The impacts of these key decisions in the MTFP are;

- The financial implications of reconfiguring the waste service, with potential savings of **£800,000** by 2019/20.
- Indicative budgets and income projects for the Hall of Fame, an assumed annual ticketing income surplus of **£250,000**.
- £5 increases in average band D council tax across the medium term, generating an additional **£160,000** by 2019/20 compared to three years of increases at 2%
- Indicative financial savings from voluntary redundancies in 2017/18 of **£220,000** from initial proposals, as set out at recommendation 5.

Other key assumptions within the MTFP:

- NHB income based on the scheme being reformed with four-year allocations from 2017/18
- NHB and Business Rates growth based on planned growth as informed by Economic Development officers.
- On-going reductions in core funding (Revenue Support Grant) from Central Government from £1.1m in 2016/17 to nil by 2019/20 as set out in the four-year funding settlement.
- An increase in debt financing and repayment costs of approximately **£700,000** over the three year period.
- Further savings in 2018/19 equating to about **£150,000** from further potential voluntary redundancies and the disestablishment of vacant posts.
- Assumed Digitalisation efficiencies of **£200,000** in 2018/19 and **£250,000** in 2019/20, in addition to the £75,000 presented in the 2017/18 draft budget.
- Prudent estimates of **£200,000** from commercialisation in 2019/20.
- Salary budgets amended to reflect 1% pay awards across the MTFP.
- An on-going annual corporate savings target of £200,000, this is deemed to be a prudent allocation because the target has been met or exceeded in previous years.

8. Efficiency Statement 2016-20

As part of the December 2015 Spending Review, the Secretary of State for Communities and Local Government made an offer to councils to take up a four-year funding settlement for the period 2016/17 to 2019/20. To accept this offer, the Council prepared and published its efficiency statement on the 14th October 2016, which is included at Appendix 8.

The award of a four-year settlement will provide the Council with greater certainty of funding available for Revenue Support Grant (RSG), albeit no funding will be awarded from 2019/20, and also the Council's Business Rates baselines and tariff payments.

9. General Fund Balances

It is considered prudent to hold sufficient reserves and balances to give the Council the ability to smooth out peaks in expenditure and troughs in income over the medium term, by making short term contributions towards balancing the budget and give the Council time to plan service changes and further efficiencies.

Appendix 7 gives a detailed assessment of balances, undertaken for the General Fund. Various risks that may affect the Council's finances over the short-medium term have been considered in order to arrive at a prudent level of balances. For the General Fund this is considered to be approximately £2.4m.

The Council currently holds £1.9m in General Fund general balances and it is currently anticipated that a further £385,000 will be added to this balance at year-end, providing a forecast for General Fund balances of £2.3 million at 31st March 2017. Therefore, the Council is currently holding General Fund reserves broadly in-line with its risk assessment, however it is recommended that contributions are made to General Fund balances across the medium term to ensure that full reserve cover is provided.

Moreover, additional reserve cover is provided by the Business Equalisation Reserve and the Budget Stability Reserve, which provide risk mitigation against volatility in business rates income and other budgets that are subject to more annual variation. Therefore Appendix 7 shows that a number of risks identified in the assessment do not require cover from General Fund balances, as they are mitigated by these specific reserves.

10. Conclusion

The Council has been pro-active in addressing the significant budget variances that were presented in the 2016-20 MTFP in February 2016. As a result of this positive approach a balanced draft 2017/18 draft budget and 2017-20 MTFP is presented in this report. However, this position is underpinned by a number of assumptions and also key policy changes which if not approved will require other savings to be identified.

Furthermore, the risk assessment of General Fund balances identifies the necessity to contribute to balances across the MTFP in order to mitigate the fiscal threats to the Council's ambition of becoming financially self-sufficient.

Name of Meeting: Cabinet

Date of Meeting: 31st October 2016

Subject Matter: Draft General Fund Revenue and Capital Budget 2017/18

Originating Department: Resources

LIST OF BACKGROUND PAPERS

There are no background papers relating to this item.

| Draft General Fund Revenue Summary 2017/18 | 2016/17 Original Budget £ | In Year Adjustments £ | 2016/17 Revised Budget £ | Corporate Adjustments £ | Total Inflation £ | Salary Adjustments £ | Proposed Growth Items (Appendix 2) £ | Proposed Income Adjustments (Appendix 3) £ | Savings (Appendix 4) £ | 2017/18 Draft Budget £ |
|--|--------------------------------------|----------------------------------|-------------------------------------|------------------------------------|------------------------------|---------------------------------|---|---|---------------------------------------|-----------------------------------|
| EXPENDITURE: | | | | | | | | | | |
| Growth & Investment | 3,059,770 | +126,970 | 3,186,740 | -10,310 | 0 | -2,080 | +350,000 | +73,820 | -49,560 | 3,548,610 |
| Corporate Resources | 2,033,370 | -25,180 | 2,008,190 | +44,330 | 0 | +18,430 | +25,000 | +7,590 | -22,620 | 2,080,920 |
| Environment & Public Realm | 7,463,520 | +29,780 | 7,493,300 | +228,870 | +910 | -3,750 | +12,500 | -4,660 | -6,000 | 7,721,170 |
| Communities & Homes | 1,145,030 | -50,060 | 1,094,970 | -37,130 | +3,020 | -14,780 | +122,830 | -47,930 | -99,990 | 1,020,990 |
| Executive Director's Office | 1,782,180 | +18,200 | 1,800,380 | +32,030 | 0 | -57,080 | 0 | +0 | -172,510 | 1,602,820 |
| Key Decisions | | | | | | -220,000 | | -53,000 | -685,000 | -958,000 |
| PORTFOLIO EXPENDITURE | 15,483,870 | +99,710 | 15,583,580 | 257,790 | 3,930 | -279,260 | 510,330 | -24,180 | -1,035,680 | 15,016,510 |
| Less Capital Charge Adjustment | -2,126,560 | +39,820 | -2,086,740 | -338,510 | 0 | 0 | 0 | 0 | 0 | -2,425,250 |
| Less Corporate Savings Target (including salary savings) | -200,000 | 0 | -200,000 | 0 | 0 | 0 | 0 | 0 | 0 | -200,000 |
| Less Pension Adjustment | -344,580 | +28,700 | -315,880 | +102,490 | 0 | 0 | 0 | 0 | 0 | -213,390 |
| NET PORTFOLIO EXPENDITURE | 12,812,730 | +168,230 | 12,980,960 | +21,770 | +3,930 | -279,260 | +510,330 | -24,180 | -1,035,680 | 12,177,870 |
| Net Cost of Borrowing | 670,110 | 0 | 670,110 | -7,200 | 0 | 0 | 0 | 0 | 0 | 662,910 |
| Revenue Contribution to Capital Outlay | 87,500 | 0 | 87,500 | 0 | 0 | 0 | 0 | 0 | 0 | 87,500 |
| Contribution to Balances | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contribution to Reserves | 0 | 0 | 0 | +405,820 | 0 | 0 | 0 | 0 | 0 | 405,820 |
| Minimum Revenue Provision (MRP) | 1,191,580 | 0 | 1,191,580 | +408,800 | 0 | 0 | 0 | 0 | 0 | 1,600,380 |
| TOTAL EXPENDITURE (before Parish Precepts) | 14,761,920 | +168,230 | 14,930,150 | +829,190 | +3,930 | -279,260 | +510,330 | -24,180 | -1,035,680 | 14,934,480 |
| Parish Council Precepts and Council Tax Support | 715,180 | 0 | 715,180 | +0 | 0 | 0 | 0 | 0 | 0 | 715,180 |
| TOTAL EXPENDITURE | 15,477,100 | +168,230 | 15,645,330 | +829,190 | +3,930 | -279,260 | +510,330 | -24,180 | -1,035,680 | 15,649,660 |
| INCOME: | | | | | | | | | | |
| Revenue Support Grant | -1,098,450 | 0 | -1,098,450 | +587,520 | 0 | 0 | 0 | 0 | 0 | -510,930 |
| Retained Business Rates (Net of Tariff) | -4,225,800 | 0 | -4,225,800 | -547,900 | 0 | 0 | 0 | 0 | 0 | -4,773,700 |
| New Homes Bonus Funding | -3,221,280 | 0 | -3,221,280 | +708,700 | 0 | 0 | 0 | 0 | 0 | -2,512,580 |
| Government Grants | -426,810 | 0 | -426,810 | +42,680 | 0 | 0 | 0 | 0 | 0 | -384,130 |
| Council Tax | -6,746,100 | 0 | -6,746,100 | -220,610 | 0 | 0 | 0 | 0 | 0 | -6,966,710 |
| Collection Fund Surplus(-)/Deficit | 1,364,890 | 0 | 1,364,890 | -1,770,710 | 0 | 0 | 0 | 0 | 0 | -405,820 |
| Contribution from Reserves | -1,123,550 | 0 | -1,123,550 | +1,016,760 | 0 | 0 | 0 | 0 | 0 | -106,790 |
| TOTAL INCOME | -15,477,100 | 0 | -15,477,100 | -183,560 | 0 | 0 | 0 | 0 | 0 | -15,660,660 |
| VARIANCE ON 2016/17 BUDGET | 0 | +168,230 | 168,230 | +645,630 | +3,930 | -279,260 | +510,330 | -24,180 | -1,035,680 | -11,000 |
| 2017/18 Estimated Revenue Implications of the Draft Capital Programme (see Appendix 5) | 0 | 0 | 0 | +11,000 | 0 | 0 | 0 | 0 | 0 | 11,000 |
| OVERALL VARIANCE ON 2016/17 BUDGET | 0 | +168,230 | 168,230 | +656,630 | +3,930 | -279,260 | +510,330 | -24,180 | -1,035,680 | 0 |

Proposed Growth Items 2017/18

| Portfolio/Service | Amount (£) | Justification: | Corresponding savings? Y / N / Partial (Y = Total growth offset) |
|--|----------------|---|--|
| Growth & Investment (G&I) | | | |
| Economic Development | | | |
| Community Infrastructure Levy | 200,000 | One year budget required to complete the Council's commitment for the Local Plan as outlined at Council in December 2015. To be funded largely from a contribution from earmarked reserves. | N |
| Town Centre Improvements | | | |
| Town Centre Improvements | 150,000 | Continuation on an annual basis for the re-assignment of the out of town retail business rates for the benefit of the town centre | N |
| Sub Total (G&I) | 350,000 | | |

| | | | |
|-----------------------------------|---------------|---|---|
| Corporate Resources (CR) | | | |
| General Financial Expenses | | | |
| West Midlands Combined Authority | 25,000 | The increase reflects the costs of joining the West Midlands Combined Authority as reported at Special Council on 9th June 2016 | N |
| Sub Total (CR) | 25,000 | | |

| | | | |
|--|---------------|---|---|
| Environment & Public Realm (E&PR) | | | |
| Regulatory Services | | | |
| Funeral Expenses | 2,500 | More demand for assistance with funerals that are imposed on the service for people without means. This is a statutory service. | N |
| Environmental Protection Fixed Penalty Notices | 10,000 | Service expansion due to additional work on environmental crime activities to be offset with income from work taken on for Harborough District Council for fly tipping as agreed at Cabinet 27th June 2016 (see appendix 3) | Y |
| Sub Total (E&PR) | 12,500 | | |

| | | | |
|--|----------------|--|---|
| Communities & Homes (C&H) | | | |
| Customer and Information Services | | | |
| Annual Maintenance & Licencing of Meta Compliance Software | 2,000 | New system maintenance for the new internal Wider Area Network for the benefit of the whole council. | N |
| Annual Maintenance & Licencing of Refuse Vehicle Route Optimiser Software | 36,000 | New WebAspex Routemaster Optimiser Software Maintenance, first year revenue maintenance. Anticipated savings from this scheme are shown in appendix 4 | Y |
| Annual Maintenance & Licencing of SportsBooker Room Booking System and Increased EPOS Till Maintenance | 2,910 | New Booking System to replace existing TopLevel system. This system will be used for internal room bookings, holiday activity sessions and The Hall of Fame and will be fully funded with savings identified in appendix 4 | Y |
| Housing Options Team | | | |
| Rent B&B Temp Accommodation | 25,000 | Bed & Breakfast costs are expected to increase due to increased demand on the service, offset with increased Housing Benefit income (see appendix 3) | Y |
| Private Sector Leasing Scheme | 31,500 | Expansion of the Private Sector Leasing service will result in additional costs. There will be corresponding income to offset this cost (see appendix 3) | Y |
| Payments to Deepmore Road Hostel | 3,070 | Increased charges to reflect additional payments to HRA for the use of Deepmore Road Hostel for Homeless accommodation. Corresponding income shown on Appendix 3. | Y |
| Housing Strategy & Enabling | | | |
| Eastern European Link Worker | 22,350 | Annual cost to extend the Eastern European Link Worker post for 2 years. Savings through the cessation of various schemes will help fund this cost (see appendix 4) | P |
| Sub Total (C&H) | 122,830 | | |

| | | | |
|---|---|--|--|
| Executive Director's Officer (EDO) | | | |
| Sub Total (EDO) | - | | |

| | | | |
|---|----------------|--|--|
| OVERALL TOTALS | 510,330 | | |
| Summary Proposed Growth 2016/17 | | | |
| Total increase where savings or income offset | 108,480 | | |
| Total increase without savings or income offset | 401,850 | | |
| Overall Total | 510,330 | | |

Proposed Income Adjustments 2017/18

| Portfolio/Service | Amount (£) + = Reduction - = Increase | Justification: |
|---|---|---|
| Growth & Investment (G&I) | | |
| Art Gallery and Museum | | |
| Arts Council | +8,430 | The funding for this scheme has now ended, therefore income and related salary and expenditure budgets have been removed. |
| Queen's Diamond Jubilee Centre | | |
| Contract Payment | -34,490 | Anticipated increase in the profit share for the leisure centre, as per the management contract (CPI will be added at a later date). |
| Sports and Recreation | | |
| Street Sports | +23,480 | The funding for this scheme has now ended, therefore income and related salary and expenditure budgets have been removed (see appendix 4). |
| Family Lifestyles | +76,400 | Reduction in income following the expected cessation of the scheme in July 2017, therefore related operating expenditure and salary budgets of £58,750 have been removed (see appendix 4). |
| Sub Total (G&I) | 73,820 | |
| Corporate Resources (CR) | | |
| Corporate Property Administration | | |
| Contribution to Running Expenses | +10,490 | As the Council's utility costs have fallen, the recoverable income budget has been reduced to reflect the amount chargeable to Warwickshire County Council for their share of costs at the library. |
| Corporate Property Management | | |
| Property Rental | -2,900 | The increased income reflects revised leasing charges for corporate land and properties. |
| Sub Total (CR) | 7,590 | |
| Environment & Public Realm (E&PR) | | |
| Crime and Disorder | | |
| Eastern European Link Worker | +5,340 | Cessation of Grant Funding for this scheme. |
| Regulatory Services | | |
| Environmental Protection | -10,000 | Additional work fully reimbursed from Harborough District Council for investigative work being carried out for Fly Tipping (see appendix 2). |
| Sub Total (E&PR) | -4,660 | |
| Communities & Homes (C&H) | | |
| Housing Options Team | | |
| Private Sector Leasing Scheme HB Income | -35,100 | Private Sector Leasing income from Housing Benefit (see appendix 2). |
| Reimbursements for Bed & Breakfast | -12,000 | Increased income expected from Housing Benefits to offset the increase in Temporary Accommodation Costs (see appendix 2). |
| Lease Income from Deepmore Road Hostel | -3,070 | Additional income from the new contractor managing Deepmore Road Hostel (see appendix 2). |
| House Purchase and Improvement Loans | | |
| Insurance and Interest on advances | +2,240 | The change reflects the amounts of interest on loans outstanding. |
| Sub Total (C&H) | -47,930 | |
| OVERALL TOTALS | 28,820 | |
| Summary Proposed Income Adjustment 2016/17 | | |
| Total reduction in income | +126,380 | |
| Total increase in income | -97,560 | |
| Net Change To Income | 28,820 | |

| Proposed Savings 2017/18 | | | |
|---|-----------------|--|--|
| Portfolio/Service | Amount (£) | How can these be achieved? | Adverse impact on service delivery? Y/N |
| Growth & Investment (G&I) | | | |
| Art Gallery and Museum | | | |
| Arts Council Scheme | -8,430 | This funding was used to enhance rooms at the Art Gallery and Museum with installation of spot lights, projectors and staff training. This one-off funding for this scheme and has now ended, therefore income and related salary and expenditure budgets have been removed (see appendix 3). | N |
| Sports and Recreation | | | |
| Street Sports | -23,480 | This scheme provided informal sports activities for 14 to 25 year olds. The funding for this scheme has now ended, therefore income and related salary and expenditure budgets have been removed (see appendix 3). | Y |
| Family Lifestyles | -17,650 | The funding for this scheme is expected to end in July 2017, therefore operating expenditure and salary expenditure of £58,750 have been removed (see appendix 3) | Y |
| Sub Total (G&I) | - 49,560 | | |
| Corporate Resources (CR) | | | |
| Corporate Property Administration | | | |
| Electricity and Gas | -13,620 | Net reduction in usage and tariff costs. | N |
| Resources | | | |
| Legal Costs | -9,000 | Legal work relating to Employment disputes is now being carried out by our own Legal Service Team. | N |
| Sub Total (CR) | - 22,620 | | |
| Environment & Public Realm (E&PR) | | | |
| Miscellaneous Highways Services | | | |
| Subcontractors- Great Central Way Bridges | -6,000 | Efficiency savings for maintaining GCWB due to revised working arrangements with Warwickshire County Council. | N |
| Sub Total (E&PR) | - 6,000 | | |
| Communities & Homes (C&H) | | | |
| Customer and Information Services | | | |
| Maintenance & Licencing of Figtree Software | -4,230 | Insurance software contract has been cancelled so budget is no longer required as existing council software systems can be used. | N |
| Maintenance & Licencing of TopLevel Room Booking Software | -4,710 | TopLevel System to be replaced with new SportsBooker Room Booking system (see appendix 2) | N |
| Digitalisation | -75,000 | Estimated savings from the digitalisation of services including route optimiser | N |
| Housing Strategy and Enabling | | | |
| Various Housing Strategy Schemes | -14,550 | The following schemes have been identified for potential removal and these savings are proposed to be used to fund the Eastern European Worker (see appendix 2): * £3,000 - Domestic Abuse Payments to WCC * £6,550 - Rural Enabling * £5,000 - Act On Energy Boiler Servicing Grant - £5,000 | Y |
| Woodside Park | | | |
| Council Tax charge for vacant plots | -1,500 | The council has to meet the loss of vacant plots, however there has been no spend for three years due to higher than expected occupancy | N |

| Proposed Savings 2017/18 | | | |
|----------------------------|------------|----------------------------|--|
| Portfolio/Service | Amount (£) | How can these be achieved? | Adverse impact on service delivery? Y/N |
| Sub Total (C&H) | - 99,990 | | |

| Executive Director's Office (EDO) | | | |
|-----------------------------------|-----------|--|---|
| Electoral Services | | | |
| Borough Elections | -172,510 | Removal of budget for 2017/18 only for Borough Elections due to it being a non-election year | N |
| Sub Total (EDO) | - 172,510 | | |

| | | | |
|-----------------------|-----------|--|--|
| OVERALL TOTALS | - 350,680 | | |
|-----------------------|-----------|--|--|

| Summary Proposed Savings Adjustment 2016/17 | | | |
|--|---|---------|--|
| Total savings with no adverse impact on service delivery | - | 295,000 | |
| Total savings with an adverse impact on Service delivery | - | 55,680 | |
| | | | |
| Overall Total | - | 350,680 | |

General Fund Capital Programme 2017/18 and Onwards

| Head of Service | Score | Portfolio / Scheme Name | Capital | | | | Revenue Implications | | | | | | | |
|-----------------|-------|--|-------------------|------------------|------------------|---|----------------------|--------------------|------------------|---------------|---------------|--------------------------|---------------|---------------------------|
| | | | Gross Expenditure | | | External Contributions / Earmarked Reserves | | Internal Resources | | Running Costs | | Estimated Interest costs | | Minimum Revenue Provision |
| | | | 2017/18 | 2018/19 | 2019/20 | 2017/18 | Future Years | 2017/18 | Future Years | 2017/18* | Full Year | 2017/18* | Full Year | 2018/19 |
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | | | | | | | | £ | £ | £ | £ | £ | | |
| | | Growth & Investment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | Communities & Homes | | | | | | | | | | | | |
| RC | | ICT Refresh Programme - Desktop | 64,880 | 41,830 | 41,830 | 0 | 0 | 64,880 | 83,660 | 0 | 0 | 810 | 1,620 | 12,980 |
| RC | | ICT Refresh Programme - Infrastructure | 137,870 | 146,810 | 146,810 | 0 | 0 | 137,870 | 293,620 | 0 | 0 | 1,720 | 3,450 | 27,570 |
| RC | | CSW Superfast Broadband | 80,000 | 0 | 0 | 0 | 0 | 80,000 | 0 | 0 | 0 | 1,000 | 2,000 | 4,000 |
| RC | | Disabled Facilities Grants ² | 492,920 | 492,920 | 492,920 | 492,920 | 985,840 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 775,670 | 681,560 | 681,560 | 492,920 | 985,840 | 282,750 | 377,280 | 0 | 0 | 3,530 | 7,070 | 44,550 |
| | | Environment & Public Realm | | | | | | | | | | | | |
| SL | | Vehicle Replacement | 595,000 | 434,000 | 434,000 | 0 | 0 | 595,000 | 868,000 | 0 | 0 | 7,440 | 14,880 | 85,000 |
| SL | | Open Spaces Refurbishments - Whitehall Recreation Ground | 470,000 | 0 | 0 | 310,470 | 0 | 159,530 | 0 | 0 | 0 | 1,990 | 3,990 | 10,640 |
| SL | | Open Spaces Refurbishments - Safety Improvements | 61,520 | 161,520 | 161,520 | 0 | 100,000 | 61,520 | 223,040 | 3,000 | 6,000 | 770 | 1,540 | 4,100 |
| SL | | Open Spaces Refurbishments - Street Furniture | 49,380 | 49,380 | 49,380 | 0 | 0 | 49,380 | 98,760 | 0 | 0 | 620 | 1,230 | 3,290 |
| SL | | Cemetery Infrastructure Work | 10,000 | 10,000 | 10,000 | 0 | 0 | 10,000 | 20,000 | 0 | 0 | 130 | 250 | 500 |
| SL | | Great Central Way Bridge Repairs | 164,130 | 164,130 | 164,130 | 0 | 0 | 164,130 | 328,260 | 8,000 | 16,000 | 2,050 | 4,100 | 3,280 |
| SL | | Purchase of Waste Bins ¹ | 87,500 | 87,500 | 87,500 | 87,500 | 175,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 1,437,530 | 906,530 | 906,530 | 397,970 | 275,000 | 1,039,560 | 1,538,060 | 11,000 | 22,000 | 13,000 | 25,990 | 106,810 |
| | | Corporate Resources | | | | | | | | | | | | |
| MK | | Corporate Property Enhancement | 100,000 | 100,000 | 100,000 | 0 | 0 | 100,000 | 200,000 | 0 | 0 | 1,250 | 2,500 | 5,000 |
| | | | 100,000 | 100,000 | 100,000 | 0 | 0 | 100,000 | 200,000 | 0 | 0 | 1,250 | 2,500 | 5,000 |
| | | Total Draft GF Capital Programme | 2,313,200 | 1,688,090 | 1,688,090 | 890,890 | 1,260,840 | 1,422,310 | 2,115,340 | 11,000 | 22,000 | 17,780 | 35,560 | 156,360 |

¹ To be financed via S106 developer contributions / direct revenue contributions.

² From 2015/16, Disabled Facilities Grant allocation was amalgamated into the Better Care Fund (BCF) to be provided by the Department of Health. Plans for the use of the fund must be developed by Clinical Commissioning Groups (CCGs) and local authorities and signed off by the local Health and Wellbeing Board. The indicative grant levels for 2017/18 onwards are based on the 2016/17 award and may be subject to revision. From October 2016, the management of the Council's DFG assessments and allocations will be undertaken by the HEART shared services organisation.

* Half year is included

General Fund capital receipts projection to end of 2019/20 (utilising capital receipts for short-life assets)

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | £ | £ | £ | £ |
| Balance brought forward | 2,101,660 | 1,972,170 | 1,972,170 | 1,972,170 |
| Add assumed in year receipts | | | | |
| Less financing of capital expenditure | -129,490 | | | |
| Less financing short-life assets | | | | |
| Balance carried forward | 1,972,170 | 1,972,170 | 1,972,170 | 1,972,170 |

MEDIUM TERM FINANCIAL PLAN: GENERAL FUND 2016-20

| | 2017/18 £ 000's | 2018/19 £ 000's | 2019/20 £ 000's |
|--|--------------------|--------------------|--------------------|
| BASE BUDGET | 15,477 | 16,619 | 16,524 |
| PORTFOLIO EXPENDITURE | | | |
| Salaries - savings from senior management restructure | -200 | 0 | 0 |
| Salaries - savings from other disestablished posts | -100 | -60 | 0 |
| Salaries - pay awards, pension and NI increases and other minor changes to the establishment | 241 | 239 | 231 |
| Other Anticipated service budget adjustments | 377 | -98 | -100 |
| Inflation Provision on non pay budgets RPI/CPI as relevant | 5 | 50 | 50 |
| Sub total | 15,800 | 16,750 | 16,705 |
| CORPORATE ITEMS | | | |
| Change in net cost of borrowing | -7 | -16 | -17 |
| Change in contribution to Balances | 0 | 108 | -101 |
| Contribution to Reserves | 406 | -406 | 0 |
| Change in Minimum Revenue Provision (MRP) | 409 | 77 | 178 |
| Potential revenue implications from Capital Programme | 11 | 11 | 0 |
| Total | 16,619 | 16,524 | 16,765 |

| | | | |
|--|----------------|----------------|----------------|
| INCOME | | | |
| Revenue Support Grant | -511 | -153 | 0 |
| Retained Business Rates (50% local share) | -4,774 | -4,852 | -4,852 |
| Government Grants | -384 | -346 | -312 |
| Council Tax - from a 2% increase | -6,967 | -7,224 | -7,467 |
| Collection Fund Surplus(-)/Deficit | -406 | 0 | 0 |
| Contribution from Reserves to fund one-off expenditure | -107 | 0 | 0 |
| New Homes Bonus Funding | -2,512 | -2,538 | -2,570 |
| TOTAL | -15,661 | -15,113 | -15,201 |
| BUDGET VARIANCE | 958 | 1,411 | 1,564 |

| | | | |
|--|-------------|---------------|---------------|
| KEY DECISIONS | | | |
| Income from Charging for Hall of Fame Entry | -250 | -250 | -250 |
| Waste Service Reconfiguration | -400 | -700 | -800 |
| Voluntary Redundancy Savings | -220 | -320 | -320 |
| Additional Council Tax from a £5 increase in the Band D | -53 | -106 | -159 |
| Increase in Council Tax from changes in policy on empty properties | -35 | -35 | -35 |
| TOTAL | -958 | -1,411 | -1,564 |
| BUDGET VARIANCE | 0 | 0 | 0 |

| | | | |
|---|--------|--------|--------|
| COUNCIL TAX ANALYSIS | | | |
| Year on year £000's increase in Council Tax needs | 221 | 257 | 243 |
| Tax Base | 35,217 | 35,841 | 36,351 |
| Rugby Borough Council's own Band D Tax £ | 199.33 | 204.54 | 209.80 |
| Year on year £'s increase in Band D | 5.32 | 5.21 | 5.27 |
| Year on year % increase in Band D | 2.7% | 2.6% | 2.6% |

| Risk Factors influencing the Calculation of a Prudent Level of <u>General Fund</u> Balances | | | |
|---|---|--|--------------------------|
| Key Budget Assumptions | Local Risk Factors | Comments/Assessment | Reserve Cover £000 |
| EXPENDITURE | | | |
| Borrowing Costs | <p>Level of borrowing required or debt held by the Council</p> <p>Level and timing of capital receipts</p> <p>Monitoring progress of capital spending plans</p> | <p>The Council's estimated non-housing Capital Financing Requirement (CFR) over the medium term is approximately £25m. If the Council's borrowing requirement was to increase there would be an increased cost to the General Fund.</p> <p>Taken into account within cash flow management - tendency for slippage.</p> | 50 |
| Growth in Service Demand leading to an increased work force | <p>Service demand fuelled by local demographic growth</p> <p>New statutory requirements</p> <p>Service improvement initiatives</p> | <p>Demand for many services may be driven by overall levels of population, however in these circumstances any growth in service expenditure is only partially offset by a corresponding growth in the Council Tax base. For example, in recent years, the Council has seen a £200,000 cost pressure from the introduction on an additional household waste collection round.</p> <p>New statutory requirements imposed by Central Government are in most cases accompanied by matching new burdens funding.</p> <p>Service improvements will considered as part the annual budget setting process in the context of overall budgetary affordability.</p> | 100 |
| Budget robustness | <p>How well tested is the MTFP model?</p> <p>Accuracy of financial forecasting</p> | <p>The in year budget monitoring and budget preparation process is significantly detailed and therefore it is unlikely that there could be significant omissions from draft budgets. Based on analysis of in year supplementary adjustments a provision of £0.100m is deemed adequate.</p> | 100 |
| Pay Award | <p>Pay awards are currently set nationally in consultation with unions, which is out of the Council's control.</p> <p>The Council could decide to opt out of the national framework</p> | <p>Across the medium term, it has been assumed that pay awards will remain at 1% per annum. For every 1% in pay the General Fund would face additional costs in the region of £0.100m per annum.</p> | 100 |
| Pay Structure and the Employment Market | <p>Single Status Review - Appeals & Market Forces</p> | <p>The modelling for Single Status took account of a provision for these items, however as the economic climate changes more supplements could become due to some employees.</p> <p>At present market supplements totalling £60,000 are paid to General Fund officers.</p> | 100 |
| | | Amount c/f to next page | 450 |

| Risk Factors influencing the Calculation of a Prudent Level of <u>General Fund</u> Balances | | | |
|---|---|---|--------------------------|
| Key Budget Assumptions | Local Risk Factors | Comments | Reserve Cover £000 |
| | | Amount b/f from previous page | 450 |
| Breach of statutory national requirements | Employment Tribunals Legal challenge to planning decisions Breach of grant/funding conditions | Should the Council be found breach such requirements it may be subject to: - Fines/damages - Government action - Litigation - Funding withheld | 150 |
| Planning Income | Local and national economy and house building market | Annual planning income has varied between £0.4m and £1.0m over the last five years, illustrating the scope for volatility in this income stream. In prior years surplus planning income compared to budget has been transferred to the Budget Stability Reserve, which at the end of 2015/16 had a balance of £142,000. It is anticipated that at least a further £100,000 will be transferred to this reserve at the end of 2016/17 and therefore there should be sufficient coverage in this reserve to meet shortfalls in future years. | - |
| Hall of Fame Sponsorship | Under-achievement of sponsorship | The draft MTFP assumes that a significant proportion of the cost of the Hall of Fame will be supported by the receipt of sponsorship income. However, the receipt of such income is subject to uncertainty and therefore it is prudent to provide some cover to mitigate the risk of any shortfall. | 200 |
| Hall of Fame Ticket Income | Under-achievement of ticket income | In the 2017/18 budget it has been assumed that 30,000 visitors will pay for entrance to the Hall of Fame, generating revenue of approximately £250,000. However, should only 10,000 visitors pay for entrance then a reduced revenue stream of approximately £85,000 would be realised. It is considered prudent to provide reserve cover for this potential £165,000 shortfall. | 165 |
| Organisational transformation | Non-achievement of savings from digitalisation or income from commercialisation. | Within the MTFP it is assumed that £0.3m will be achieved from these programmes. The Council is confident these initiatives will be delivered and exceeded but it is considered prudent to provide cover for a quarter of this amount. | 75 |
| Medium Term Income not achieved | Non-achievement of forecast surplus from the, Benn Hall, Tool Shed Café, or crematorium facility | Approximately £1.3m of income is expected to be achieved per annum. In recent years there have been aggregate adverse variances on these services in the region of £200,000. | 200 |
| Car Park Income | Local competition and free car parking offers | Car parking income is subject to variance from budget depending on the level of competition in the local market and any free car parking offers that are provided by the Council. | 50 |
| | | Amount c/f to next page | 1,290 |

| Risk Factors influencing the Calculation of a Prudent Level of <u>General Fund Balances</u> | | | |
|---|--|--|------------------------------|
| Key Budget Assumptions | Local Risk Factors | Comments | Reserve Cover £000 |
| | | Amount b/f from previous page | 1,290 |
| INCOME | | | |
| New Homes Bonus | Scheme design is more harsher than anticipated. | The 2017-20 MTFP assumes the government will reduce the number of years allocation in the scheme to four from 2017/18. However, should the government implement a scheme with only three years allocation then the Council's allocation would reduce by approximately £0.515m in 2017/18. | 515 |
| Retained Business Rates Income | Decline in local economy resulting in a lower than expected growth or decline in local business rates and a reduction in income for the authority. | The Council is budgeting to retain £4.7m business rates in 2017/18. Should overall collection of business rates fall by 1% the Council would stand to lose approximately £0.100m. | 100 |
| | Appeals being higher than anticipated | The Council experienced a loss in the region of £50,000 as result of the national claim on GP surgeries. It is considered prudent to provide cover of this scale for a similar national scale claim. | 50 |
| | A major business ceasing trading or leaving the borough | On average the Council retains approximately £0.250m in business rates from each of its top ten highest payers. Cover for half this amount is considered prudent. | 125 |
| | Loss of income from reset of Retained Business Rates. | The business rate baselines will effectively be reset at the point of the introduction of 100% retention, at present it uncertain how much of the growth generated under the 50% retention scheme will be allowed to be carried forward. Should all the growth generated since the scheme started be redistributed elsewhere, the Council would lose £2.2m. A reserve provision for a half of this potential loss is currently considered to be prudent. This potential loss can be offset by further growth expected after the reset, for example should the sites in the local plan be adopted South West Rugby and Coton East should provide additional business rate income. Therefore it is reasonable to assume income in the region of £300,000 from these sites. In addition at the end of 2016/17 it is estimated that there will be £450,000 in the Business Rates Equalisation Reserve which could be use to fund the loss of growth. | 350 |
| | | Recommended Amount of General Fund Balances | 2,430 |

**Rugby Borough Council
Efficiency Statement 2016-20**

1. Introduction

- 1.1. This Efficiency Statement 2016-20 has been developed so the Council can qualify for the four-year funding settlement from Government for the period 2016/17 to 2019/20.
- 1.2. This statement sets out the Council's key principles to financial planning, as determined in the Council's Medium Term Financial Strategy and other key budget setting documentation. It also sets out how the Council has successfully delivered efficiency savings during the austerity period and how it intends to continue to meet this challenge going forwards and achieve its objective of become financially self-sufficient by 2020. Finally the statement addresses some of the key risks to the achievement of this objective.

2. Background

- 2.1. As part of the December 2015 Spending Review, the Secretary of State for Communities and Local Government made an offer to councils to take up a four-year funding settlement for the period 2016/17 to 2019/20. To accept this offer, an Efficiency Statement must be prepared and published by 14th October 2016.
- 2.2. The award of a four-year settlement will provide the Council with greater certainty of funding available for Revenue Support Grant (RSG) and also the Council's Business Rates baselines and tariff payments.
- 2.3. The four-year settlement will aid the medium-term financial stability of the Council, supporting the Medium Term Financial Strategy which will be refreshed as part of the 2017/18 budget setting process.

3. Key Principles and Approach to Financial Planning

- 3.1. The 2015/16 Audit Findings Report, produced by Grant Thornton LLP as part of their audit of the Council's financial statements, concluded from a value for money perspective that in all significant respects the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.
- 3.2. In particular Grant Thornton LLP reported that the Council has:
 - An agreed, balanced financial plan for 2016/17;
 - Identified and taken account of funding cuts in its medium term financial plans including responding to consultations on changes to the NHB and 100% Business Rate Retention, both of which will have an impact on the Council;
 - Taken into account the financial impact of demographic trends and other social pressures in its medium term financial plans;
 - Produced monitoring reports for members on a timely basis.
- 3.3. In order to ensure the Council's financial resources continue to be effectively managed and are aligned to support the delivery of its objectives it is important to follow these principles:

- All reserves and balances will be held corporately to support the delivery of the Council's corporate priorities and an assessment of general balances will be undertaken at least annually to ensure that there are sufficient levels to mitigate future financial risks;
- As part of the annual budget process, the Council will consider its income generation opportunities by completing a two-stage review of fees and charges, as recommended by the scrutiny review of fees and charges in 2014/15, to ensure a rigorous and critical approach to the setting of fees and charges and achieve optimisation of service income;
- The expansion of commercial activities to support the objective of becoming financially self-sufficient continue to be explored and considered;
- A corporate approach must be taken to capital investment decisions with the allocation of resources, the whole-life cost and prioritisation of projects being fully justifiable in terms of the Council's objectives;
- To continue with the momentum of service reviews to eliminate "waste demand";
- To identify and consider at the earliest possible stage any financial pressures that the Council will face from continuing growth in the borough; and
- To ensure robust estimation techniques continue to be developed for financial planning purposes particularly with regards to business rate income NHB

4. Progress Since 2010-2016

- 4.1. Local authorities have taken the biggest hit in terms of central government cuts since 2010. The Council has seen significant reductions in some of its core funding streams since 2010, for example RSG has reduced from £3.2 million in 2013/14 to £1.1 million in 2016/17.
- 4.2. None the less the Council has a strong track-record of delivering organisational transformation and efficiency savings to meet the challenges of the national deficit reduction programme. Through sound financial management and an embedded culture of organisational efficiency, as demonstrated through our service reviews and systems thinking methodology, the Council has protected front-line services whilst also keeping council tax low for residents.
- 4.3. At the same time the Council has also invested in improving services to our residents, with a new leisure centre constructed in 2013, which has realised annual savings compared to the operation of the old leisure centre. In addition the Council opened a new Crematorium in partnership with Daventry District Council in 2014, providing a local facility for residents and also a new revenue stream for the Council.
- 4.4. Furthermore, The Council has demonstrated its commitment to develop and grow the town's heritage tourism by entering into a partnership with World Rugby that will see the World Rugby Hall of Fame located in Rugby, the birthplace of the sport. The Hall of Fame will be located in the Council's Art Gallery and Museum building and will opened officially 17th November 2016 in the presence of some all-time greats of the game.

- 4.5. However, the most significant contributor to the Council's financial resilience during the period of national austerity has been its "going for growth" agenda. It has been well publicised that Rugby is one of the fastest growing towns in the County and the fastest in the West Midlands. As a pro-growth Council, Rugby has benefited financially from growth incentives that have been built into the local government finance system over this period and this is reflected in significant funding increases from both Business Rates and New Homes Bonus (NHB). However, the uncertainty surrounding the reform of these two key funding streams has resulted in the presence of budget gaps in the Council's Medium Term Financial Plan.
- 4.6. Notable savings that have been realised over this period include:
- Annual savings of £63,000 from the centralisation of stationary budgets;
 - A £ 50,000 reduction in the cost of running the election service;
 - Savings in the region of £50,000 from our collaboration in the Warwickshire Direct Partnership
 - Additional income of £120,000 through the inclusion of Property Funds within the Council's investment portfolio.

5. Current Position

- 5.1. An outline Medium Term Financial Plan 2016-20 was presented to Cabinet in February 2016, as shown in the table below, however due to the uncertainty surrounding NHB and implementation of 100% of Retained Business Rates the projections produced were presented as indicative figures only, primarily illustrating the direction of Council's finances over the medium term.

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|--|----------------|----------------|----------------|----------------|
| | £ 000's | £ 000's | £ 000's | £ 000's |
| EXPENDITURE | 15,267 | 15,814 | 16,602 | 16,918 |
| INCOME | | | | |
| Revenue Support Grant | -1,098 | -511 | -153 | 0 |
| Retained Business Rates (50% local share) | -4,226 | -4,650 | -5,018 | -5,119 |
| New Homes Bonus Funding | -3,221 | -3,239 | -2,035 | -1,952 |
| Government Grants | -381 | -385 | -346 | -312 |
| Council Tax | -6,690 | -6,910 | -7,173 | -7,419 |
| Collection Fund Surplus(-)/Deficit | 1,364 | 0 | 0 | 0 |
| Contribution from Reserves to fund one-off expenditure | -1,015 | 0 | 0 | 0 |
| TOTAL | -15,267 | -15,695 | -14,725 | -14,802 |
| BUDGET VARIANCE | 0 | 119 | 1,877 | 2,116 |

- 5.2. The MTFP shows the significant impact of the reducing RSG and NHB funding resulting in a potential shortfall of approximately £1.9m in 2018/19 and £2.1m in 2019/20.
- 5.3. The submission of this statement will secure the Council's RSG allocations from 2016 to 20, albeit no funding will be awarded in 2019/20. However, at the time of writing the outcome of the NHB consultation was still unknown. The outcome of this consultation and the design of the new NHB scheme will have a significant impact on the shape of the Council's finances.

6. Progress in 2016

- 6.1. The Council is committed to achieving financial self-sufficiency and recognises that whilst the Council has responded successfully to the challenge so far, the Council will have to continue to adapt and alter its operations over the medium term in order to meet its objective of becoming financially self-sufficient by 2020. With this objective in mind the Council has already begun taking action to address the gaps in the medium term financial plan that was presented to Cabinet in February 2016.
- 6.2. In May 2016 the Council completed a restructure of the senior management team, making both financial savings and also better aligning responsibilities and services. The restructure was concluded in May 2016, moving from two Executive Directors and six Heads of Service to one Executive Director and four Heads of Service, resulting in savings of approximately £200k per year.
- 6.3. Following a series of employee briefings over the spring and summer of 2016, where Senior Management set out the Council's current financial position to the wider workforce, the Council invited staff to express an interest in taking voluntary redundancy. The evaluation of these proposals is still on-going, with Senior Management carefully considering the resulting service implications of implementing the proposals. The initial evaluation has identified voluntary redundancies requests from nine officers that senior management recommend to be accepted, at a cost of £204,800. These redundancies would provide annual year-on-year savings of £222,000 and therefore would pay-back the initial costs within twelve months.
- 6.4. In June 2016 a restructure of the Council's Democratic Services function was undertaken, which realised on-going annual savings of approximately £40,000 per year. A further £20,000 was saved through a change in service delivery approach for the Council's public conveniences.

7. Work Ahead

- 7.1. The management restructure and voluntary redundancy proposals are only the beginning of the Council's journey to achieving financial self sufficiency.

- 7.2. The Digitalisation transformation project is underway, which will harness improved use of IT for delivering services to our customers and improving efficiency. Management is robustly examining all service areas where greater use of digitalisation of services can be implemented and the detailed results of this review will be fed into the budget process at a later stage. In 2017/18 it expected the digitalisation agenda will deliver an estimated £75,000 saving for the waste service, resulting from the introduction of “route optimisation” software. Across the medium term it is expected that digitalisation will produce efficiency savings for the Council in the region of £200,000.
- 7.3. The Council is also continuing to explore opportunities for income generation and alternative service delivery models including commercial opportunities, social enterprises and trusts. A prudent £100,000 is programmed in for achievement from such sources from 2019/20, however it is anticipated that greater sums may be realised at an earlier date.
- 7.4. On a regional context, on 9th June 2016 the Council resolved to apply to become a non-constituent member of the West Midlands Combined Authority. As a proposed member of the pool the borough is positioned to benefit from enhanced economic growth in the region, and the Council may also benefit financially from being part of the West Midlands Business Rate Pool.
- 7.5. The development of these proposals will be incorporated in to the 2017/18 budget setting process, with the first report due to Cabinet on 31st October 2016.

8. Risks and Uncertainties

- 8.1. The key risks to the delivery of a balanced Medium Term Financial Plan largely surround the Council’s income streams, as set out in the table below.

| Risk | Description |
|--------------------------|--|
| NHB | NHB is a key funding stream for the Council, but there has been no response from the Government to the consultation which closed in March 2016. The Council is anticipating funding reductions in the region of £1m following changes to the scheme design. However, the exact size of the reduction is subject to uncertainty. |
| Business Rate Volatility | The Council is expecting to benefit financially from further economic growth in the borough. However, the phasing and magnitude of this growth is influenced by a number of factors, which in turn significantly impacts upon the Council’s MTFP. |
| 100% Business Rate | The Government is planning on introducing 100% retention of business rates by the end of the parliament. Therefore the new scheme is expected by 2020/21 at the latest. |

| | |
|-------------------|--|
| Retention | <p>However the exact design of the scheme should be announced sufficiently in advance of this. Determination of key details such as how funding will be split between Shire Counties and Districts and how much of its growth an authority will be permitted to retain after a system reset, will influence how Rugby plans its finances in the shorter to medium term.</p> |
| Council Tax | <p>The Council is also expecting significant growth in its council taxbase over the medium. However, the housebuilding is dependent on a number of factors that are outside of the Council's control, such as the state of the national economy and the willingness of housebuilders to build.</p> <p>The Council's MTFP assumes the council tax increases in each year. However, this additional income may not be realised if national restrictions are tightened or if lower increases are set locally.</p> |
| Income Generation | <p>The council is exploring opportunities to generate more income. However there is a risk this may not be achieved due to:</p> <ul style="list-style-type: none"> • Organisational risk appetite and willingness to accept commercial risk • Appropriate commercial skills and expertise |

9. Conclusion

- 9.1. The four-year settlement will aid the medium-term financial stability of the Council, supporting the Medium Term Financial Strategy which will be refreshed as part of the 2017/18 budget setting process.
- 9.2. The Council is committed to achieving financial self-sufficiency and recognises that whilst the Council has responded successfully to the challenge so far, the Council will have to continue to adapt and alter its operations over the medium term in order to meet its objective of becoming financially self-sufficient by 2020.

AGENDA MANAGEMENT SHEET

Report Title: Civic Honours – Approval of a Protocol

Name of Committee: Cabinet

Date: 31st October 2016

Report Director: Executive Director

Portfolio: Corporate Resources

Ward Relevance: N/A

Prior Consultation: Cabinet working group

Contact Officer: Adam Norburn, Executive Director

Public or Private: Public

Report subject to Call-In: Yes

Report En-Bloc: No

Forward Plan: No

Corporate Priorities: This report does not specifically relate to any Council priorities, but should be considered by the Panel / Cabinet for the following reasons: To Provide a formal process for the consideration of conferment of civic honours.

Statutory / Policy Background:

Summary: The Council's Constitution does not currently include any protocol for the conferring of civic honours. This report proposes the approval of a protocol.

Financial Implications: There are no direct financial implications arising from the report.

| | |
|--------------------------------------|--|
| Risk Management Implications: | There are no risk management implications for this report. |
| Environmental Implications: | There are no environmental implications for this report. |
| Legal Implications: | There are no legal implications for this report. |
| Equality and Diversity: | There are no equality and diversity implications for this report. |
| Options: | <ol style="list-style-type: none"> 1. Adopt a protocol - this would provide a formal process for the consideration of the conferment of any civic honours 2. Do not adopt a protocol - honours would continue to be dealt with on an ad hoc basis. |
| Recommendation: | <p>(1) The protocol for the conferment of civic honours, as detailed in the report, be approved; and</p> <p>(2) IT BE RECOMMENDED TO COUNCIL THAT the Council's Constitution be amended accordingly.</p> |
| Reasons for Recommendation: | To provide a formal process for the consideration of civic honours. |

Cabinet - 31st October 2016

Civic Honours – Approval of a Protocol

Report of the Corporate Resources Portfolio Holder

Recommendation

- (1) The protocol for the conferment of civic honours, as detailed in the report, be approved; and
- (2) IT BE RECOMMENDED TO COUNCIL THAT the Council's Constitution be amended accordingly.

1.1 Introduction

Rugby Borough Council periodically confers civic honours on individuals or organisations in recognition of exceptional service to the Council or to the Borough. However, in the past there has been no formal process to decide how or when to confer honours, and this report seeks to address that omission.

1.2 Current Constitution

The Council's Constitution currently says very little on this topic.

Honorary Freeman

"Pursuant to the provisions of Section 249 (5) of the Local Government Act 1972 (name) is admitted an Honorary Freeman in recognition of his/her eminent services to the Borough and its people."

Honorary Alderman

"Pursuant to the provisions of Section 249 (1) of the Local Government Act 1972 the title of Honorary Alderman is hereby conferred upon (name) in recognition of his/her eminent services to the Borough Council as a past member of the Council."

1.3 Moving Forward

On 3rd June 2016 a small group of Conservative Councillors met to discuss the awards process. Three former Mayors were on the Group. The recommendations of the group were:

1.3.1 Honours Criteria

The honours would be exceptional rather than being given as a matter of course. The awards should be non-political i.e just because a member or supporter of one political party has an honour conferred upon them does not mean that an equal number of people from other parties would also be recognised. Criteria for specific honours are given below.

1.3.2 Honours Process

A Cabinet Working Party should be set up to consider nominations and to make recommendations to Cabinet to then recommend to Full Council. Not less than 2/3 of voting members should approve each nomination. After Cabinet has approved the honours, the intended recipients should be approached to ensure that they would accept them before the matter is taken to Full Council.

These are civic honours for exceptional service, and conferring of them would not necessarily be an annual event, but should take place not more than once in any municipal year. It is suggested that a ceremony to present awards to Honorary Freeman and Aldermen be held at the last ordinary meeting of Council in April each year so that this would be the last formal function of the outgoing Mayor. As the meeting would be held in the evening, a drinks reception may be held afterwards.

1.3.3 Honorary Freeman

This honour may (but not necessarily) be bestowed upon:

- A Leader or former Leader of the Council, on retirement as a Councillor
- An elected member or officer who has given significant service to the Council, on retirement as a member or officer
- A member of the public who has given significant service to the Borough
- Anybody nominated for this award must have been a resident in the Borough of Rugby for the duration of the activity for which they are nominated

The privileges of the conferment of Honorary Freeman are:

- To have the courtesy title of Honorary Freeman
- To attend civic events
- To walk in civic processions behind the local Member of Parliament and in front of Honorary Aldermen
- To wear the Honorary Freeman badge of office at civic events
- The Town Hall flag will be flown at half-mast when the organisation is informed of the death of an Honorary Freeman
- The role of Honorary Freeman carries no additional privileges
- The role of Honorary Freeman gives no right to claim allowances or expenses from the Council

1.3.4 Honorary Alderman

This honour may (but not necessarily) be bestowed upon an elected member who has served a minimum of a total 20 years on their retirement as a Councillor.

The privileges of the award of Honorary Alderman are:

- To have the courtesy title of Honorary Alderman
- To attend civic events
- To walk in civic processions behind Honorary Freemen and in front of Members of the Cabinet
- To wear the Honorary Alderman badge of office at civic events
- The Town Hall flag will be flown at half-mast when the organisation is informed of the death of an Honorary Alderman
- The role of Honorary Alderman carries no additional privileges
- The role of Honorary Alderman gives no right to claim allowances or expenses from the Council.

1.3.5 Freedom of Entry to the Borough of Rugby (Freedom of the Borough)

In exceptional circumstances this honour may be granted to military units or other organisations. The privileges conferred by Freedom of Entry to the Borough are:

- The right to march through the streets with bayonets fixed, colours flying and drums beating

1.4 Withdrawal of Title

The Council may withdraw the title of Honorary Freeman or Honorary Alderman should the beneficiary act in a manner that brings the Council, the Borough or the role of Honorary Freeman / Honorary Alderman into disrepute.

Should this action be deemed necessary, it would be referred firstly to the Cabinet Working Party and then to a confidential meeting of Full Council, at which a majority decision will be required to enact the removal of the honour.

Name of Meeting:
Cabinet

Date of Meeting:
31st October 2016

Subject Matter:
Civic Awards - Protocol

Originating Department:

List of Background Papers

There are no background papers relating to this item.

AGENDA MANAGEMENT SHEET

Report Title: Retrospective approval of service charges for the Ashwood Court Supported Housing Scheme.

Name of Committee: Cabinet

Date: 31 October 2016

Report Director: Head of Communities and Homes

Portfolio: Communities and Homes

Ward Relevance: All

Prior Consultation: Elected Members

Contact Officer: John Hier, Housing and Regeneration Manager tel: 01788 533620

Public or Private: Public

Report subject to Call-In: Yes

Report En-Bloc: No

Forward Plan: Yes

Corporate Priorities: People: Facilitate the provision and upkeep of good quality housing to meet local needs and cater for the growth of Rugby.

Statutory / Policy Background: The Localism Bill 2011; which gives local authorities greater freedoms to manage waiting lists and allocate properties to meet local need.

| | |
|--------------------------------------|--|
| Summary: | Agreement is sought by Cabinet to gain retrospective approval for the introduction of service charges for the Ashwood Court Supported Housing Scheme. |
| Financial Implications: | Appendix 1 provides a breakdown of the current rent and service charges. Appendix 2 provides details of the previous rent and services charges made by Mayday Trust up to 1 August 2016. |
| Risk Management Implications: | Risk: that the residents fail to pay the service charges. This will be managed by pro-actively working with the tenants and intervening in line with the licence conditions where payments are not made. |
| Environmental Implications: | There are no environmental implications for this report. |
| Legal Implications: | There are no legal implications for this report. |
| Equality and Diversity: | The existing Equality Impact Assessment completed as part of the 2015 Allocations Policy review has been considered and there are no negative impacts for residents as a result of the changes. |
| Options: | <ol style="list-style-type: none">1. Agree to the retrospective service charges.2. Do not agree to the retrospective service charges. |
| Recommendation: | The service charges be retrospectively agreed on the Ashwood Court Supported Housing Scheme as detailed in Appendix 1 to the report. |

**Reasons for
Recommendation:**

Given the vulnerabilities of the residents of the scheme it is recommended that service charges for electricity, water and furniture are introduced as the most appropriate means of effectively managing the properties and preventing resident disputes over non-payment of bills. The Council Tax section within RBC has also provided advice that they cannot directly bill individuals within the shared accommodation, which makes up 24 of the 30 units. The only option for the shared flats is for the council as the landlord to pay the Council Tax directly and recharge the tenants as part of a service charge.

Cabinet - 31 October 2016

Retrospective approval of service charges for the Ashwood Court Supported Housing Scheme

Report of the Head of Communities and Homes

Recommendation:

The service charges be retrospectively agreed on the Ashwood Court Supported Housing Scheme as detailed in Appendix 1 to the report.

1.1 Background

Given the short notice, the council were not in a position to request authorisation to change the service charges for the Ashwood Court Supported Housing Scheme prior to taking on the management function on 1 August 2016.

The council has not managed a supported housing scheme previously and as such has sought advice from partner organisations with such experience about the best way to manage the scheme. This has included the most efficient ways for tenants to pay their bills. Given the residents vulnerabilities and potential management issues associated with non-payment within shared accommodation it has been recommended that the council pay charges up front for the residents and then claim the costs back via a service charge.

1.2 Conclusion

The council has considered affordability for residents and has significantly reduced the rent and service charges on the scheme since taking over the management, which will help to remove disincentives to accessing employment. The service charges are currently an estimate and in future could be subject to relatively small increases or decreases once the council understands in detail the utility costs for the scheme.

Name of Meeting: Cabinet

Date of Meeting: 31 October 2016

Subject Matter: Retrospective approval of service charges for the Ashwood Court Supported Housing Scheme.

Originating Department: Housing

Appendix 1 Retrospective Service Charges:

Council Tax = £10.50 per week on the shared accommodation only*

Water = £5.00 per week*

Heating and lighting = £10.00 per week*

Furniture = £2.00 per week (Housing Benefit eligible)

1 Bed Flat

Rent per person per week = £74.19

Service charge = £42.28**

Total per person per week = £116.47

2 Bed flat (shared flat)

Rent per person per week = £41.93

Service charge = £40.15**

Total per person per week = £82.08

*These are Housing Benefit ineligible and as such residents are responsible for covering the costs of these charges.

**Inclusive of both existing service charge covering communal lighting, CCTV, Control Centre costs, communal cleaning, cost of the Estate Officer, Housing Officer and the retrospective service charges.

Appendix 2: Mayday Trust charges at Ashwood Court Supported Housing Scheme up to 1 August 2016.

1 bed flat inclusive of rent and service charges = £154.40 per week.

2 bed shared flat inclusive of rent and service charges = £164.62 per week.

List of Background Papers

| Document No. | Date | Description of Document | Officer's Reference | File Reference |
|--------------|------|-------------------------|---------------------|----------------|
| 1. None | | | | |

* The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.
