



26 August 2021

CABINET – 6 SEPTEMBER 2021

A meeting of Cabinet will be held at 5.30pm on Monday 6 September 2021 in the Council Chamber at the Town Hall, Rugby.

Members of the public may also view the meeting via the livestream available on the Council's website.

Mannie Ketley
Executive Director

A G E N D A PART 1 – PUBLIC BUSINESS

1. Minutes.

To confirm the minutes of the meeting held on 28 June 2021.

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 31 August 2021).

Growth and Investment Portfolio

5. Public consultation – Rugby Town Centre regeneration (report to follow).

Leisure and Wellbeing Portfolio

Nothing to report to this meeting.

Finance, Performance, Legal and Governance Portfolio

6. Finance and Performance Monitoring 2021/22 – Quarter 1.

7. Initial Review of General Fund Budget 2022/23.

8. Constitution Review Working Party.

Communities, Homes, Digital and Communications Portfolio

Nothing to report to this meeting.

Regulation and Safety Portfolio

Nothing to report to this meeting.

Change and Transformation Portfolio

Nothing to report to this meeting.

Operations and Traded Services 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 the following resolution:

“under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item on the grounds that it involves the likely disclosure of information defined in paragraphs 1, 2 and 3 of Schedule 12A of the Act.”

PART 2 – EXEMPT INFORMATION

Growth and Investment Portfolio

Nothing to report to this meeting.

Leisure and Wellbeing Portfolio

Nothing to report to this meeting

Finance, Performance, Legal and Governance Portfolio

Nothing to report to this meeting.

Communities, Homes, Digital and Communications Portfolio

Nothing to report to this meeting.

Regulation and Safety Portfolio

Nothing to report to this meeting.

Change and Transformation Portfolio

Nothing to report to this meeting

Operations and Traded Services 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

1. Write Offs.

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

The Reports of Officers are attached.

Membership of Cabinet:

Councillors Lowe (Chairman), Mrs Crane, Miss Lawrence, Poole, Roberts, Ms Robbins and Mrs Simpson-Vince.

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, Democratic Services Team Leader (01788 533524 or e-mail claire.waleczek@rugby.gov.uk). Any specific queries concerning reports should be directed to the listed contact officer.

AGENDA MANAGEMENT SHEET

Report Title: Finance & Performance Monitoring 2021/22-Quarter 1

Name of Committee: Cabinet

Date of Meeting: 6 September 2021

Report Director: Chief Officer - Finance and Performance

Portfolio: Finance, Performance, Legal and Governance

Ward Relevance: All wards

Prior Consultation: None

Contact Officer: Jon Illingworth, Section 151 and Chief Financial Officer, jon.illingworth@rugby.gov.uk, 01788 533410

Public or Private: Public

Report Subject to Call-In: Yes

Report En-Bloc: No

Forward Plan: Yes

Corporate Priorities: This report relates to the following priority(ies):
 Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C)
 Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E)
 Residents live healthy, independent lives, with the most vulnerable protected. (HC)
 Rugby Borough Council is a responsible, effective and efficient organisation. (O)
[Corporate Strategy 2021-2024](#)
 This report does not specifically relate to any Council priorities but

Summary: This report sets out the anticipated 2021/22 financial and performance position for the Council based on data at 30 June 2021 (Quarter 1). It also presents proposed 2021/22 budget adjustments for approval as required by Financial Standing Orders.

Financial Implications:	As detailed in the main report.
Risk Management Implications:	This report is intended to give Cabinet an overview of the Council's forecast spending and performance position for 2021/22 to inform future decision-making.
Environmental Implications:	There are no environmental implications arising from this report.
Legal Implications:	There are no legal implications arising from this report.
Equality and Diversity:	No new or existing policy or procedure has been recommended
Options:	Members can elect to approve, amend or reject the supplementary budget requests listed at recommendations 3 to 9.

Recommendation:

RECOMMENDATION

- 1) The Council's anticipated financial position for 2021/22 be considered;
- 2) The performance information and dashboards are under review and will form part of future reports as detailed in section 7 be noted;
- 3) A supplementary General Fund revenue expenditure budget of £0.015m for 2021/22 for improvements at the Athletics Track, to be fully funded from Section 106 income be approved;
- 4) Supplementary capital budgets for 2021/22 as detailed in section 6, be approved:
 - a. General Fund - £0.025m
 - b. HRA - £0.010m; and
- 5) IT BE RECOMMENDED TO COUNCIL THAT -
 - (a) the 2021/22 draw down of Revenue Carry forwards from earmarked reserves of £0.585m to meet existing commitments be approved;
 - (b) the use of £0.126m from the Hall of Fame reserve for 2021/22 to mitigate loss of income compared to budget following the closure of the attraction be approved;

- (c) the use of the COVID-19 New Burdens revenue grants totalling £0.297m, held in the Revenue Grants reserve, for 2021/22 to mitigate existing service pressures be approved;
- (d) supplementary capital budgets for 2021/22 as detailed in section 6, be approved:
 - a. General Fund - £0.225m
 - b. HRA - £0.341m; and
- (e) HRA virements of £0.344m for 2021/22 as detailed in section 6 be approved.

**Reasons for
Recommendation:**

A strong financial and performance management framework, including oversight by Members and senior management, is an essential part of delivering the Council's priorities and statutory duties.

Cabinet - 6 September 2021

Finance & Performance Monitoring 2021/22- Quarter 1

Public Report of the Chief Financial Officer

RECOMMENDATION

- 1) The Council's anticipated financial position for 2021/22 be considered;
- 2) The performance information and dashboards are under review and will form part of future reports as detailed in section 7 be noted;
- 3) A supplementary General Fund revenue expenditure budget of £0.015m for 2021/22 for improvements at the Athletics Track, to be fully funded from Section 106 income be approved;
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 - (d) supplementary capital budgets for 2021/22 as detailed in section 6, be approved:
 - a. General Fund - £0.225m
 - b. HRA - £0.341m; and
 - (e) HRA virements of £0.344m for 2021/22 as detailed in section 6 be approved.

1. INTRODUCTION

This is the first of the quarterly finance and performance monitoring reports for 2021/22, which combines finance (revenue and capital) as well as performance for General Fund (GF) and Housing Revenue Account (HRA). The year-end forecasts for 2021/22 are based on actual expenditure from 01 April 2021 to 30 June 2021 (Quarter 1) plus any significant changes that have developed thereafter. The report also includes proposed 2021/22 budget adjustments which are recommended for approval by Members.

The key sections of the report are laid out as follows:

- Background - Section 2
- General Fund (GF) Revenue Budgets and Performance - Section 3 & Appendix 1;
- Housing Revenue Account (HRA) Revenue Budgets & Performance- Section 4 & Appendix 2;
- Capital Budgets - Section 5 and Appendices 1 (GF) & 2 (HRA);
- Further detail on recommendations for approval- Section 6
- Corporate Performance information- Section 7

Throughout the report, pressures on expenditure and income shortfalls are shown as positive values. Savings on expenditure and additional income are shown in brackets.

2. BACKGROUND

2.1 In the last financial year the country faced extreme challenges from the impact of COVID-19 and these unprecedented times have required central and local government to respond to support businesses, residents and services.

The final outturn report provided details of the financial support that was received throughout 2020/21 which has continued into 2021/22. This was also considered and factored into the budget that was approved in February 2021.

Section 3.2 provides an update on the Council's position and continued response to the COVID-19 pandemic.

2.2 Following the declaration of a Climate Emergency in 2019, the Council agreed to establish a cross party working group to advise on the actions and timescales towards achieving carbon neutrality by 2030. Any updates and financial implications will be provided in future reports, as appropriate.

2.3 The final balanced budget of £10.998m for 2021/22 was approved by Full Council on 23 February 2021 and the detailed papers can be found at:

[Council 23 February 2021](#)

There is a significant change in the net budget when compared with 2020/21 which is due to the impact of cashflow surrounding business rates income. The 2021/22 budget includes a one off collection fund deficit for Business Rates of £6.586m which is financed from the Business Rates Equalisation Reserve.

The approved budget also includes:

1. A transfer to the Business Rates Equalisation Reserve of £3.196m which represents the additional growth over and above the Council's estimated sustainable budgeted baseline. This is set aside to mitigate the anticipated reduction in funding from business rates reset and fair funding in future years.
2. A central allocation of £1.100m to mitigate the risks surrounding the ongoing impact of COVID-19. This is financed from both additional Government grants and reserves.

3. GENERAL FUND (GF) REVENUE BUDGETS

3.1 GF Overview and Key Messages:

The current reported year-end forecast for 2021/22, based on the position as at Quarter 1, is a balanced position with no variance to the overall GF budget.

However, it needs to be noted that there is an increased risk of continued pressures which will continue to be reviewed and considered.

The major factors to consider are as follows:

- The impact of continued increased demand on Council services.
- The impact of continued pressures on service providers, local businesses and the general public.
- Review of pressures resulting from required changes that will need to be in place to ensure a safe environment for both staff and customers.
- Any financial impact of the implementation of recovery plans over the short to medium term.
- The inability to speculate over what lies ahead over the coming months following the lifting of government restrictions.

Whilst the current reported position is showing a balanced position the Council continues to face challenges in the recovery from the impact of COVID-19.

Further details of portfolio variances and key performance indicators can be seen in Appendix 1.

Although the overall position is balanced, the following significant items should be noted-

There is a pressure of **£0.773m** from GF Portfolios; this has arisen mainly from the loss of income due to the ongoing impact of COVID-19.

- The services and portfolios most affected by loss of income are as follows:

- Growth and Investment reports a pressure of £0.085m mainly due to an anticipated loss of income within Planning Services of £0.053m.
 - Operations and Traded Services reports a pressure of £0.281m, partly due to an anticipated loss of income from Trade Waste of £0.244m and Garden Waste of £0.062m.
 - Regulation and Safety reports a pressure of £0.171m, partly as a result of Car Parking income being forecast to be significantly below budget with an anticipated shortfall of £0.203m.
 - Leisure and Wellbeing reports a pressure of £0.171m, partly due to a forecast loss of income within Sports and Recreation of £0.144m.
- Appendix 1 provides details of the loss of income to services which totals £0.889m of which (£0.116m) is forecast to be offset by Government funding of 75p in every £1. It should be noted that this Government funding is only available for the first Quarter of 2021/22 and the forecast position reflects this scenario.
 - In addition, there have been further grants which total (£0.916m) to support local authorities with anticipated additional financial pressures from COVID-19.
 - Corporate items report a savings total of **(£0.773m)**. This includes a combined saving of (£0.275m) on Minimum Revenue Provision (MRP) and Net Cost of Borrowing (NCOB) due to the associated borrowing costs being lower than expected due to preferential investment rates. There is a saving of (£0.738m) within the centrally held budget of £1.100m to mitigate against pressures from the impact of COVID-19 within services. There is also a reduction in the forecast against the budgeted use of the Budget Stability Reserve of 0.537m as it is anticipated that the full amount of (£0.671m) will no longer be required to be drawn down. This is partly due to use of New Burdens funding (as requested in the recommendations for approval).

2021/22 Savings and Income Proposals

- Total Portfolio Service savings of (£0.371m) - **(£0.346m)** are risk assessed as green and deliverable. The balance of **(£0.025m)** is assessed as amber and continues to be monitored.
- It needs to be noted that some of the 2021/22 increased income budgets totalling (£0.366m) are at significant risk of non-delivery and are included in the forecast loss of income. **(£0.100m)** is risk assessed as green and deliverable. The balance of **(£0.266m)** is assessed as amber and continues to be monitored.
- Corporate, Salary and Digitalisation savings of (£0.403m) – The current forecast assumes that this budget will be delivered in full, however, this will continue to be monitored closely due to the risks already mentioned in this report.

Any savings at risk of delivery continue to be reviewed to take action to mitigate wherever possible and updates will be provided in future reports.

Reserves

The table below shows the anticipated balance in the GF balances at 31 March 2022 based on the forecasts at Quarter 1.

	Forecast in-year change £000s	Balance £000s
Reported Balance Final Outturn 2020/21		(2,250)
Net amount to be added to balance	0	
Anticipated GF Balance at 31 March 2022		(2,250)

Table 1 – Summary General Fund Balances in Reserve.

The final Outturn report for 2020/21 reported an estimated balance of (£2.250m) which is subject to any changes that may occur as a result of any findings arising from the audit of the Financial Statements. The draft Statement of Accounts assumes no change to this which will be fully confirmed in the production of the final Statement of Accounts which has been extended, due to COVID-19, to 30 September 2021.

There are risks in both increased expenditure and reduced income for services which will have a significant impact on the level of reserves if not met by other funding streams.

Consequently, a revised Risk Assessment was completed for the outturn report and is considered within the initial budget report elsewhere on the agenda where it is anticipated that:

- The General Fund has a risk of **£0.100m** to support any potential further impact of the Coronavirus Pandemic.
- The Budget Stability Reserve has a risk of **£0.323m** to support pressures from additional costs, loss of income and risk to the delivery of savings during 2021/22

The initial estimate for forecast reserves over the medium term can be seen within Appendix 1. These will continue to be updated as new information is made available.

3.2 Coronavirus pandemic (COVID-19)

As part of the local government finance settlement 2021/22, the government announced a continued package of COVID-19 support for councils and additional support for businesses and communities.

Up to the end of June, Rugby Borough Council has been allocated (£9.986m) to pass directly to residents and businesses as follows:

COVID-19 Funding Type	£000s	Notes
Business Support Grant - Restart Grant Payments	(4,974)	To support businesses that are predominately reliant on delivering in-person services for the general public.
Business Support Grant - Additional Restrictions Grant	(916)	To support businesses severely impacted by COVID-19 restrictions when most needed.
Expanded Business Rates Relief	(4,096)	To continue in 2021/22 at 100% from April–June 2021, 66% July–March '22.
	(9,986)	

Plus (£0.916m) other COVID-19 support grants to address pressures of COVID-19:

COVID-19 Funding Type	£000s	Notes
Tranche 5 Emergency Funding	(510)	Announced in December 2020, this grant income is included in 2021/22 budgets
Local Council Tax Support funding	(122)	Announced in December 2020, this grant income is included in 2021/22 budgets
Council Tax 75% compensation scheme	(112)	This was not known at budget setting and relates to 2020/21. This was transferred to the budget stability reserve
S31 Elections Grant	(41)	To help with COVID-19 secure measures in the local elections.
COVID Outbreak Management Funding	(131)	Grant awarded April 2021 to support proactive containment and intervention measures
	(916)	

Table 2 – Summary Grants and Reliefs – COVID 19.

In addition, since the initial lockdown on 23 March 2020 local authorities have been required to report on a monthly basis to MHCLG. These have included updates on the impact of the Coronavirus pandemic from both a financial and non-financial perspective. This information has enabled the government to recognise the financial support required to ensure that cash flow pressures can be limited, and local authorities can continue to serve their communities.

The forecast service pressures included in the Q1 forecast are £0.889m mainly due to continued anticipated loss of income. Future reports will continue to provide updates on both the costs and income.

Whilst services are continuing to take action to minimise cost pressures wherever possible, the reported forecast pressures mentioned in earlier sections of this report have been mitigated by following;

- Centrally held budget of £1.100m with incorporates the Tranche 5 Emergency Grant of (£0.510m) and grants for new burdens allocated during 2020/21 and have requested to be drawn down from the grants reserve totalling (£0.297m). This does result in the expected draw down from the budget stability reserve is forecast to be less than estimated when the budget was set.
- The co-payment scheme to compensate local authorities for irrecoverable losses in 2021/22 from eligible sales, fees and charges under the scheme. Under this scheme, council's bear the first 5% of losses compared to budgeted income and the government will compensate 75p in every pound of loss thereafter. However, this scheme is only available until the 30 June 2021, therefore this will not cover the full year anticipated loss. The forecast estimate includes a total (£0.116m) to be recovered from government.

Council Tax

In the Spring 2020 budget, the Government recognised that COVID-19 was likely to cause fluctuations in household incomes and as a result, some individuals may struggle to meet Council Tax payments.

The largest cause of Council Tax losses is due to the increase in the number of taxpayers claiming Council Tax Support (CTS). The implication of rising Council Tax Support cases is that it reduces the tax base and the amount of Council Tax income collectable.

There are still significant downside risks from CTS, especially if unemployment pushes applications higher over future months.

At 30 June 2021, the Council Tax base was 1.26% below budget. New properties are coming on the valuation list, but any increase in the tax base is currently being overshadowed by increases in CTS. It is not clear yet whether the Council will achieve its budgeted Tax base and the extent of any collection fund deficit. This will be monitored closely over the coming months.

Business Rates

The Council sets its business rates income budget based on data submitted to Government on 31 January each year. It was forecast that the Council would collect (£52.008m) of business rates during 2021/22, of which Rugby Borough Council would retain (£6.114m).

Net Rates Payable at the end of Quarter 1 are 6.51% lower than estimated in the NNDR1. As explained below;

- There has been no business rates income from the J1 service station, as the assessment from the Valuation Office has not been received. When it is, a backdated business rates bill will be issued.
- On 3 March 2021 the government confirmed the expanded retail discount scheme would continue to apply in 2021/22 at 100% for three months, from 1 April 2021 to 30 June 2021, and at 66% for the remaining period, from 1 July 2021 to 31 March 2022. This is fully funded by COVID-19 s31 grant funding and there is no financial impact on the Council.

In the long term, it is possible there will be a permanent reduction in the “footprint” occupied by the business sector, which means that business rates may never recover fully.

There is no evidence to date that non-collection will be a driver of business rates losses. A significant number of ratepayers are receiving COVID-19 grants and up to 100% relief. This will continue to be monitored in the coming months.

This makes it difficult to forecast the extent of any collection fund deficit at this stage.

4 HOUSING REVENUE ACCOUNT (HRA) REVENUE BUDGETS:

4.1 Context

Housing Rents were set by Council on 2 February 2021. Council agreed to a rent uplift of 1.5% (CPI + 1%) for 2021/22 in line with government guidance on Social Rent policy for the period 2020/21 to 2024/25.

4.2 HRA Overview and Key Messages

The total approved HRA budget is £17.280m. This includes a £0.276m supplementary budget approved for the Property Repairs Team. This budget will be used to fund 12 trade staff to support the backlog repairs for a six-month period.

At Quarter 1, it is forecast that the year-end variance will be a pressure of £0.271m. This variance is made up of the following significant items-

- £0.196m - An income shortfall predominantly related to the decant of properties at the Rounds Gardens site being quicker than anticipated.
- £0.075m - An estimated budget pressure due to the amount of Council Tax that might have to be paid on vacant properties.
- (£0.125m) - An anticipated reduction in security patrol expenditure due to the faster than expected decant of the Rounds Gardens site.
- £0.100m – An anticipated net budget pressure on interest payable/receivable on loans/investments, due to the investment returns for the PWLB borrowing held for the high-rise scheme, being lower than the interest rate of the loan, due to current market activity.

The table below shows the anticipated balance in the Housing Revenue Account at 31 March 2022 based on the forecasts at Quarter 1.

	Forecast in-year change £000s	Balance £000s
HRA Balance at 01 April 2021		(5,085)
Forecast variance at the end of 2021/22	271	
Net amount to be taken from balances		271
Anticipated HRA Balance at 31 March 2022		(4,814)

Table 3– Summary HRA Balances

5. CAPITAL

The Council's latest approved capital programme (GF and HRA) is £40.448m. A review of the capital programme has highlighted a number of variances and requests for additional funding as detailed below.

Budget Area	Approved Budget	Forecast Spend	Budget Request	Year-End Variance
	£000	£000	£000	£000
General Fund	11,608	11,788	250	(70)
HRA	28,840	28,121	281	(1,000)
Total	40,448	39,909	531	(1,070)

Table 4– Summary Capital budgets

Details of the schemes where supplementary budget requests are requested are set out in Section 6.

The year-end variance relates to two specific schemes:

- (£0.040m) in respect of the Whitehall Recreation Ground where expenditure was accelerated and incurred in 2020/21 and is therefore not required in 2021/22, and
- (£1.000m) in respect of the Garage Site within the HRA where the scheme is not planning to go ahead.

6. SUPPLEMENTARY BUDGET REQUESTS AND VIREMENTS

Details of the supplementary budgets and virements, where approval is sought, are set out below:

Supplementary Budget Requests for approval by Cabinet

Budget Area	Supplementary Budget Request	Description
	£000	
General Fund		
Revenue	15	Required for Hammer Cage improvements at the Athletics Track; to be funded from Section 106 contributions.
Capital	25	Required for Brownsover Car Park scheme due to increased building/materials prices as a result of the recent shortages; to be funded from borrowing.
HRA		
Capital	10	Required for Patterdale Sheltered scheme for additional cost to complete the scheme of artificial grass and staff management costs to be funded from the Major Repairs Reserve

Table 5– Supplementary Budget Requests further details- for approval by Cabinet

Supplementary Budget Requests for approval by Council

Budget Area	Supplementary Budget Request	Description
	£000	
General Fund		
Capital	175	Required for contributions to the Rugby Gymnastics new building; to be funded from Section 106 contributions.
Capital	50	Required for Newbold Quarry scheme for supporting wall work following landslide; to be funded from an insurance claim
Total GF Capital	225	
HRA		
Capital	81	Required for Biart Place demolition costs for additional asbestos costs; to be funded from borrowing
Capital	90	Required for the Property Repairs Service for wiring costs; to be funded from the Major Repairs Reserve
Capital	50	Required for the Property Repairs Service bathrooms (non-voids); to be funded from the Major Repairs Reserve
Capital	50	For the Property Repairs service for driveways, to be funded from the Major Repairs Reserve
Capital	70	For the Property Repairs service for Victoria House roof refurbishment; to be funded from HRA capital balances
Total HRA Capital	341	

Table 6– Supplementary Budget Requests further details- for approval by Council

The funding implications of the supplementary budget requests for Capital will be met through:

Budget Area	Borrowing	Major Repairs Reserve	General Reserves	Revenue	Grants	Total
	£000	£000	£000	£000	£000	£000
General Fund	25			50	175	250
HRA	81	200	70			351
Total	106	200	70	50	175	601

Table 7– Supplementary Budget Requests- funding implications for Capital schemes

The revenue impact of the additional borrowing requested will be met from within existing resources. The additional request for revenue funding will be met from the insurance claim made.

Virement Requests for approval by Council

Budget Area	Virement Request	Description
	£000	
HRA		
Capital	250	Rounds Gardens Capital scheme virement from Rounds Gardens Demolition for costs of design and decant to realign the budgets to the relevant scheme
Capital	94	Biart Place capital scheme virement from Rounds Gardens Capital scheme for costs relating to decant to realign the budgets to the relevant scheme
Subtotal	344	
Capital	(250)	Rounds Gardens Capital scheme virement from Rounds Gardens Demolition for costs of design and decant to realign the costs to the relevant scheme
Capital	(94)	Rounds Gardens Capital scheme virement to Biart Place capital scheme for costs relating to decant to realign the costs to the relevant scheme
Subtotal	(344)	
Total	0	

Table 8–Budget Virement Requests further details- for approval by Council

7. PERFORMANCE SUMMARY

No corporate performance report is presented this quarter. This is in part because there is less data to review at this time of the year, but also reflects that the Chief Officer for Finance & Performance is working with the Leadership Team to develop a new framework for managing the Council's performance. This includes the creation of a public facing dashboard and enhanced reporting arrangements. Work is also ongoing to identify and agree the measures which will be adopted to demonstrate how well the Council is performing against the new Corporate Strategy. This work will be reflected in the next performance report, which will be presented after the end of the next Quarter.

Name of Meeting: Cabinet
Date of Meeting: 6 September 2021
Subject Matter: Finance & Performance Monitoring 2021/22- Quarter 1
Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY YES NO

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

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.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A

Appendix 1 - Cabinet Summary as at June 2021 (Quarter 1)- General Fund (GF)

Revenue Forecasts - Key variance information

Service	Current Net Budget £000s	Exp to date plus commitments £000s	Forecast £000s	Employee Variance £000s	Running Cost Variance £000s	Income Variance £000s	Pending Supplementary Budget/Virement £000s	Total Variance £000s	Reasons for variance
Communities, Homes, Digital and Communications	2,265	1,224	2,292	423	(112)	(284)		27	<p>Pressures</p> <ul style="list-style-type: none"> - £23,000 in ICT Services due to overspends for various systems £47,000 offset by additional income from Nuneaton and Bedworth Borough Council for project managing their implementation of a Housing System (£35,000). - £57,000 in Welfare Services due to underachievement of income for the Lifeline service due to a competitive market. - £24,000 in the Corporate Property Administration service due to additional salary costs projected for 2021/22. <p>Savings</p> <ul style="list-style-type: none"> - (£28,000) in the Apprenticeship Service following a number of Apprentices successfully moving into permanent roles within the Council. The saving relates to timing of when the Apprentices have moved on and when the next recruits will start. - (£35,000) in the Housing Strategy and Enabling service due to a vacant post following the successful appointment of the new Chief Officer for Communities and Homes. <p>Other minor pressures/savings total (£14,000).</p> <p>Forecasts include estimated income of (£7,000) to be received from the MHCLG Sales, Fees and Charges Scheme.</p>
Finance, Performance, Legal and Governance	2,894	711	2,934	45	(5)	(1)		39	<p>Pressures</p> <ul style="list-style-type: none"> - £75,000 in Financial Services relating to staffing costs, due to the use of agency staff on an interim basis <p>Savings</p> <ul style="list-style-type: none"> - (£19,000) in Council Tax relating to staffing costs of £14,000 due to vacancies within the service plus an anticipated reduction in postage costs of £5,000 due to digitalisation. <p>Other minor pressures/savings total (£17,000)</p>
Growth and Investment	1,501	841	1,586	(26)	58	53		85	<p>Pressures</p> <ul style="list-style-type: none"> - £92,000 in Planning Services due to the underachievement of Planning Applications income as the service looks to recover from the impact of the COVID-19 pandemic and additional court costs awarded against the council. <p>Other minor pressures/savings total (£7,000)</p>
Leisure and Wellbeing	3,205	3,140	3,375	(31)	(128)	330	15	171	<p>Supplementary Budget Requests</p> <ul style="list-style-type: none"> -£15,000 has been requested for Athletics Track improvements; to be funded from S106 income <p>Pressures</p> <ul style="list-style-type: none"> - £144,000 in the Sport & Recreation service due to a projected loss of income following the COVID-19 pandemic. A number of youth clubs have either yet to restart or will not restart due to loss of funding and schools work has been reduced due to the restrictions. - £16,000 in the Parks service due to underachievement of income from Sales Fees and Charges as a result of COVID-19 restrictions on planned events. <p>Other minor pressures/savings total £11,000.</p>
Operation and Traded Services	3,963	499	4,243	(161)	214	228		281	<p>Pressures</p> <ul style="list-style-type: none"> - £62,000 in the Garden Waste Service due to the underachievement of income. This year has seen a similar uptake of subscribers to 2020/21, however new home subscriptions have been offset with a reduction in renewals. The forecast predicts some more subscriptions as new homes are sold during 2021/22 however, this is likely to still cause an underachievement of income. - £244,000 in the Trade Waste Service mostly attributed to the underachievement of income following the current uptake of the service. - £26,000 in the Domestic Refuse Service due to additional estimated costs; £113,000 which relate to haulage costs based on current average prices and tonnages and contract hire costs based on current commitments of £23,000. This has been offset by additional income of (£50,000) from S106 monies to provide a refuse service to the Houlton area and staff changes / vacancy savings not yet recruited to totalling (£53,000). <p>Savings</p> <ul style="list-style-type: none"> - (£21,000) in the Street Scene/Highways service due to vacancy savings. - (£33,000) in relation to the Chief Officer post which has not yet been recruited to. <p>Other minor pressures/savings total £3,000.</p> <p>Forecasts include estimated income of (£27,000) to be received from the MHCLG Sales, Fees and Charges Scheme.</p>
Regulation and Safety	1,317	804	1,488	(47)	28	190		171	<p>Pressures</p> <ul style="list-style-type: none"> - £203,000 in the Car Parks service due to the underachievement of income following the ongoing impact COVID-19 is having on visitors to the town centre for work and leisure. <p>Savings</p> <ul style="list-style-type: none"> - (£16,000) in the Safety & Resilience service as a result of savings arising from a vacant post which is to be used to fund the purchase of a drone. <p>Other minor pressures/savings total (£16,000)</p> <p>Forecasts include estimated income of (£33,500) to be received from the MHCLG Sales, Fees and Charges Scheme.</p>
Executive Services	112	(442)	111	(2)	2	0		(0)	
Transformation Change Unit	65	(87)	65	0	(0)	0		(0)	
Corporate Items	(4,324)	3,342	(5,097)	0	(773)	0		(773)	<p>Corporate Items</p> <ul style="list-style-type: none"> - (£738,000) relating to COVID-19. £1.1m budgeted expenditure is held centrally for potential loss of income/additional costs incurred within services across the Council as a consequence of the Covid pandemic. This amount of (£738,000) is offset by pressures within the services, shown above. - (£47,000) due to Minimum Revenue Provision (MRP) - (£228,000) due to Net Cost of Borrowing (NCOB) -£240,000 relating to Corporate Reserves- estimated reduction in the budgeted requirement from the Budget Stability Reserve.
Grand Total	10,998	10,032	10,998	200	(718)	518	15	0	

Head Count- Vacancies

General Fund- FTE's at Q1 2021/22			
Portfolio	Budgeted FTE's	Actual FTE's at Q1	Vacant FTE's
Communities, Homes, Digital and Communications	98.79	96.93	(1.86)
Finance, Performance, Legal and Governance	53.47	50.37	(3.10)
Growth and Investment	29.47	27.29	(2.18)
Leisure and Wellbeing	38.93	34.74	(4.19)
Operation and Traded Services	123.79	108.08	(15.71)
Regulation and Safety	43.55	38.15	(5.40)
Executive Services	10.54	10.49	(0.05)
Transformation Change Unit	6.21	6.81	0.60
Total	404.75	372.86	(31.89)

Service Earmarked Reserves										
Name of reserve	Balance as at 1/04/21	Forecast contribution (to)/from	Forecast balance as at 31/03/22	Forecast contribution (to)/from	Forecast balance as at 31/03/23	Forecast contribution (to)/from	Forecast balance as at 31/03/2024	Forecast contribution (to)/from	Forecast balance as at 31/03/2025	Description
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
General Fund Balances	(2,250)	0	(2,250)	0	(2,250)	0	(2,250)	0	(2,250)	The GF outturn position based on Q1 is nil variance therefore no forecast contributions to/from the reserve
General Fund Carry forwards	(585)	585	(0)	0	(0)	0	(0)	0	(0)	The carry forwards have been requested to be drawn down to cover existing commitments
Business Rates Equalisation Fund	(11,637)	3,214	(8,423)	(1,060)	(9,483)	(621)	(10,104)	(987)	(11,091)	This reflects the forecasts as reported at year end 2021/22 and overs the cashflow of the business rates and impact of the collection fund. The drawn down in 2021/22 includes the budgeted collection fund deficit in 2021/22.
Budget Stability Fund	(3,048)	134	(2,914)	14	(2,900)	14	(2,886)	(50)	(2,936)	This is set aside to mitigate any budget pressures and the forecast is based on known items. The 2021/22 forecast has been flexed to account for additional new homes grants and the impact of any surplus within the quarterly reporting. This will continue to be reviewed throughout the year and updated where necessary.
Other Corporate Reserves	(1,681)	491	(1,190)	143	(1,047)	148	(899)	146	(753)	Assumes use of grants including S106 and estimated forecast in year use of revenue grants (£297,000 New Burdens grant)
Total Corporate Reserves	(19,201)	4,424	(14,777)	(903)	(15,680)	(459)	(16,139)	(891)	(17,030)	
Communities, Homes, Digital and Communications	(736)	285	(451)	101	(350)	100	(250)		(250)	This includes the Welfare Fund Reserves and the Energy Efficient Investment Fund
Finance, Performance, Legal and Governance	(42)	0	(42)	5	(37)	1	(36)		(36)	This includes the Insurance and professional finance training reserves
Change and Transformation	(1,000)	300	(700)		(700)		(700)		(700)	This includes the reserves for Transformation and Emergency Climate Change with £100,000 being requested to be drawn down from the Transformation reserve within the budget report elsewhere on the agenda
Growth and Investment	(192)	0	(192)		(192)		(192)		(192)	This reflects the balance on the Town Centre Improvement Fund
Leisure and Wellbeing	(224)	126	(98)	(6)	(104)	(6)	(110)	(6)	(116)	This includes the Hall of Fame Reserve of which £126,000 is recommended to be drawn down within the main report.
Operation and Traded Services	(68)	2	(66)	2	(64)	2	(62)	2	(60)	This is made of various operational service reserves
Regulation and Safety	(217)	30	(187)	(11)	(198)	(39)	(237)	(27)	(264)	This is made of various operational service reserves
Total portfolio earmarked reserves	(2,479)	743	(1,736)	91	(1,645)	58	(1,587)	(31)	(1,618)	
Total Reserves	(21,680)	5,167	(16,513)	(812)	(17,325)	(401)	(17,726)	(922)	(18,648)	

Delivery of Approved Savings 2021/22	
Savings targets summarised by portfolio	Value £000s
Savings already saved or on track to be saved by the end of 2021/22	(41)
Finance, Performance, Legal & Governance	(41)
Savings already saved or on track to be saved by the end of 2021/22	(32)
Regulation & Safety	(32)
Savings already saved or on track to be saved by the end of 2021/22	(217)
Savings at risk of being achieved by the end of 2021/22	(25)
Communities, Homes, Digital & Communications	(242)
Savings already saved or on track to be saved by the end of 2021/22	(44)
Operations & Traded	(44)
Savings already saved or on track to be saved by the end of 2021/22	(12)
Leisure & Wellbeing	(12)
Grand Total	(371)

Capital Forecasts - Key variance information						
Portfolio	Current Budget	Exp to date & commitments	Full year forecast 2021/22	Pending Supplementary Budget / Virement	Total Variance	Comments
	£000s	£000s	£000s	£000s	£000s	
Communities, Homes, Digital and Communication Capital	2,761	57	2,726	25	(60)	Supplementary budget requests - £25,000 in relation to Brownslover Car Park due to an increase in costs compared to the original budget for building supplies as a result of the recent shortages. Pressures - £25,000 for the Changing Places project due to price increases for supplies and contractors requesting high specifications which increases the cost. Supplementary budget will be requested in a future report once we have received confirmation of the additional funding being received from Warwickshire County Council. Savings - (£80,000) for the CRM system and new website due to the Capital budget no longer being required. The on going costs for this project will be met by Revenue.
Finance, Performance, Legal & Governance Capital	69	0	69		0	
Leisure and Wellbeing Capital	1,317	252	1,472	225	(70)	Supplementary budget requests - £175,000 in relation to S106 capital expenditure to contribute towards new facilities at the Rugby Gymnastics Club. - £50,000 in relation to Newbold Quarry Works for costs incurred to create a supporting wall following a recent landslide. This budget will be funded from the insurance claim. Savings - (£40,000) for the Whitehall Recreation Ground where expenditure was accelerated and incurred in 2020/21 and therefore the budget is not required in 2021/22.
Operation and Traded Services Capital	6,944	0	6,944		0	
Regulation and Safety Capital	518	23	578		60	Pressures - £60,000 for the Crematorium Car Park extension due to higher costs than originally anticipated. Supplementary budget will be requested in a later report following approval from the Joint Committee to spend the additional money and split the costs 50/50.
Overall Total	11,608	332	11,788	250	(70)	

Income targets 2021/22	
Income targets summarised by portfolio	Value £000s
Communities, Homes, Digital and Communications	(36)
Finance, Performance, Legal and Governance	0
Growth and Investment	(100)
Leisure and Wellbeing	(24)
Operation and Traded Services	(166)
Regulation and Safety	(40)
Executive Services	0
Grand Total	(366)

Appendix 2- Cabinet Summary as at June 2021 (Quarter 1) - Housing Revenue Account (HRA)

Revenue Outturn - Key variance info

Service	Current Budget £000s	Total Net Expenditure to date £000s	Forecast £000s	Pending Supplementary Budget /Virement £000s	Pending Reserve Movement Requests £000s	Total Variance £000s	Reason for variance
Rent income from dwellings	(15,716)	(3,571)	(15,586)	0	0	130	The shortfall in income is due to the continuing decant of the Rounds Gardens site being faster than anticipated - at the start of July, 203 out of 218 properties were empty/void. At the same time, there were 77 other void properties; for budgeting it is assumed a 1% stock void which is around 34 properties.
Rent income from land and buildings	(128)	(8)	(119)	0	0	8	
Charges for services	(946)	(202)	(880)	0	0	66	The shortfall in income is due to the continuing decant of the Rounds Gardens site being faster than anticipated - at the start of July, 203 out of 218 properties were empty/void.
Contributions towards expenditure	(215)	(43)	(215)	0	0	(0)	
Total Income	(17,004)	(3,824)	(16,800)	0	0	204	
Transfer to Housing Repairs Account	4,267	4,276	4,276	0	0	9	Includes supplementary budget of £276,000 for Property Repairs Team Resourcing and Commercialisation reported at Cabinet 29 March 2021
Supervision & Management	5,543	3,279	5,425	0	0	(117)	The variance is largely due to the scaling down of security at the Rounds Gardens site resulting in an anticipated saving of (£125,000)
Rent, rates, taxes and other charges	5	18	80	0	0	75	Since 2019, Council Tax is due on a void property as soon as it is empty (prior to this a six months empty void period was allowed where no Council Tax was due). Last year this service heading recorded a pressure for the number of empty properties of around £80,000.
Depreciation and impairment	2,879	2,879	2,879	0	0	0	
Debt management costs	24	0	24	0	0	0	
Provision for bad or doubtful debts	57	0	57	0	0	0	
Total Expenditure	12,774	10,451	12,741	0	0	(33)	
HRA share of CDC costs	254	254	254	0	0	0	
Net cost of HRA services	(3,976)	6,881	(3,805)	0	0	171	
Interest payable and similar charges	1,839	1,839	1,839	0	0	0	
Interest and Investment Income	(783)	(683)	(683)	0	0	100	
Net Operating expenditure	(2,920)	8,037	(2,649)	0	0	271	
Contributions to (+) / from (-) reserves	49	0	49	0	0	0	
Revenue Contributions to Capital Expenditure	3,147	0	3,147	0	0	0	
(Surplus) / Deficit for the Year on HRA Services	276	8,037	547	0	0	271	

Head Count- Vacancies (HRA)

Budgeted FTE's 21/22	Actual FTE's at Q1	Vacant FTE's at Q1
90.38	78.50	(11.88)

Reserves & Balances

Name of reserve / balance	Balance as at 1/04/21 £000s	Forecast contribution (to)/from £000s	Forecast balance as at 31/03/22 £000s	Forecast contribution (to)/from £000s	Forecast balance as at 31/03/23 £000s	Forecast balance as at 31/03/24 £000s	Description
Housing Revenue Account Balances	(5,085)	271	(4,814)	0	(4,814)	(4,814)	The level of the HRA Revenue balance was re-assessed in light of the unprecedented requirements arising from the redevelopment of the high rise sites in 2018/19 and in considering potential risks arising from the Council's capacity to manage in-year budget pressures and the wider reform and regulatory environment
HRA Balances (Capital)	(14,402)	866	(13,536)	840	(12,696)	(13,385)	Amounts set aside for capital investment in prior years to fund new build, estate regeneration and other works, for example, upgrades to the Housing Management System software
HRA Major Repairs Reserve	(3,372)	779	(2,593)	(2,153)	(4,746)	(6,899)	The Major Repairs Reserve (MRR) reflects the need to replace major components as they wear out. This funding, together with previous allocations of supported borrowing and revenue contributions, has enabled the Council to maintain the housing stock in a good condition.
Housing Repairs Account	(316)	0	(316)	0	(316)	(316)	To mitigate the risk associated with cyclical and responsive repairs over time.
Sheltered Housing Rent Reserve	(260)	(48)	(308)	(48)	(356)	(404)	Following introduction of 1% rent cut in 2016/17, exemption from the policy was granted for one year for sheltered accommodation. Special Council on 1 March 2016 therefore recommended that rents for properties in this group were frozen and the subsequent difference in rent charged set aside to an earmarked reserve. The impact in 2020/21 was £48,280.
Right to buy Capital Receipts	0	(100)	(100)	(400)	(500)	(900)	
	(23,435)	1,768	(21,667)	(1,761)	(23,428)	(26,718)	

Capital Outturn - Key variance info

Service	Original Budget £000s	Total Net Expenditure to date £000s	Forecast £000s	Pending Supplementary Budget /Virement £000s	Total Variance £000s	Reason for variance
Bell House Redevelopment	1,521	287	1,521		0	
Biart Place - Capital	1,057	23	1,151	94	0	£94,000 virement from Rounds Gardens in order to realign the budgets to the relevant scheme
Biart Place Demolition	0	81	81	81	0	£81,000 supplementary budget request for additional asbestos costs
Cawston Meadows Houses	0	(17)	0		0	
Garage Site HRA	1,000	0	0		(1,000)	£1,000,000 return budget as scheme is no longer planning on going ahead
Housing Management System	296	19	296		0	
Laundries	100	0	100		0	
Fire Risk Prevention Works	117	29	117		0	
Rewiring	0	12	90	90	0	£90,000 supplementary budget request required by the PRS teams for work on properties
Lifeline Renewal Programme	47	0	47		0	
CCTV upgrades	0	0	0		0	
Finlock Gutter Improvements	77	6	77		0	
Rebuilding Retaining Walls	81	7	81		0	
Replacement Footpaths	118	6	118		0	
Door Security Systems	360	0	360		0	
Rewiring - Ashwood Court	0	0	0		0	
Electrical Upgrades - Community Rooms	190	8	190		0	
Boiler Works - Tanser Court	0	0	0		0	
LED lighting	13	0	13		0	
Roof Refurbishment - Tanser Court	175	0	175		0	
Driveways	0	0	50	50	0	£50,000 supplementary budget request required by the PRS teams for work on properties
Disabled Adaptations	209	63	209		0	
Kitchen Modifications	143	2	143		0	
Kitchen Modifications Voids	191	13	191		0	
Kitchen Modifications Non-voids	0	1	0		0	
Heating Upgrades	2,166	327	2,166		0	
Bathroom Modifications	440	55	440		0	
Bathroom Modifications Voids	107	19	107		0	
Bathroom Modifications Non-voids	0	3	50	50	0	£50,000 supplementary budget request required by the PRS teams for work on properties
Patterdale sheltered scheme improvements	32	42	42	10	0	£10,000 supplementary budget request for additional costs for artificial grass and staff management costs
Housing Window Replacement	26	0	26		0	
Carbon Management Plan (HRA)	739	0	739		0	
Mobysoft Rentsense Software	39	0	39		0	
Purchase of Council Houses	11,593	163	11,573	(20)	0	Virement to Cala Homes once amount finalised for stamp duty costs
Rugby Gateway - Bloor Homes	0	0	0		0	
Rugby Gateway - Cala Homes	251	272	271	20	0	Virement from House Purchases once amount finalised for stamp duty costs
Rounds Gardens Capital	2,202	71	2,358	156	(0)	£94,000 virement to Biart Place to realign the budgets to the relevant scheme and virement of £250,000 from demolition which is for design and decant costs in order to realign the budgets to the relevant scheme
Rounds Gardens demolition	5,250	0	5,000	(250)	0	£250,000 virement to Rounds Garden for decant/design costs in order to realign the budgets to the relevant scheme
Property Repairs Team Vehicle	300	267	300		0	
Overall Total	28,840	1,759	28,121	281	(1,000)	

Agenda No 7

AGENDA MANAGEMENT SHEET

Report Title: Initial Review of General Fund Budget 2022/23

Name of Committee: Cabinet

Date of Meeting: 6 September 2021

Report Director: Chief Financial Officer

Portfolio: Finance, Performance, Legal and Governance

Ward Relevance: All

Prior Consultation: None

Contact Officer: Jon Illingworth, Section 151 and Chief Finance Officer
jon.illingworth@rugby.gov.uk
01788 533410

Public or Private: Public

Report Subject to Call-In: Yes

Report En-Bloc: No

Forward Plan: Yes

Corporate Priorities: This report relates to the following priority(ies):
 Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C)
 Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E)
 Residents live healthy, independent lives, with the most vulnerable protected. (HC)
 Rugby Borough Council is a responsible, effective and efficient organisation. (O)
[Corporate Strategy 2021-2024](#)
 This report does not specifically relate to any Council priorities but

Summary: This is the first 2022/23 General Fund budget setting report from the Chief Financial Officer.

The primary purpose of this report is to provide an initial overview of the Council's financial outlook taking into consideration the risks and challenges faced by the Council, alongside the approach that

will be taken over the coming months to ensure a balanced budget be reported to Full Council in February 2022.

- Financial Implications:** As detailed in the main report.
- Risk Management Implications:** As detailed in the main report.
- Environmental Implications:** There are no environmental implications arising from this report.
- Legal Implications:** There are no legal implications arising from this report.
- Equality and Diversity:** There are no Equality and Diversity implications arising from this report. It may be necessary later in the budget process to carry out Equality Impact Assessments of the implications of any service changes.
- Options:** This is the first of a series of budget reports to provide the financial options and budget proposals as part of the budget setting process which will be finalised and approved by Full Council in February 2022.
- Recommendation:**
- (1) The initial financial and economic outlook and risks faced by the Council that will impact the General Fund Revenue budget position for 2022/23 be considered alongside the Council's Medium-Term Financial Plan;
 - (2) the Risk Assessment at Appendix 1 be noted;
 - (3) the Council's response to "The Future of the New Homes Bonus Consultation" at Appendix 2 be noted;
 - (4) the Transformation Strategy at Appendix 3 be endorsed; and
 - (5) £0.050m of the transformation reserve is used to fund the operating model review as outlined in section 8, be approved; and
 - (6) IT BE RECOMMENDED TO COUNCIL THAT a further £0.050m of the transformation reserve is used to fund any additional costs of the operating model review and other schemes put forward, be approved

**Reasons for
Recommendation:**

This initial overview of the Council's General Fund revenue and capital budgets is for consideration 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.

Cabinet - 6 September 2021

Initial Review of General Fund Budget 2022/23

Public Report of the Chief Officer - Finance and Performance

Recommendation

- (1) The initial financial and economic outlook and risks faced by the Council that will impact the General Fund Revenue budget position for 2022/23 be considered alongside the Council's Medium-Term Financial Plan;
- (2) the Risk Assessment at Appendix 1 be noted;
- (3) the Council's response to "The Future of the New Homes Bonus Consultation" at Appendix 2 be noted;
- (4) the Transformation Strategy at Appendix 3 be endorsed; and
- (5) £0.050m of the transformation reserve is used to fund the operating model review as outlined in section 8, be approved; and
- (6) IT BE RECOMMENDED TO COUNCIL THAT a further £0.050m of the transformation reserve is used to fund any additional costs of the operating model review and other schemes put forward, be approved.

1. Purpose

1.1 This is the first 2022/23 General Fund budget setting report from the Council's Chief Financial Officer.

- **Appendix 1** - Risk Assessment
- **Appendix 2** - The Council's response to "The Future of the New Homes Bonus consultation"
- **Appendix 3** - The Transformation Strategy
- **Appendix 4** – Transformation Strategy - EQIA

The primary purpose of this report is to provide;

- An initial overview of the challenges faced by the Council during the current year, taking into consideration the risks (sections 2.3 – 2.6).
- An update on the latest information on the reform of the local government funding system and future budget planning considerations (section 3).
- An update on the current Medium Term Financial Plan (MTFP) and risks faced by the Council and estimated impact on level of reserves (section 4).
- An initial overview of the Draft Portfolio Capital Budgets for 2022/23 (section 5).

- An update on the strategic timeline for delivering a balanced budget for 2022/23 (section 6).
- The Council's response to "The Future of the New Homes Bonus consultation" response (section 7).
- An update on the high level transformation strategy that will work in parallel with the budget setting process for delivering service redesigns leading to cost reductions or increased income across the life of the MTFP (section 8).

1.2 The detailed Draft Budget will be reported to Cabinet on 10 January 2022 giving full details of growth, income and savings proposals in preparation for the Final Budget and Medium Term Financial Plan (MTFP) to be approved by Cabinet and Full Council in February 2022.

1.3 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 on 6 December 2021 when details of the indicative 2022/23 rent setting proposals are available.

Throughout the report savings on expenditure and income are shown in brackets.

2. Background

2.1 Rugby Borough Council's opening budgetary position

The 2021-25 Medium Term Financial Plan was presented to Council at its meeting on 23 February 2021. The detailed papers can be found using the link below.

[Council 23 February 2021](#)

2.2 Rugby Borough Council's Corporate Strategy

2.2.1 The Council's new Corporate Strategy was approved by Council in February 2021. The Council developed ambitious commitments to focus on climate change and the environment, on our economy, and on health and wellbeing. The Council will deliver the jobs, homes and infrastructure our borough needs. To support these objectives, we have also made some organisational commitments that will help us prioritise and redirect resources.

2.2.2 The strategy is focussed on the delivery of four overarching outcomes – focussing on Rugby as being:

- an environmentally sustainable place, where stakeholders work together to reduce and mitigate the effects of climate change
- a diverse and resilient economy, which benefits all residents
- a place where residents are able to live healthy, independent lives, with the most vulnerable protected
- a Council that is a responsible, effective and efficient organisation

2.2.3 Within each outcome, the strategy describes key commitments which will guide delivery. These commitments are not exhaustive and may be altered or added to as

the various agendas progress. The new Leadership team are working with officers to produce strategy documents to support the achievement of the strategy.

2.3. Economic outlook – National picture

2.3.1 The major impact on the UK economy over the last year has been the COVID-19 global pandemic. As the COVID-19 pandemic hit, the UK entered its first recession in 11 years with Gross Domestic Product (GDP) contracting by 24% between February and April 2020. As restrictions were lifted economic output then began rising.

2.3.2 UK inflation, as measured by the Consumer Price Index, rose to 2.1% in May 2021, up from 1.5% in April 2021 and above market forecasts of 1.8%. This is the first time since July 2019 that the measure has been above the Bank of England’s 2% target. Despite the rise in inflation, the Monetary Policy Committee (MPC) voted to maintain its current monetary policy stance at its June meeting on the basis that the inflation surge is transitory. The MPC also expressed the expectation that inflation may breach its target level and potentially push through 3% before moderating back to target in the medium term. The MPC also reiterated that there is no intention to tighten monetary policy until the evidence is clear that spare capacity has been eliminated and that inflation is running at a sustainable level of 2%.

2.3.3 The chances of an increase in interest rates are now seen as greater than 50% from June 2022. Whilst rate expectations have shifted in the longer-term element of the money market yield curve, there has been little discernible impact at the very short end of the curve, where there remains an excess of monies. This, plus other factors, such as bank regulatory requirements, continue to weigh on yields.

2.4. Economic outlook - local picture

2.4.1 The data for unemployment comes from the official labour market statistics website and at the time of this report there is only data available for Q1-Q3 for the 2020/21 financial year.

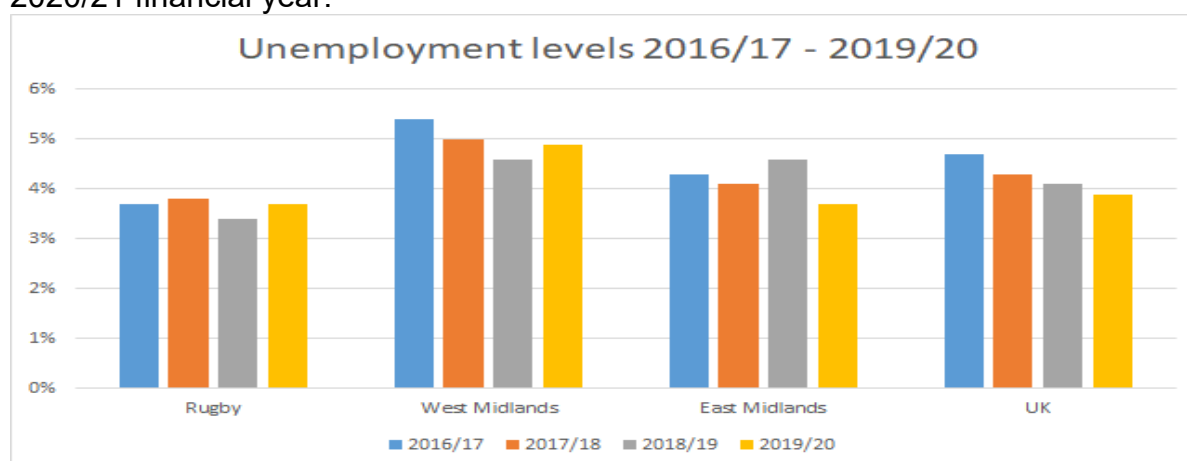


Chart 1 – National and local unemployment. Source: Inter Departmental Business Register (ONS).

The above data showed that unemployment figures had fallen nationally from 2018/19 to 2019/20 by 0.02% but Rugby had seen an increase of 0.03%.

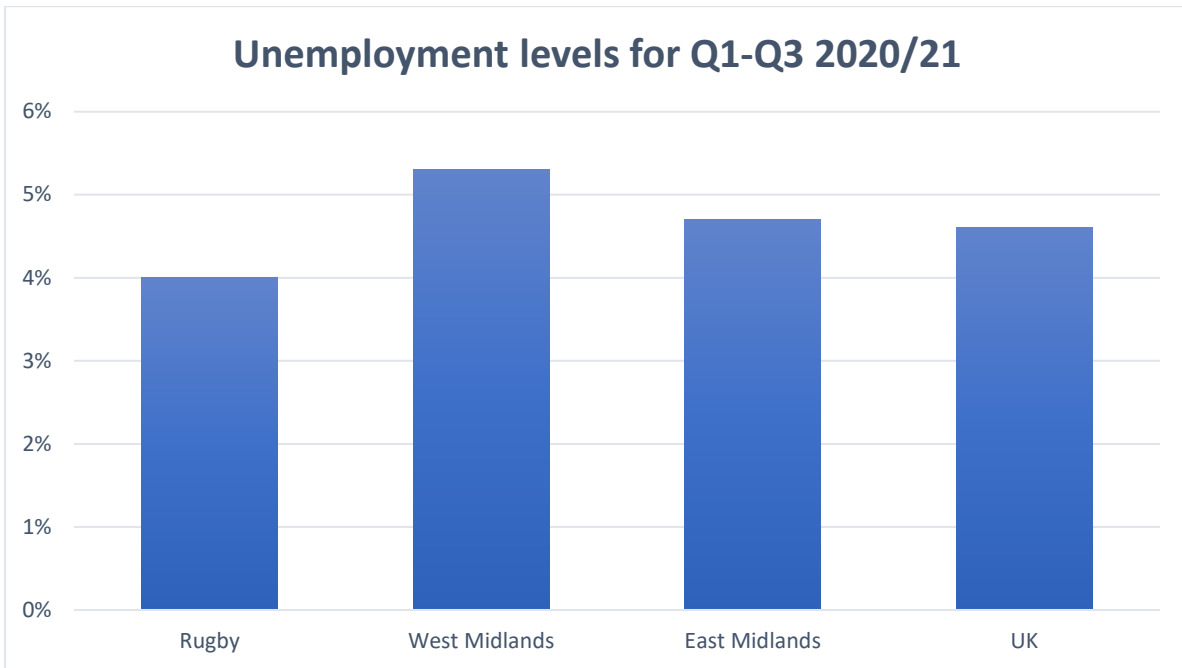


Chart 2 – National and local unemployment. Source: Inter Departmental Business Register (ONS). The percentages represented here are only for 3 quarters of the financial year, when the data for Q4 is made available these percentages may change.

Despite an ongoing increase of unemployment in Rugby the data shows that it remains below both local and national averages.

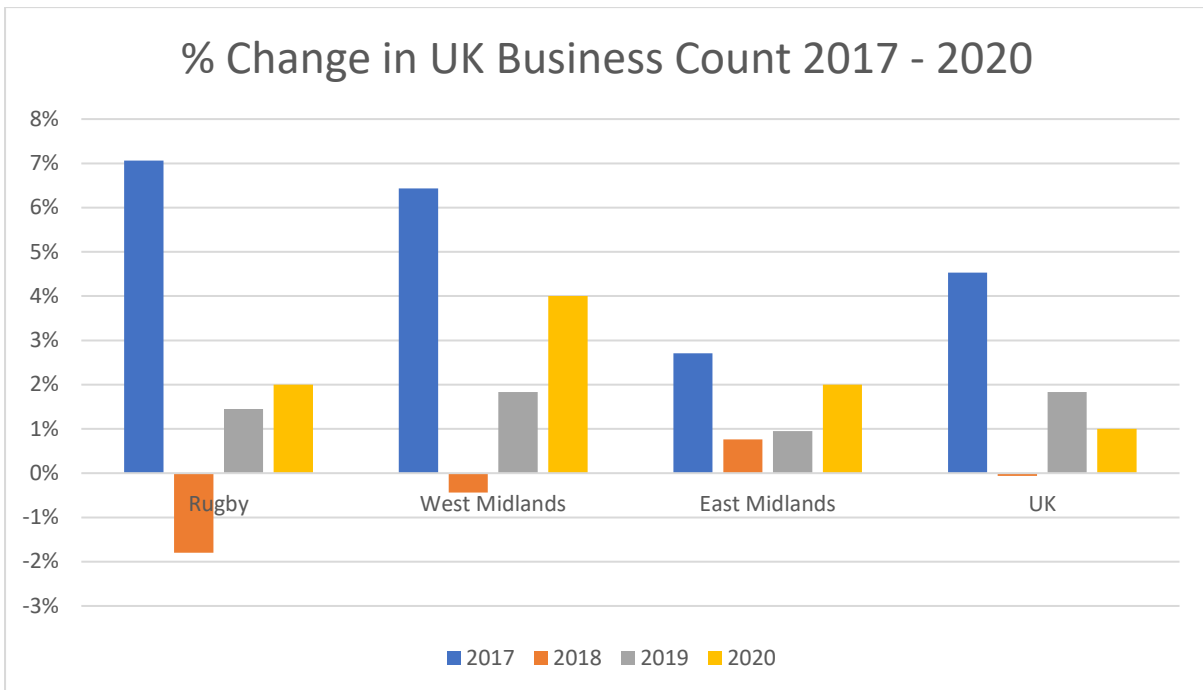


Chart 3 – % Change in UK Business Count recorded as at March of the reference year Source: Inter Departmental Business Register (ONS).

The dataset shows that the number of new businesses at a local and regional level did increase significantly in 2019 and 2020. Due to the data being recorded as of March of the reference year, then the 2020 data only shows growth up to start of the UK lockdown. When the 2021 data is made available that will show how business growth fared during the height of the COVID-19 pandemic.

2.4.2 Both graphs illustrate that pre COVID-19 Rugby was performing well in the growth of the local economy which is in line with local intelligence surrounding increased Council tax base and Business rates income. However, there is an increased risk that new business growth is not fully established and therefore may face greater challenges in the current circumstances.

2.5. Coronavirus pandemic (COVID-19)

The last financial year saw significant unprecedented challenges which have continued into the current financial year.

Whilst we actively work through recovery plans there are still increased risks and the full impact will not be known for some time.

2.5.1 Government Response

The following COVID-19 financial support has been awarded since the beginning of the financial year.

- £9.986m - COVID-19 grants to pass directly to residents and local businesses.
- £0.510m – Tranche 5 local government emergency support funding credited to the general fund to address pressures of COVID-19.
- £0.406m - Other targeted COVID-19 support grants credited to the general fund.

Cabinet will continue to be updated with details of additional financial support as it becomes available.

2.5.2 Council Tax and Business rates

Table 1 below summarises the reported forecast net loss in business rates and council tax as of July 2021. The £1.229m represents the total losses from a billing perspective, of which Rugby Borough Council’s share will be in the region of £0.203m.

	Full Year (£000s)
Business Rate losses	6,254
Council Tax losses	479
Collection fund reported loss	6,733
Less COVID-19 relief (Section 31 grant)	(5,504)
Net loss	1,229

Table 1 – Estimated loss of Council Tax and Business Rates for 2020/21

2.5.3 Council Tax

In the Spring 2020 budget, the Government recognised that COVID-19 was likely to cause fluctuations in household incomes and as a result, some individuals may struggle to meet council tax payments.

At the end of June 2021, there were 3,481 working age council tax support claimants. Payments are 2.3% higher than estimated and this may continue to increase if unemployment pushes applications higher over future months.

The implication of rising council tax support cases is that it reduces the taxbase and the amount of council tax income collectable. At the end of June 2021, the Council taxbase was 1.26% below budget. New properties are coming on the valuation list, but any increase in the taxbase is currently being over-shadowed by increases in council tax support.

The estimated loss of council tax income in 2021/22 is shown in Table 1 above. This will continue to be monitored as there is still uncertainty around unemployment and council tax support.

Officers will be using PIXEL Financial Management, the Council's funding advisors, to support future modelling different scenarios to council tax over the MTFP period.

2.5.4 Business Rates

The COVID-19 pandemic has posed an unprecedented challenge to the UK economy and many businesses saw significant falls in turnover or were forced to close temporarily. In response, the government has provided business support through loans, tax deferrals, business rates reliefs, and general and sector-specific grants to those hit hardest by COVID-19.

At the end of June 2021, the Council had given an additional £4.974m. The Council's General Fund is compensated for its share of these reliefs by Government Section 31 grant funding.

The estimated loss of business rates income in 2021/22 is shown in Table 1 above. This factors in a reduction of income from the potential loss of a significant business and has been considered within the current risk assessment at Appendix 1.

2.5.5 COVID-19 Recovery Plan

Following the recent lift of restrictions, the Council will have a better indication of the initial financial impact and recovery from the pandemic over the coming months and will be reported through the quarterly monitoring reports. The outcome of this will be considered alongside the Transformation Strategy as detailed in later sections of the report.

2.6. Brexit

The Council has now formally withdrawn from the European Union. It would be expected that this would have had some impact on the economy, both locally and nationally, and with potentially different impacts in different areas of the United Kingdom. However, the impact of COVID-19 has overshadowed other economic factors and the full impact of Brexit is unlikely to be known for some time.

3. Government Announcements and Budget Planning

3.1 Future of Local Government Finance

3.1.1 The Government will not proceed with widescale funding reform in 2021/22, including the implementation of the Review of Relative Needs and Resources, 75% business rates retention, and a reset of accumulated growth under the business rates retention system.

3.1.2 The decision to postpone reform has been taken in the interest of creating stability for local authorities and has allowed both the Government and councils to focus on meeting the immediate public health challenges posed by the COVID-19 pandemic.

3.1.3 The Government will revisit the priorities for finance reform in time for the next Spending Review, taking account of wider work on the future of business rates and how best to organise and finance adult social care.

3.2. Comprehensive Spending Review 2021 (CSR)

3.2.1 The Chancellor was due to formally launch the spending review before the Summer Recess. Due to COVID-19 this has now been delayed until September 2021.

3.2.3 From a local government funding perspective, the launch statement should give a broad outline of the spending totals that are available – but details about the package for local government in 2022/23 are not going to be known until later in November, or even the provisional settlement in December 2021. The tight timescales makes a one-year settlement more likely.

3.3 Emergency Climate Change

The Council declared a climate emergency in July 2019 following the Special Report of the United Nations intergovernmental Panel on Climate Change. The Council established a Climate Emergency Working Group which meets regularly. Whilst the focus of the Council has been managing its response to COVID-19 over the past year, the Council has:

- Commissioned consultants to baseline carbon outputs and support the development of a carbon neutral strategy,
- Engaged with the local community to understand their views as to how the Council should focus its activities,

- Included £0.5m funding in its budgets to kick start projects to help the borough become carbon neutral by 2030, and
- Entered into a partnership for a regional project to build a material recovery facility in Coventry.

4. Draft General Fund Revenue

4.1 As previously indicated the Council faces additional significant challenges from the impact of the COVID-19 pandemic in an existing climate of financial uncertainty over the medium term. Whilst it is still too early to evaluate the full financial implications of these, officers are working closely with Services and the Leadership Team to understand the risks and actions to be taken to ensure a balanced budget for 2022/23.

	2021/22	Full Reset		
	£000	2022/23 £000	2023/24 £000	2024/25 £000
BASE BUDGET bf including Corporate Adj.	17,071	11,170	13,393	13,320
Growth Requirements	834	363	486	338
Other Corporate Adjustments	70	234	(370)	170
Savings and Income	(757)	(9)	(85)	0
Key Decisions	(336)	655	(275)	(124)
Savings to be Found	0	(2,854)	(16)	0
Movement in Reserves	(5,884)	3,835	187	380
Revised Budget Requirement	10,999	13,393	13,320	14,085
Financed by;				
Government Funding	(2,864)	(1,032)	(374)	(351)
Council Tax	(8,633)	(9,023)	(9,421)	(9,829)
Collection Fund Surplus/Deficit CT	27	14	14	0
Business Rates including Damping	(6,114)	(3,695)	(3,882)	(3,905)
Collection Fund Surplus/Deficit BRR	6,586	343	343	0
Total Funding Requirement	(10,998)	(13,393)	(13,320)	(14,085)
Net Variance	0	0	0	0

Table 2 – Draft General Fund Revenue Medium Term Financial Plan for 2022/23 and future years

Table 2 provides a summary of the MTFP that was approved in February 2021 which illustrates the savings to be found for 2022/23 of £2.854m and a total savings requirement of £2.870m up to 2023/24. The 2022/23 Draft Budget reported in January will include a four-year plan to 2025/26.

4.2 In 2021/22 a COVID-19 recovery budget of £1.100m was established to mitigate against any in year cost pressures or income losses. This was part funded by £0.510m of Government Grant and the remainder from reserve balances. With the expected recovery from the pandemic this is phased out between 2022/23 and 2024/25 as seen in Table 3.

Year	Planned Budget Reduction within MTFP £000	Revised budget Allocation for COVID-19 Recovery £000
2021/22		1,100
2022/23	(278)	822
2023/24	(325)	497
2024/25	(325)	172

Table 3 – COVID-19 Recovery budget reductions

4.2.1 Over future years it has been assumed that there would be no grant available and so forms part of the savings target in across the MTFP. As the recovery from the pandemic takes place, this will be updated with the most up to date information available.

4.2.2 Following the adoption of the new Corporate Strategy, the MTFP will be updated to reflect any strategic developments for service delivery.

4.3 Current financial position 2020/21

4.3.1 At 30 June 2021 (quarter 1) the Council is reporting a balanced position. Full details can be found within the Q1 – Finance and Performance Report elsewhere on the agenda.

Included within the forecast position are income pressures of £0.990m which are reduced by the estimated income received from the sales, fees and charges compensation scheme of (£0.116m) to £0.874m. The key areas are detailed in Table 4 below:

Description	£0
Trade Waste	220
Sport and recreation service	163
Hall of Fame	142
Car Park Income	154
Garden Waste	64
Lifelines	57
Planning Applications	53
Total	853

Table 4 – Summary of forecast income pressures 2021/22

4.3.2 Where COVID-19 has impacted on the delivery of the target, the COVID-19 recovery fund will be utilised. However, as the fund is being phased out over the MTFP any permanent reductions in income are to be financed through a reduction in the budgeted income target. The impact of this will, therefore, increase the savings required to deliver a balanced MTFP

4.4 Risk Assessment

4.4.1 As part of the budget setting process a reserves risk assessment is completed for the main corporate reserves set aside to respond and manage financial risks in

the medium term. Due to the uncertainty around the recovery from the COVID-19 pandemic, the assessment will be reviewed and updated throughout the financial year with updates to Members as necessary. The detailed risk assessment is included at Appendix 1.

4.4.2 The Corporate and General Fund reserves considered in this analysis are the General Fund balance, the Budget Stability reserve and the Business Rates Equalisation reserve.

4.4.3 The risk assessment shows that if all the risks crystallised, the level of corporate reserves would fall from (£16.934m) at 31 March 2021 to (£3.401m) at 31 March 2025 or by 81%.

4.4.4 The forecast balance of reserves at 31 March 2022 includes a contribution to the Business Rates Equalisation reserve of (£3.959m) which incorporates an unwinding of a volatility reserve held with the Warwickshire business rates pool. Any further delay to the planned business rates reset will mean that this contribution of (£0.762m) would be delayed.

4.4.5 If the funding outcomes are better than currently forecast, the reserves could be used for other purposes.

5. Draft Portfolio Capital Budgets

5.1 Budget officers have been asked to submit their capital proposals for 2022/23 to 2025/26. In line with the budget planning and setting process set out in section 6.

5.2 Budget officers have also been asked to submit information on any capital proposals beyond the medium term (up to 2031/32) to assist with long term financial planning.

5.3 Cabinet Member working groups will then discuss and appraise the various schemes, with particular emphasis on ongoing revenue implications, including financing costs, in light of our Medium-Term Financial Plan. Where appropriate schemes should also demonstrate how they contribute to the Climate Change Emergency agenda of the Council.

5.4 Excluding schemes financed via grant and other contributions, the Council's 'typical' General Fund capital programme in recent times (ICT refresh, Corporate Property enhancements, Play and Open Space, etc.) has a net funding requirement of c.£1.01m year on year. Taking into account average asset lives and forecast interest costs, provision for financing costs of c.£0.141m needs to be made annually if the programme is to be maintained at this scale.

6. Budget Planning and Setting

6.1 As approved last year the budget setting was changed to provide three external budget reports in addition to the Council setting determination meeting held in February of each year. Table 5 below provides the summary outlining the process for 2022/23 and continued approach to a three year rolling budget setting process.

Budget Planning Timeline	Action
July – November 2021	Monthly meetings of the budget working group (Leadership Team)
July – August 2021	Initial budget review work
6 September 2021	First Formal report to Cabinet re process
30 September – 31 October 2021	Public questionnaire/engagement
23 September 2021	Council – first opportunity to get any proposals for 2022/23 approved to allow work to commence for 1 April 2022 delivery
September/December 2021 (no confirmation yet)	Release of Comprehensive Spending Review info from MHCLG
October 2021	Budget working group – separate session per portfolio
November 2021 (one session)	Multi party budget working group
December 2021 (no confirmation yet)	Release of provisional settlement of Local Government Funding
January 2022	CFO alternative budget conversations with group leads
10 January 2022	Draft budget presented to Cabinet
7 February 2022	Update budget report presented to Cabinet
22 February 2022	Council Tax Setting

Table 5 – Summary of proposed budget setting process and timelines

6.2 Following the overwhelming success of the feedback gained from residents as part of last year's process it is also planned to carry out a similar exercise this year. It is intended to take place earlier in the cycle this year so that the results can be discussed at the cross party budget working group.

6.3 Previously, it was proposed that the organisation transitions to a 3 year rolling budget setting process, the benefits of this include:

- Having up to 3 years to finalise plans to deliver the target – meaning less pressure for the next financial year.
- Providing some certainty over the whole plan.
- Using/establishing an evidence-based approach for future savings.
- Providing an effective method of budgeting given the potential uncertainty around funding changes and Devolution.
- Accountability at an early stage and will use monthly reporting to track progress.
- The greater the uncertainty about future central government policy then the greater the need to demonstrate the long-term financial resilience of the authority given the risks attached to its core funding.
- Demonstrates long term financial resilience.
- Aligns with best practice as identified in the CIPFA Financial Management code

6.4 Given the pressures on the organisation with the pandemic, this was not fully pursued last year, however, it is proposed that this process begins for the 2022/23 budget setting process.

6.5 As the savings required to balance the budget for 2022/23 at this stage is £2.854m, it will be challenging to establish options of this value which will be in place to be delivered from 1 April 2022 which will mean that reserves will be required to smooth the transition between approval and full delivery, this is in effect the setting of a rolling 3 year MTFP.

7. New Homes Bonus Consultation

7.1 In February 2021, the Government published a consultation on the future of New Homes Bonus (NHB). The consultation provided a wide range of options for reforming NHB. Rugby Borough Council's response is provided at Appendix 2.

7.2 The consultation paper sets out the Government's formal objectives for the NHB replacement:

- Focussed and targeted on ambitious housing delivery;
- Complements the reforms outlined in the Government's Planning White Paper; and
- Dovetails with the wider financial mechanisms the Government is putting in place, including the proposed infrastructure levy and the National Home Building Fund.

7.3 The current NHB scheme is focussed entirely on incentivising housing growth, with an additional reward for affordable housing units (an additional £350 per dwelling).

The proposals for the NHB replacement suggest that a wider range of policy objectives will be rewarded (incentivised).

7.4 It is expected that the NHB “pot” will be determined in the Spending Review 2021 later this year.

8. Transformation

8.1 Following the restructure of the Senior Management Team, a transformation unit was established, and it will be the role of the Corporate Assurance Manager and Transformation Lead to take a leading role in ensuring that any reviews that are identified deliver the intended outcomes. The role will include establishing squads appropriate to the review and the officer will be the key strategic link between the work and the Leadership team and Cabinet.

8.2 It is expected that in some cases the transformation reviews will require external support to progress or an investment to deliver any strategic progress. It is for this reason that the £0.500m Transformation reserve was established.

8.3 Any requests for funding from this reserve will only be considered with a robust business plan that identifies the costs and benefits of the investment. Following initial recommendation from the Leadership Team, the final approval for use of the reserve will be made by Cabinet

8.4 Due to the importance of the team a high-level strategic summary document has been produced and is included as Appendix 3. The main purpose of this document is to provide clarity on the purpose of the work and the outcomes transformation is trying to deliver. A list of potential reviews is being developed, and over coming weeks prioritisation of the schemes will take place and the work of the unit will begin.

8.5 It is recommended that the first proposed transformation scheme is carried out by an external provider and consist of a review of the Council’s future operating model. The exercise will consist of a review of the potential opportunities from the alignment of spend to strategic priorities; commercial activities; shared services; an assessment of service level provision for statutory and non-statutory services. The result of the work is the opportunity to realign spend and operational focus. Other local authorities that have undertaken such reviews have created a future model that:

- 1) established a new organisational model
- 2) improved customer journey and processes
- 3) integrated technology platform
- 4) flexible staff and culture

And, they have also realised significant savings in the process. The full engagement approach will be completed between 10-12 weeks with the results being reported to Cabinet following its conclusion.

9. Medium Term Financial Strategy

9.1 The current Medium Term Financial Strategy covers the period 2018-2023 but given the impact that COVID-19 has had on the country, the strategy will be refreshed during the autumn. This will enable officers to include the impact of any government announcements on funding and also any updates on the proposed reform of Business Rates. The new strategy will be presented to the Cabinet and Council with the intention of being implemented from 1 April 2022.

10. Conclusion

10.1 The financial challenges to balance the MTFP have been exacerbated by COVID-19 but, prior to the pandemic, Cabinet had been alerted to the impact of pressures outside of the authorities control including the phasing out of New Homes Bonus, the Business rates reset and the fair funding review.

10.2 This report has outlined a number of innovative approaches to provide the Council with the tools in order to adapt to the changes required to maintain financial sustainability, but Council will be required to make significant decisions on which options officers implement to balance the MTFP.

10.3 Given the uncertainty due to a single year Comprehensive Spending Round and the decisions Central Government may make to support the recovery from COVID-19, it is likely the savings required will need to be adjusted throughout the budget setting process. However, having a suite of proposals based on the current prudent forecast of the gap will support decision making and if the position improves for 2022/23 these can be re prioritised into later years of the MTFP where necessary.

Name of Meeting: Cabinet
Date of Meeting: 6 September 2021
Subject Matter: Initial Review of General Fund Budget 2022/23
Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY YES NO

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

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.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A

Risk Assessment review of Corporate Reserves

Risks	General Fund £000s	Business Rates Equalisation Reserve £000s	Budget Stability Reserve £000s	TOTAL Excluding Earmarked Reserves £000s
Estimated Closing Balance 2020/21	(2,250)	(11,637)	(3,047)	(16,934)
forecast contribution (to)/ from 2021/22	0	3,214	134	3,348
forecast contribution (to)/ from 2022/23	0	(1,060)	14	(1,046)
forecast contribution (to)/ from 2023/24	(50)	(621)	14	(657)
forecast contribution (to)/ from 2024/25	(201)	(987)	(50)	(1,238)
Closing Balance 31 March 2025	(2,501)	(11,091)	(2,935)	(16,528)
Potential Future Risks:				
Emergency - Unknown Risks associated with COVID -19	100	0	281	381
New Emergency - up to 1% of gross budget requirement and/or one month of salary	1,500	0	0	1,500
Known Risks - Net Fees and Charges/cost pressure as a result of COVID-19 (after excluding government grants)	0	0	0	-
Potential reduction in collection as a result of COVID-19 2021/22	0	1,029	42	1,071
Risk of delivery of 2021/22 current budget shortfall as a result of COVID-19 recovery planning	0	0	0	-
Borrowing and interest rate exposure	50	0	0	50
Unexpected in year service demand: demographic growth, economic factors creating need	250	0	0	250
Unfunded new burdens e.g. separate food waste collection	200	0	0	200
Pay structure and Employment Market	201	0	0	201
Legal challenge	200	0	0	200
Loss of Sustainable Growth above the baseline SFA Allocation	0	519	0	519
Total loss of income based on negative outcome option	0	4,605	0	4,605
Growth delay or slippage in business rates income over medium term	0	0	0	-
Potential removal of above	0	0	0	-
Risk of a significant employer or business leaving the borough	0	3,000	0	3,000
Transformation or service improvement initiatives	0	0	400	400
New Homes Bonus - no legacy payments	0	0	0	-
Non achievement of savings plans including digitalisation	0	0	0	-
Income not achieved for traded and commercial services including parking and green waste	0	0	250	250
Planning fees income reduction	0	0	500	500
Potential loss of contract income from services at risk or being retendered	0	0	0	-
Action Plan to respond to Emergency Climate requirements as per paper Feb. 2020	0	0	0	-
In year service demand: economic factors creating need in housing, homelessness	0	0	0	-
SUBTOTAL	2,501	9,153	1,473	13,127
Shortfall/(surplus)	0	(1,938)	(1,462)	(3,401)

Appendix 1

2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s
(16,934)	(11,672)	(7,287)	(5,724)
3,348			
	(1,046)		
		(657)	
			(1,238)
(13,586)	(12,718)	(7,944)	(6,962)
381	0	0	0
0	0	0	1,500
0	0	0	0
0	1,071	0	0
0	0	0	0
17	17	16	0
83	83	84	0
50	50	50	50
50	50	50	50
0	173	173	173
0	2,654	964	987
	0	0	
	0	0	
750	750	750	750
200	200	0	0
0	0	0	0
0	0	0	0
83	83	84	0
250	250	0	0
0	0	0	0
-	-	0	0
0	0	0	0
1,914	5,431	2,221	3,561

Rugby Borough Council

The Future of the New Homes Bonus Consultation Response

As a fast growing authority since 2013/14, when the last major spending review of funding took place, there is real concern that the existing baseline funding applied to Rugby Borough Council does not reflect the current local needs. So much has changed in the last eight years and there needs to be some reassurance that any new funding approach considers the increased needs of high growth areas. It is imperative that the success achieved within the borough is not inhibited.

There is no formal question in the consultation on the overall quantum of the replacement scheme. In recent years, the direction of travel has been towards reducing the amount that has been allocated through NHB. And in his statement on the final settlement, the Secretary of State indicated that there might be the same amount of funding available:

“We will reform it over the course of next year to ensure that this significant amount of money is focused on the councils that are keenest to build, build, build and get the homes this country needs under way”, Hansard, 10 February 2021

It is then noted in the consultation paper that the “government does not intend to reintroduce the concept of legacy payments”. Removing legacy payments will significantly reduce the cost of the scheme – but will also reduce the value of rewards.

A key question for many authorities will be what happens to the final “legacy payment” in 2022-23. Is that payment still guaranteed, and will it be preserved within the new scheme? Rugby Borough Council’s final legacy payment (in respect of Year 9) is worth £0.676m.

It is difficult to assess the reward options without knowing the overall amount available or the reward for each additional unit. The top-slice should be preserved and greater transparency over the use of top-sliced resources.

Question 1: Do you believe that an incentive like NHB has a material and positive effect on behaviour?

Yes. NHB scheme is well understood and straightforward to calculate. It has played a significant part in protecting essential core services as a consequence of increased demand and helped to facilitate increased growth in the local economy.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 1.

Question 2: If you are a local authority, has NHB made a material impact on your own behaviour?

Yes. The response detail in question 1 also applies to question 2.

Rugby Borough Council is a pro-sustainable growth authority that has supported the Government's growth agenda, the latest published data identifies the delivery of over 7,000 homes since 2006 and has been rewarded accordingly through NHB.

The Council's sustainable development agenda has led to growth based funding schemes, such as NHB making up an increasing proportion of the Council's funding base, which is utilised to support key services for local residents and businesses. Whilst, Revenue Support Grant has diminished during the same period.

Rugby Borough Council froze Council Tax Increases during the period 2013/14 to 2015/16 and NHB provided a significant source of funding for Council services to mitigate the financial impact of this decision.

However, the impact of the reduction of this grant over recent years adds to the financial challenges in delivering increased demand for services and therefore will require the Council to raise Council tax precepts by the maximum amount allowable.

In addition, the Council has seen a 10% growth in its Tax Base since 2013/14 which does lead to an increase in council tax yields. However, growth also has an impact on increased demand and the cost of many other services, such as waste collection and street cleansing.

Whilst NHB has a positive impact it is not the only consideration for local planning authorities, it has recognised there is a 'cost of growth' and has enabled authorities to plan and manage the transformational costs required to deliver services moving forward.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 2.

Question 3: Are there changes to NHB that would make it have a material and positive effect on behaviour?

Yes. The restrictions on in year Council Tax precept increases result in the inability to raise income to cover the financial impact of 'cost of growth' and increased demand for services. Any reduction in the total funding for the scheme and any further restrictions on local authorities benefitting from the scheme will dilute the incentive.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 3.

Question 4: Should the government retain the current 80/20 split in any reformed Bonus, or should it be more highly weighted towards the District Councils or County Councils?

There is a strong argument to increase the allocation to 100% given shire districts vital role as the local planning authority in two-tier areas. This would appropriately reflect districts role in successfully delivering new homes.

The costs of growth in local services such as waste collection, street cleansing, and maintenance of open spaces is not sufficiently met by council tax at a district level. This is particularly the case where it's necessary to undertake whole-scale additions to services and not simply marginally increase them resulting in considerable reliance on NHB funding by districts to meet the cost of such services.

The NHB represents a significant source of funding of 22.5% of the Core Spending Power in 2017/18 and 18.5% in 2019/20. This compares to a 0.34% for County Council settings. Consequently, the impact of this reduction will be detrimental to the delivery of essential core services moving forward.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 4.

Question 5: Should the affordable housing premium be retained in a reformed Bonus?

Yes. If the Council is delivering more affordable homes this should be reflected in a reformed scheme.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 5.

Question 6: Is £350 per additional affordable home the right level of premium, or should this level be increased or decreased?

This premium is too low, and Rugby Borough Council would support an increase with no impact to other premiums in the scheme.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 6.

Question 7: Should a reformed Bonus continue to reward local authorities for long-term empty homes brought back in to use?

Yes. Rugby Borough Council support the continuation of this well targeted reward with no impact to other premiums in the scheme.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 7.

Question 8: Should NHB be awarded on the basis of the most recent year of housing delivery or the most recent three years?

Based on the most recent three years because this would be a more stable indicator. This would deliver greater predictability and a more stable income stream. Rewards would reflect the direction of travel over the medium term rather than fluctuating amounts.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 8.

Question 9: Do you agree that the baseline should be raised?

No. Rugby Borough Council strongly disagrees with the principle of the baseline and feel this should be removed.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 9.

Question 10: If the baseline is to be raised, should it be raised to 0.6%, 0.8% or 1% of housing growth since the preceding year?

See response to Question 9.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 10

Question 11: Why should the government opt for the baseline you have recommended in answer to the previous question?

Rugby Borough Council does not support any increase in the baseline. Raising the baseline reduces overall resources which in turn is likely to lead to significant financial resilience issues, particularly following the impact of COVID-19 and coupled with any changes from the Fair Funding and Business Rates reviews.

The Council welcomed the “Lower Tier Services Grant” that was announced as part of the settlement, which has acted to smooth the effect of the loss of legacy payments and therefore reduction in overall resources in 2021/22. However as yet, district councils have no certainty as to whether this will be factored into the 2021 Spending Review.

Therefore, the Council calls on government to ensure that wider funding reflects the spending needs of councils and that additional financial support is put in place to allow for a transitional period between the current and proposed new schemes.

Rugby Borough Council endorses the Society of District Council Treasurer’s Response to Question 11.

Question 12: If the baseline is to be raised, should this change be combined with higher payment rate?

Rugby Borough Council strongly opposes any increase in the baseline as mentioned above. An increased threshold would result in downward pressure on rewards, with most options delivering much less in cash terms.

Rugby Borough Council endorses the Society of District Council Treasurer’s Response to Question 12.

Question 13: Should the government adopt a new payment formula for NHB which rewards local authorities for improvement on their average past performance with respect to housing growth?

Any changes to the payment formula will create winners and losers. Any changes to the scheme, such as changes to payment rates, should be implemented with transitional arrangements.

Rugby Borough Council endorses the Society of District Council Treasurer’s Response to Question 13.

Question 14: If the government is to adopt such a payment formula, above what percentage (x%) of average past net housing additions should NHB begin to be paid? In other words, what should the value of x be?

Rugby Borough Council is unable to respond to this without more detailed information on modelling.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 14.

Question 15: If the government is to adopt such a payment formula, over what period should the annual average of past net additions be calculated? Should it be a period of 5 years or 10 years?

Rugby Borough Council has a Sustainable Urban Extension that will eventually comprise 6,200 new homes known as the Rugby Radio Station together with a further allocation of 5,000 homes known as South West Rugby. The Rugby Radio Station site is on the Government's list of national priority sites and will be delivered over a 20-year period. It would be difficult for Rugby to earn any rewards if the baseline is set with reference to higher levels of growth in the past.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 15.

Question 16: Should the government adopt a new payment formula for NHB which rewards either improved performance or high housing growth? Please explain why or why not.

One of the advantages of the NHB Scheme is that it is simple to understand and calculate. The proposals in the consultation will lead to increased complexity and less certain incentives.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 16.

Question 17: Above what percentage (x%) of average past net housing additions should NHB begin to be paid? In other words, what should the value of x be in this proposed hybrid payment formula?

Refer to Question 16.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 17.

Question 18: Above what percentage (y%) increase in the authority's housing stock should NHB be paid? In other words, what should the value of y be in this proposed hybrid payment formula?

Refer to Question 16.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 18.

Question 19: Do you agree with the proposal to repurpose NHB to balance the effects of the Infrastructure Levy by providing an incentive to authorities to bring forward development in lower value areas?

No, Rugby Borough Council does not support this option.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 19.

Question 20: What, in your view, would be the advantages and disadvantages of repurposing NHB in this way?

Rugby Borough Council does not support this option.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 20.

Question 21: If the option is to be pursued, should this reform to NHB be postponed until the new planning system is enacted?

Yes. Decisions have not yet been made about how the Levy will be divided between the tiers. Will there have to be consistency between the Levy and NHB? Would linking NHB with the Infrastructure Levy effectively remove some principal authorities from the NHB scheme?

The implementation date for the Levy is not clear. The White Paper was published in August 2020 and the legislative timetable suggests its implementation could be later than 2022-23. Therefore, it is unlikely that there will be data on Levy payments that can be used to calculate NHB payments in 2022-23.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 21.

Question 22: In your view, what levers do local authorities have at their disposal to encourage uptake of MMC, and how impactful is such encouragement likely to be?

It is unclear as to how the Council would enforce/police the use of MMC, unless additional funding to support scarce staffing resources was provided through New Burdens Funding. In our view, it is a Building Control matter, but larger developers don't use Local Authority Building Control and use approved inspectors instead which are outside the jurisdiction of many Local Authorities.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 22.

Question 23: Should NHB include a premium for new homes built using MMC? Please explain why or why not.

No. This will over-complicate the scheme, it is largely outside of local authority control.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 23.

Question 24: If you are a local authority, would such a premium make a material impact on your behaviour? Would it, for example, encourage you to look for opportunities to bring through developments that are amenable to the use of MMC?

Rugby Borough Council do not consider that this would make a material impact on behaviour

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 24.

Question 25: How onerous a data burden would this option impose on local authorities? Do you agree with the proposal to collect the MMC data at the point at which a local authority signs off a building as habitable?

This would be an additional burden and additional funding to support scarce staffing resources should be considered through New Burdens funding.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 25.

Question 26: Should the government make it a condition of receiving NHB that w% of net additional homes used MMC in order for NHB to be paid? If so what should the value of w be?

Rugby Borough Council would not support making NHB payments contingent on meeting targets based on MMC delivery.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 26.

Question 27: Why should or shouldn't such a condition be introduced?

As already noted, local authorities' ability to influence use of MMC is limited.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 27.

Question 28: Do you think that local authorities should be required to have a local plan, or demonstrate satisfactory progress towards one, in order to receive funding?

No. Rugby Borough Council does not support this option. The local plan is fundamental to the operation of the planning system and as such our view is that it should not be linked to the funding.

This does not aid sound Financial Management and is obstructive to medium to long term moreover this further risk exposure would increase the Council's need to hold reserves to mitigate the loss of potential funding.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 28.

Question 29: Do you think NHB should be paid at a reduced rate until such time as a local authority has an up-to-date local plan in place, and should it be 25%, 50% or 75%?

No. Rugby Borough Council do not support this option. Local plans can be delayed for a variety of reasons outside an authority's control.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 29.

Question 30: If you are a local authority, would this encourage you to develop or maintain an up-to-date local plan?

For the reasons above, it is recommended that the availability of funding is not linked to the status of the Local Plan.

Rugby Borough Council endorses the Society of District Council Treasurer's Response to Question 30.

Appendix 3

TRANSFORMATION STRATEGY

2021-23

RIGHT FOR RUGBY

BACKGROUND

The Council faces additional significant challenges from the impact of the Coronavirus pandemic, against a backdrop of a pre-existing climate of financial uncertainty over the medium term.

The Medium Term Financial Plan (MTFP), published in February 2021, highlighted a substantial gap in the Council's finances of £2.854million for the year 2022/23, and a further £0.016million in 2023/24. Following adoption of the new Corporate Strategy, the MTFP will be updated to reflect any strategic developments for service delivery. However, this is not expected to dramatically affect the financial backdrop against which the Council is operating.

As indicated in the first budget setting report for 2022/23, a risk assessment shows that if all the Council's financial risks crystallised, its level of reserves will fall from £12.008m at 31 March 2022 to £2.864m at 31 March 2025, a reduction of 76%. Without developing innovative approaches, including this strategy, the Council will have a significant challenge implementing the changes necessary to be financially sustainable in the medium term.

WHAT IS TRANSFORMATION?

The standard definition is *“fundamentally changing the systems, processes, people and technology across a whole organisation to achieve measurable improvements in efficiency, effectiveness and stakeholder satisfaction”*.

For Rugby Borough Council this means fundamentally changing the way services are delivered and the way it operates, to achieve corporate priorities within the financial constraints. It means approaching this as a whole system change, applying solutions that meet the needs of the residents of Rugby.

The transformation strategy will operate alongside business as usual (BAU) projects or activities, with both contributing to the achievement of the Council's priorities. A BAU project or activity is one that contributes to the achievement of the corporate strategy and has no cross-council implications and does not need any transformation investment or resourcing.

MISSION AND PURPOSE STATEMENT

This strategy exists to:

- Support the delivery of change.
- Provide the catalyst for change.
- Encourage innovation and creativity.
- Support the Council in delivering the outcomes of its corporate strategy:
 - **Climate:** Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change.
 - **Economy:** Rugby has a diverse and resilient economy that benefits all residents.
 - **Health & Communities:** Residents live healthy, independent lives, with the most vulnerable protected.
 - **Organisation:** Rugby Borough Council is a responsible, effective and efficient organisation.

Delivering this strategy will ensure the organisation is run in a responsible, effective and efficient way. This means the residents of Rugby will have a financially sustainable Council, with a balanced MTFP, which is agile and forward thinking, and which provides the services which customers want in a way which demonstrates value for money to the taxpayer.

This will enable the Council to recover from the pandemic and continue to have a positive impact on the community. The aim is that despite having fewer financial resources at its disposal, the Council is best placed to be the provider of choice for its residents.

CORE VALUES

The core values underpinning this strategy are:

- To provide high quality professional support that allows the Council to be financially sustainable.
- To support the commercialisation agenda by using best practice gained from research.
- To embed innovation, creativity and continuous improvement as business as usual across the organisation.
- To review and challenge the decisions of the Council in a constructive way, as a critical friend.

The Council's CAN DO values and behaviours framework will also be integral to the way in which this strategy will be delivered.

HOW WILL TRANSFORMATION BE DELIVERED

A transformation team will be a dedicated unit for the Council, which will lead specific projects. These projects will fundamentally change the way in which resources are dedicated to provide services. The aim is to identify innovative ways in which the council can deliver a high standard of services within the restrictions created by significantly reduced funding.

The Chief Officer – Finance & Performance will have overall ownership and responsibility for delivery of the transformation strategy and will be supported by the Corporate Assurance Manager and Transformation Lead, who will lead and matrix manage delivery of the various projects. However, successful delivery of the strategy will require collaborative working and collective Leadership Team responsibility. Resources will be deployed into the transformation unit where required to support delivery of individual projects with agreement from the relevant Chief Officers. However, it is acknowledged that the Council may lack the capacity and expertise to deliver all the project work itself, and some schemes are likely to require up front investment in order to realise the benefits. As such, Cabinet has already approved the establishment of a transformation reserve of up to £0.500m which will be managed by the Corporate Assurance Manager & Transformation Lead.

A list of projects will be developed in consultation with the Leadership Team and will be submitted to members for approval. There will be a mixture of projects which are relatively quick to implement and others which will take longer but which will deliver more substantial benefits. The list of projects will include details of the anticipated scope, resources required, implementation costs, risks, opportunities, outcomes and expected timescales for delivery.

Each project team may include representation from the Human Resources, ICT, and Finance teams; the Corporate Assurance Manager & Transformation Lead will matrix manage these resources. The list will also be prioritised, and the plan will be flexible with an emphasis on delivering outcomes and achieving value for money. If a particular project is likely to prove too costly or problematic to implement, then alternative projects may be drawn from the list instead. Similarly, with a flexible approach other ideas for projects are likely to emerge and these will be considered alongside existing plans.

Pre-existing projects and workstreams will also be to ensure that they are underpinned by the purpose and core values of this strategy and are consistent with the Council's corporate strategy aims.

The Council is committed to engagement with relevant stakeholders as proposals are brought forward. Engagement with front line staff and managers will be critical to in helping to identify improvements and empowering transformational practice from the ground up.

STRATEGY OUTCOMES

The expected outcomes of the transformation strategy are:

- Providing a modern, consistent, reliable, and efficient service to customers, including maximising the use of interactive and/ or self service through all available channels.
- Developing a supported, engaged, and high performing workforce.
- Providing, a modern, flexible, efficient and cost effective workplace for employees that will facilitate effective and efficient working practices, improve service delivery and act as a catalyst for culture change.
- Optimising the total cost of ownership of goods and services whilst meeting the appropriate quality standards.
- Reviewing and transforming services to ensure they are effective, efficient, agile, economically viable and achieve the best outcomes for the people of Rugby.
- Delivering and commissioning shared and collaborative services and products to facilitate cash savings, improvement, efficiency, and innovation.

GOVERNANCE AND ACCOUNTABILITY

Once the project list has been agreed, each will have an agreed terms of reference with appropriate governance and accountability arrangements put in place.

There will be regular progress reporting to the Leadership Team with an accessible dashboard approach being utilised. There will be informal briefings to update Cabinet and formal reports will be submitted as part of the budget setting and monitoring arrangements.

Decisions arising from transformation projects will be subject to appropriate consultation based upon the specific circumstances involved. This may include consultation with the Leadership Team, the wider Corporate Management Forum, the Employee Network, Trade Unions, the affected services, members and potentially the public.

RISK MANAGEMENT

A Transformation Programme risk register will be developed and managed by the Corporate Assurance Manager & Transformation Lead, in accordance with the Council's Risk Management Strategy. Programme risks will be maintained and reported in accordance with the Strategy. The Chief Officer – Finance and Performance has ultimate accountability for the programme risk register.

Project risks are managed by the applicable Project Managers/Leads and will also be monitored and reported in accordance with the Strategy.

EQUALITIES IMPACT ASSESSMENT

An Equality Impact Assessment on this policy was undertaken on 10 August 2021 and will be reviewed on 10 August 2022.

EQUALITY IMPACT ASSESSMENT (EqIA) – Appendix 4

Context

1. The Public Sector Equality Duty as set out under section 149 of the Equality Act 2010 requires Rugby Borough Council when making decisions to have due regard to the following:
 - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
 - advancing equality of opportunity between people who share a protected characteristic and those who do not,
 - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief
 - sex/gender
 - sexual orientation
3. In addition to the above-protected characteristics, you should consider the crosscutting elements of the proposed policy, such as impact on social inequalities and impact on carers who look after older people or people with disabilities as part of this assessment.
4. The Equality Impact Assessment (EqIA) document is a tool that enables RBC to test and analyse the nature and impact of what it is currently doing or is planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. The questions will enable you to record your findings.
6. Where the EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. Once completed and signed off the EqIA will be published online.
8. An EqIA must accompany all **Key Decisions** and **Cabinet Reports**.
9. For further information, refer to the EqIA guidance for staff.
10. For advice and support, contact:
Minakshee Patel
Corporate Equality & Diversity Advisor
minakshee.patel@rugby.gov.uk
Tel: 01788 533509

Equality Impact Assessment

Service Area	Finance & Performance
Policy/Service being assessed	Transformation Strategy
Is this is a new or existing policy/service? If existing policy/service please state date of last assessment	New
EqlA Review team – List of members	Chris Green, Minakshee Patel
Date of this assessment	10/08/2021
Signature of responsible officer (to be signed after the EqlA has been completed)	C R Green 10/08/2021

A copy of this Equality Impact Assessment report, including relevant data and information to be forwarded to the Corporate Equality & Diversity Advisor.

If you require help, advice and support to complete the forms, please contact Minakshee Patel, Corporate Equality & Diversity Advisor via email: minakshee.patel@rugby.gov.uk or 01788 533509

Details of Strategy/ Service/ Policy to be analysed

<u>Stage 1 – Scoping and Defining</u>	
(1) Describe the main aims, objectives and purpose of the Strategy/Service/Policy (or decision)?	<ul style="list-style-type: none"> • Support the delivery of change. • Provide the catalyst for change. • Encourage innovation and creativity. • Support the Council in delivering the outcomes of its corporate strategy
(2) How does it fit with Rugby Borough Council's Corporate priorities and your service area priorities?	Delivering this strategy will ensure the organisation is run responsibly, effectively and efficiently, providing the services which customers want in a way which demonstrates value for money to the taxpayer.
(3) What are the expected outcomes you are hoping to achieve?	The strategy will enable the Council to recover from the pandemic and continue to have a positive impact on the community. The aim is that despite having fewer financial resources at its disposal, the Council is best placed to be the provider of choice for its residents. The residents of Rugby will have a financially sustainable Council, with a balanced Medium Term Financial Plan, which is agile and forward thinking
(4) Does or will the policy or decision affect: <ul style="list-style-type: none"> • Customers • Employees • Wider community or groups 	The strategy itself does not directly affect customers, employees, or the wider community or groups. However, the projects which are developed to implement the strategy may impact on all of these groups. Decisions recommended as a result of the projects will be subject to an Equality Impact Assessment at the time.
<u>Stage 2 - Information Gathering</u>	
(1) What does the information tell you about those groups identified?	See above – the relevant information will be gathered as and when any decisions are recommended which may affect customers, employees, the wider community or groups.

(2) Have you consulted or involved those groups that are likely to be affected by the strategy/ service/policy you want to implement? If yes, what were their views and how have their views influenced your decision?	See above – not applicable at this stage.
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(3) If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary.	See above – consultation will take place as and when any proposals are developed.
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<u>Stage 3 – Analysis of impact</u>	
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<p><u>(1)Protected Characteristics</u> From your data and consultations is there any positive, adverse or negative impact identified for any particular group, which could amount to discrimination? If yes, identify the groups and how they are affected.</p>	RACE No	DISABILITY No	GENDER No
	MARRIAGE/CIVIL PARTNERSHIP No	AGE No	GENDER REASSIGNMENT No
	RELIGION/BELIEF No	PREGNANCY MATERNITY No	SEXUAL ORIENTATION No

<p><u>(2) Cross cutting themes</u> (a) Are your proposals likely to impact on social inequalities e.g. child poverty, geographically disadvantaged communities? If yes, please explain how?</p> <p>(b) Are your proposals likely to impact on a carer who looks after older people or people with disabilities? If yes, please explain how?</p>	<p>a) No b) No</p>
<p>(3) If there is an adverse impact, can this be justified?</p>	<p>There are no adverse impacts at this stage.</p>
<p>(4)What actions are going to be taken to reduce or eliminate negative or adverse impact? (this should form part of your action plan under Stage 4.)</p>	<p>Not applicable.</p>
<p>(5) How does the strategy/service/policy contribute to the promotion of equality? If not what can be done?</p>	<p>By being a more efficiently and effectively run organisation, despite reduced financial resources, the Council will be able to maximise its positive impacts on all community groups.</p>
<p>(6) How does the strategy/service/policy promote good relations between groups? If not what can be done?</p>	<p>This will be considered as and when any further proposals are developed.</p>
<p>(7) Are there any obvious barriers to accessing the service? If yes how can they be overcome?</p>	<p>Not applicable.</p>

Stage 4 – Action Planning, Review & Monitoring																														
<p>If No Further Action is required then go to – Review & Monitoring</p> <p>(1) Action Planning – Specify any changes or improvements that can be made to the service or policy to mitigate or eradicate negative or adverse impact on specific groups, including resource implications.</p>	<p>N/A</p> <p>EqIA Action Plan</p> <table border="1" data-bbox="875 464 2116 694"> <thead> <tr> <th data-bbox="875 464 1120 539">Action</th> <th data-bbox="1120 464 1364 539">Lead Officer</th> <th data-bbox="1364 464 1615 539">Date for completion</th> <th data-bbox="1615 464 1865 539">Resource requirements</th> <th data-bbox="1865 464 2116 539">Comments</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>					Action	Lead Officer	Date for completion	Resource requirements	Comments																				
Action	Lead Officer	Date for completion	Resource requirements	Comments																										
<p>(2) Review and Monitoring State how and when you will monitor policy and Action Plan</p>	<p>An annual review will be completed in August 2022.</p>																													

Please annotate your policy with the following statement:

‘An Equality Impact Assessment on this policy was undertaken on (date of assessment) and will be reviewed on (insert review date).’

AGENDA MANAGEMENT SHEET

Report Title: Constitution Review Working Party

Name of Committee: Cabinet

Date of Meeting: 6 September 2021

Report Director: Chief Officer - Legal and Governance

Portfolio: Finance, Performance, Legal and Governance

Ward Relevance: N/A

Prior Consultation: Group Leaders

Contact Officer: Claire Waleczek, Democratic Services Team
Leader 01788 533524 or
claire.waleczek@rugby.gov.uk

Public or Private: Public

Report Subject to Call-In: Yes

Report En-Bloc: No

Forward Plan: No

Corporate Priorities: This report relates to the following priority(ies):
 Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C)
 Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E)
 Residents live healthy, independent lives, with the most vulnerable protected. (HC)
 Rugby Borough Council is a responsible, effective and efficient organisation. (O)
[Corporate Strategy 2021-2024](#)
 This report does not specifically relate to any Council priorities but

Summary: A request has been made by Group Leaders to reconvene the Constitution Review Working Party to consider the next review of the Council's Constitution.

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

Risk Management Implications:	There are no risk management implications arising from this report.
Environmental Implications:	There are no direct environmental implications arising from this report.
Legal Implications:	There are no direct legal implications arising from this report.
Equality and Diversity:	The reconstitution of this working party will support equity, fairness and transparency.
Options:	N/A
Recommendation:	<p>(1) The Constitution Review Working Party be reconstituted for the remainder of the 2021/22 municipal year; and</p> <p>(2) the composition and membership of the Working Party be considered.</p>
Reasons for Recommendation:	To ensure robust Member engagement in the review of the Council's Constitution.

Cabinet - 6 September 2021

Constitution Review Working Party

Public Report of the Chief Officer - Legal and Governance

Recommendation

- (1) The Constitution Review Working Party be reconstituted for the remainder of the 2021/22 municipal year; and
- (2) the composition and membership of the Working Party be considered.

1. INTRODUCTION

- 1.1 Cabinet on 7 June 2021 considered the appointment of working parties for the 2021/22 municipal year and agreed, as part of its decision, that the Constitution Review Working Party be disestablished.
- 1.2 The Council's Constitution is currently being reviewed to reflect the Council's new Leadership Team structure in the Scheme of Delegation to officers (Part 2B) and its new portfolios (Part 2A). There will also be a comprehensive review of all other parts of the Constitution to ensure it is up to date with regard to legislation and approved amendments by Council.

2. RECONSTITUTION OF CONSTITUTION REVIEW WORKING PARTY

- 2.1 In order that robust Member engagement can be demonstrated as part of the review, Group Leaders have requested that the Constitution Review Working Party be reconstituted.

3. MEMBERSHIP OF THE WORKING PARTY

- 3.1 The membership of the Working Party in 2020/21 comprised Councillors Ms Robbins (Portfolio Holder), Lewis and Mahoney.

Cabinet is requested to consider the composition and membership of the Working Party for the remainder of the 2021/22 municipal year.

Name of Meeting: Cabinet
Date of Meeting: 6 September 2021
Subject Matter: Constitution Review Working Party
Originating Department: Legal and Governance

DO ANY BACKGROUND PAPERS APPLY YES NO

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

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.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A