



Cabinet

8 October 2019

The Covey Room,  
One Angel Square

2pm

**This agenda is managed by Maisie McInnes, Democratic Services.**  
**Tel: (01604) 366951 or email: [democraticservices@northamptonshire.gov.uk](mailto:democraticservices@northamptonshire.gov.uk)**

\* Papers circulated > Papers to follow

🔑 Denotes a key decision

**AGENDA**

Item No.	Subject	Page No	Responsible Cabinet Member	Contact name & Tel. no. (01604)
01.	Apologies.	--		Maisie McInnes 366951
02.	Notification of requests from members of the public to address the meeting.	--		Maisie McInnes 366951
03.*	Minutes of the meeting held in public on 10 September 2019	Pack One 5 - 12		Maisie McInnes 366951
04.	Declarations of interest by Councillors, if any.  Councillors should be reminded of the seriousness of not declaring an interest in any items to be discussed on the agenda, irrespective of whether they are a member of the committee or not. Further guidance is attached to this agenda document.	--		
05.	Announcements	--		
<b>ITEMS REQUIRING DECISIONS</b>				
06.>	Progress within Northamptonshire County Council Transformation Programme	To Follow	Councillor Golby	James Edmunds 366053
07. *	Monthly revenue monitoring report for the financial year ending 31 <sup>st</sup> March 2020, as at period 5.	Pack One 13 - 38	Councillor Longley	Iain Jenkins 364664
08. * 🔑	Monthly Capital Report (MCR) – Forecast Outturn as at period 5 for the financial year ending 31 <sup>st</sup> March 2020	Pack One 39 - 56	Councillor Longley	Andrea Devereux 367348
09. *	Northamptonshire Youth Justice Plan	Pack Two 3 - 40	Councillor Baker	Cath Hickman 364118

Item No.	Subject	Page No	Responsible Cabinet Member	Contact name & Tel. no. (01604)
10. * 8	England's Economic Heartlands (EEH) – Outline Transport Strategy: <i>Framework for Engagement and Shaping the Future Together</i> – West Northamptonshire Strategic Plan Issues Consultation	Pack Two 41 – 52	Councillor Smithers	Ian Achurch 366057
11. * 8	Target Operating Model with NASS	Pack Two 53 - 60	Councillor Morris	Katie Brown 361884
<b>EXEMPT BUSINESS</b>				
<p>In respect of the following items the Chairman may move the resolution set out below, on the grounds that if the public were present it would be likely that exempt information (information regarded as private for the purposes of the Local Government Act 1972) would be disclosed to them: The Committee is requested to resolve:</p> <p>“That under Section 100A of the Local Government Act 1972, the public be excluded from the meeting for the following item(s) of business on the grounds that if the public were present it would be likely that exempt information under Part 1 of Schedule 12A to the Act of the descriptions against each item would be disclosed to them”</p>				
<b>URGENT BUSINESS</b>				



Susan Zeiss, Proper Officer

Date issued: 30 September 2019

This information can be made available in other formats upon request. Please contact Barbel Gale, Democratic Services Assistant Manager, Democratic Services on Tel. (01604) 367730, Mobile. 07500 605613 or E-mail: [bgale@northamptonshire.gov.uk](mailto:bgale@northamptonshire.gov.uk)

## Public Contribution to Cabinet Meetings

This section of the agenda provides members of the public with information on the role and membership of the Cabinet, and on opportunities to attend and contribute to Cabinet meetings.

### What is the Cabinet?

The Cabinet is the body that takes most decisions relating to the running of the services provided by Northamptonshire County Council, within the policies (for example, the Council budget) that have been agreed by the Full Council.

### Who are the members of the Cabinet?

The Cabinet consists of the Leader of the Council and 6 other councillors from the political group that has a majority on the Council. Each of these Cabinet members has specific responsibilities (referred to as their "portfolio") for different Council services, as follows:

Councillor	Responsibilities
Councillor Matthew Golby	Leader of the Council
Councillor Elizabeth Bowen	Deputy Leader
Councillor Fiona Baker	Children, Families and Education
Councillor Malcolm Longley	Finance
Councillor Ian Morris	Adult Social Care and Public Health
Councillor Sandra Naden-Horley	Corporate Services
Councillor Jason Smithers	Highways and Place

### When does the Cabinet meet?

Cabinet meetings usually take place on the second Tuesday of each month at 2pm, the venue will be confirmed when the papers for that meeting are published. Cabinet meeting dates in 2019/2020 are as follows:

- Tuesday 8 October 2019
- Tuesday 12 November 2019
- Tuesday 10 December 2019
- Tuesday 14 January 2020
- Tuesday 11 February 2020
- Tuesday 10 March 2020

### How do I find out about what is being discussed at future Cabinet meetings?

The agenda papers for all Council committee meetings are published 5 working days in advance and can be obtained from County Hall or downloaded from the County Council website at: <http://cmis.northamptonshire.gov.uk/cm5live/>

Every month the Council also publishes a list of future Cabinet decisions known as the Forward Plan. This provides a summary of upcoming business and sets out when particular items are due to go to Cabinet. Copies of the Forward Plan are available from County Hall or at:

<https://cmis.northamptonshire.gov.uk/cm5live/ForwardPlan.aspx>

### Can I take part in Cabinet meetings?

Cabinet meetings are normally held in public and members of the public are welcome to attend to listen to discussion. Members of the public may request to address the Cabinet or ask a question on any item on the agenda for that meeting. Anyone wishing to speak at a meeting should notify the Committee Manager (whose name and contact details are given on the front page of this agenda) by 12 noon at least two working days before the day on which the meeting is due to take place.

## Declarations of Interest

Members are reminded that the Code of Conduct contains provisions relating to the declaration of Disclosable Pecuniary Interests, (DPI), and Non-Statutory Disclosable Interests, (NSDI). Please refer to the Members' Code of Conduct in Part 5 of the Constitution for a fuller description of what constitutes a DPI or an NSDI.

Members are asked to note that under the new Code of Conduct, they need only declare the existence of either a DPI or NSDI, if that interest is **not** already listed in their register of Members' interests. Councillors are reminded of the seriousness of failing to declare a DPI or NSDI interest. In addition, Members are reminded that if they have a DPI or a significant NSDI, in a matter to be discussed, whether registered or not, they must not take part in the debate or vote on that matter and should remove themselves from the meeting room irrespective of whether they are a member of the committee.

When declaring an interest at a meeting, councillors are asked to state:

- The item number in which they have an interest;
- The nature of the interest; and
- Whether the interest is a discloseable pecuniary interest, (DPI), or non-statutory disclosable interest, (NSDI).

### Seeking Advice...

It is your responsibility to decide whether any of these provisions apply to you in particular circumstances, but you may wish to seek the advice of the Monitoring Officer before the meeting.

### Notice of items on this agenda which may be held in private

At times it is necessary for the Council to give consideration to items where the public must be excluded from the meeting. Members of the public are excluded from meetings whenever it is likely that, in the view of the nature of the business to be transacted or the nature of the proceedings that confidential information would be disclosed. This includes exclusion from access to any pertinent documents.

Details of the exemption categories can be found in the 'Access to Information Procedure Rules' section in the Council's Constitution.

The table in this section lists any items which may be considered in private at this meeting, the reason for holding the meeting or part of the meeting in private, any representations made to the Council regarding why the meeting should be held in public along with the Council's response to these representations.

<b>Details of any items of this agenda which may be held in private</b>			
Decision making body:	Cabinet		
Date & Time of meeting:			
Item in respect of which the meeting or part of the meeting may be held in private	Reason for holding the meeting or part of the meeting may be held in private	Details of any representations made to the Council regarding why the meeting should be held in public	Details of the Council's response to the representations
None	None	None	None



Democratic Services  
One Angel Square  
Angel Street,  
Northampton, NN1 1ED

## CABINET

**Minutes of the meeting held on 10 September 2019 at 2pm**

**Venue: Covey Room, One Angel Square, Northampton (Meeting held in public)**

### PRESENT (FOR ALL OR PART OF THE MEETING):

**Cabinet Member**

Councillor Matthew Golby  
Councillor Elizabeth Bowen  
Councillor Fiona Baker  
Councillor Malcolm Longley  
Councillor Ian Morris  
Councillor Jason Smithers

**Portfolio**

Leader of the Council  
Deputy Leader  
Children, Families and Education  
Finance  
Adult Social Care and Public Health  
Highways and Place

### OTHER COUNCILLORS PRESENT (FOR ALL OR PART OF THE MEETING):

Councillor Richard Auger	Councillor Julie Brookfield
Councillor Eileen Hales	Councillor Graham Lawman
Councillor John McGhee	Councillor Anjona Roy
Councillor Mick Scrimshaw	Councillor Danielle Stone
Councillor Winston Strachan	

### ALSO PRESENT (FOR ALL OR PART OF THE MEETING):

<b>Officer</b>	<b>Role</b>
Ian Duncan	Executive Director Finance
Anna Earnshaw	Executive Director Adults, Communities and Wellbeing
Barbel Gale	Democratic Services Assistant Manager
Theresa Grant	Chief Executive
Nick Henstock	Head of Transport and Highways
Sally Hodges	Director of Children's Services
Tony McArdle	Lead Commissioner
Maisie McInnes	Democracy Officer (Minutes)
Kerry Purnell	Assistant Director, Corporate & Community Service
Brian Roberts	Finance Commissioner
Susan Zeiss	Monitoring Officer

There were 3 members of the press and public in attendance.

#### 114/19 Apologies for non-attendance

Apologies were received from the Cabinet Member with responsibility for Corporate Services, Councillor Sandra Naden-Horley.

### 115/19 Notification of requests from members of the public to address the meeting

Mrs Lineker registered to speak on Item 15, Northamptonshire Safeguarding Children's Board Annual Report.

### 116/19 Minutes of the meeting held in public and private on 13 August 2019

**RESOLVED: The minutes of the meeting held in public on 13 August 2019 were agreed and signed as a true record.**

### 117/19 Declarations of Interest by Councillors

There were none.

### 118/19 Announcements

The Chairman expressed his sadness to hear of former County Councillor Stan Hegg's passing on 19 August and passed on his condolences to Councillor Hegg's family. There would be a further opportunity to pay respects at the next Full Council meeting.

### 119/19 Monthly Revenue Monitoring Report for the financial year ending 31<sup>st</sup> March 2020, as at period 4

At the Chairman's invitation the Cabinet Member with responsibility for Finance, Councillor Longley, introduced the report (copies of which had previously been circulated) and made the following points:

- The year-end forecast has improved by half a million.
- The forecast for Children's services has improved with a projected overspend of £7.1m.

In addition, the Executive Director for Finance explained that there had been a change in borrowing strategy resulting in -£200,000 this year. As a result of short-term borrowing, treasury management had identified the risk of a £6.12m loss when these loans were replaced. However, this was only a short-term pressure as nationally there had been a significant reduction in borrowing rates.

Councillors made the following points:

- The over spend in Children's First Northamptonshire had increased year on year and this needed to be resolved.
- Noted the under spend in Unaccompanied Asylum Seeking Children (UASC) and the need to look into how care was controlled and managed to keep in budget.
- Place was forecasting an under spend of £1,492k which demonstrated that efficiencies could be made whilst supplying a good service.

**RESOLVED: That Cabinet:**

- 1. Noted the Council's forecast outturn position for 2019-20, and associated risks.**
- 2. Noted the risk assessment of the 2019-20 saving proposals in Appendix B.**

120/19 Monthly Capital Report (MCR) – Forecast Outturn as at period 4 for the financial year ending 31st March 2020

At the Chairman's invitation the Cabinet Member with responsibility for Finance, Councillor Longley, introduced the report (copies of which had previously been circulated) and made the following points:

- The forecast capital expenditure of £88m was not significantly different from previous months and overall, the capital was in good order.

Councillors made the following points:

- It was felt that an update was required on a breakdown of areas of spending for transport, and an update on Chester Farm.
- It was felt a full Council and Cabinet update on the state of the organisation going forward was needed with the move to Unitaries.
- Assurance was needed for libraries to remain maintained and supported by the Council as the contract ends in October 2019.

The Chairman expressed how impressed he was with the libraries' Summer Reading Challenge for children and how his children enjoyed taking part in the initiative.

**RESOLVED: That Cabinet agreed to;**

- 1. Note the forecast capital expenditure of £88m for 2019-20.**
- 2. Approve the promotion of three schemes from the development pool into the committed capital programme with investment totalling £555k:**
  - i. Syresham St. James CE Primary School - £71k**
  - ii. Northamptonshire Libraries Self Service Terminals - £350k**
  - iii. Manor School Music Department - £134k**
- 3. Approve the extension of one scheme within the current capital programme with investment totalling £265k:**
  - i. Integrated Transport Block 2018-19.**

**Further detail on the above schemes can be found in Section 8.**

121/19 Corporate Performance Report: 2019-20 Quarter One

At the Chairman's invitation the Deputy Leader, Councillor Bowen, introduced the report (copies of which had previously been circulated) and made the following points:

- The report covered the period of April to June 2019 and included benchmarking against 2017/2018.
- The metrics included in the report had been updated to include the service areas and indicators were updated quarterly.
- The Healthy Child Programme showed the council was 10% higher than the national average for birth visits with 96.4% of new births visited within a 12 week period.

Councillors made the following points:

- Concern was expressed regarding take up of the NHS Health check being 15% down and it was felt that the elderly should be a key focus.
- Concern was expressed regarding permanent exclusions from schools and the need for another approach.
- Apprehension regarding electively home schooled children was expressed as the survey showed that 32.4% of children were not currently being educated within a district school (special or mainstream).

- It was felt that more data was needed regarding the proportion of children placed in-house care provision and the cost relating to out of house care provision with the assumption it is more expensive than in-house care provision.

The Chairman commended the good performance and highlighted in particular the area of employability and apprenticeships.

**RESOLVED: That Cabinet noted the contents of the 2019-20 quarter one performance report at Appendix A.**

#### 122/19 Consultation on the future of the Evelyn Wright Care Home

At the Chairman's invitation the Cabinet Member with responsibility for Adult Social Care and Public Health, Councillor Morris, introduced the report (copies of which had previously been circulated) and made the following points:

- Following the Care Quality Commission (CQC) inspection in June 2019, Evelyn Wright House was rated as requiring improvement. The property required immediate remedial works with a substantial capital investment of circa £800,000.

Councillors made the following points:

- Concern was expressed that the Evelyn Wright care home had deteriorated and this had not been addressed sooner.
- Apprehension was expressed for the residents during this unsettling time.

The Chairman, when asking Cabinet to agree the recommendations, confirmed that Cabinet had considered the information contained within the Equality Impact Assessment.

**RESOLVED: That Cabinet agreed to:**

- 1. Approve the commencement of a consultation process on the proposals set out in this report.**
- 2. Note that a further report will be presented to cabinet containing the results of the above consultation in order to make a final decision on the future of the service.**
- 3. Note the contents of this report.**
- 4. Note the content of the Equality Impact Assessment.**

#### 123/19 Northamptonshire Sport Incorporation

At the Chairman's invitation the Cabinet Member with responsibility for Adult Social Care and Public Health, Councillor Morris, introduced the report (copies of which had previously been circulated) and made the following points:

- Northamptonshire Sport (NSport) was currently hosted by Northamptonshire County Council (corporate services) and this had always been a very positive relationship.
- NSport wished to continue to deliver an excellent service and serve the public, voluntary and private sectors, and Local Authorities as they re-organise into two Unitary Authorities.
- The organisation was looking to explore opportunities to generate new income to re-invest in development activities and this proposal would aid that ability.



Councillors made the following points:

- Praise was given to the work of Northamptonshire Sport in encouraging people to be active and preventing obesity in children.
- The need to continue to support the organisation was expressed.

The Chairman praised the work of Northamptonshire Sport and wished the organisation all the best for the future.

**RESOLVED: That Cabinet:**

- 1. Agreed to support the transfer of Northamptonshire Sport (NSport) from a hosted arrangement within NCC into a Charitable Incorporated Organisation (CIO). The report set out the current arrangements, the rationale for the transfer and the future plans for the organisation.**
- 2. Agreed that delegated authority be given to the Executive Director of Finance, in consultation with the Cabinet Member for Corporate Services, to undertake any further steps that are reasonably required to finalise and implement the above recommendations including agreeing the final terms of the documentation required.**

124/19 RIPA Update

At the Chairman's invitation the Deputy Leader, Councillor Bowen, introduced the report (copies of which had previously been circulated) and made the following points:

- The report was seeking approval to amend the policy.
- In carrying out an investigation, the council may call upon the powers of the Regulation of Investigatory Powers Act where it was necessary and proportional to do so.
- Evidence may be disallowed in court and compensation given if this policy was not followed.
- There has been no use of these powers in the last 12 month period.

**RESOLVED: That Cabinet:**

- 1. Approved the amended policy on the Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016 (IPA).**
- 2. Noted that the powers provided in the RIPA and IPA legislation have not been exercised by Northamptonshire County Council (the Council) in the previous 12 months.**
- 3. Delegated to the Monitoring Officer (in consultation with the Head of Trading Standards) approval of any additional guidance related to the amended policy.**

125/19 SEND Sufficiency Plan and Proposals for Spend of DfE Capital Funds for SEND Following Consultation

At the Chairman's invitation the Cabinet Member with responsibility for Children, Families and Education, Councillor Baker, introduced the report (copies of which had previously been circulated) and made the following points:

- Out of 800 parents contacted, 235 responses were received.
- Expressions of interest were sought from schools to incorporate a SEND unit on site in order to aid integration.
- The location of a new school in South Northamptonshire including SEND provision would be considered.

- Further report will be submitted to Cabinet in due course.

**RESOLVED: That Cabinet agreed to:**

1. **Note the findings of the consultations.**
2. **Formally endorse the proposal for a new free special school in South Northamptonshire.**
3. **Note the number of places required identified in the report and preferred options for delivery identified in the consultations.**
4. **Approve delegated authority to the Director of Children's Services and Cabinet member to develop schemes up to a value of £500,000 for each provision to enable the delivery of additional specialist places or enhancement of current provision in line with the findings of the report and consultations.**
5. **Note a further report will be submitted for Cabinet's information once individual schemes have been identified and agreed.**

126/19 Adult Social Care (ASC) Fair Contribution Policy

At the Chairman's invitation the Cabinet Member with responsibility for Adult Social Care and Public Health, Councillor Morris, introduced the report (copies of which had previously been circulated) and made the following points:

- The report sought to start a 12 week consultation period.
- There would be a review of Disability Related Expenditure (DRE) with a proposal to set a single rate of DRE at £23 per week.
- He explained that last year 10 young adults accessed a residential college. It was hoped that a change in policy should encourage more people to access this service.
- There were 885 customers who would have to pay less towards their care and 2,239 who may have to pay more depending on the outcome of the consultation.

Councillors made the following points:

- Concern was expressed that the policy may make 3,099 people poorer.
- It was felt that the motivation for the change was to save revenue and make those affected pay for the deficit.
- It was believed that other counties were spending less on Adult Social Care therefore it would be useful to see comparative data during the consultation process.

The Chairman, when asking Cabinet to agree the recommendations, confirmed that Cabinet had considered the information contained within the Equality Impact Assessment.

**RESOLVED: That Cabinet agreed to:**

1. **Approve the commencement of a consultation process**
2. **Note the content of the report**
3. **Note the content of the EQIA**
4. **Note that the ASC Fair Contributions Policy incorporating the agreed changes following consultation, will be presented to Cabinet for approval in February 2020**

## 127/19 Introducing a Council Advertising and Sponsorship Policy

At the Chairman's invitation the Cabinet Member with responsibility for Highways and Place, Councillor Smithers, introduced the report (copies of which had previously been circulated) and made the following points:

- There were many benefits for the Council in entering into sponsorship and advertising opportunities to include a raised profile of services, better engagement with communities and local businesses.
- There was a need for a policy to set out what was acceptable, ensuring no conflict with council priorities and setting out how the Council would approach advertising and sponsorship.
- The policy would provide guidance to officers and members enabling the Council to uphold its reputation and corporate identity.

Councillors made the following points:

- Concern that a policy was not already in place.
- Would like an idea of what the remuneration of the policy may be.
- The need for customers to be able to access important information without delay.

**RESOLVED: That Cabinet approved the Advertising and Sponsorship Policy attached to this report.**

## 128/19 Northamptonshire Safeguarding Children's Board Annual Report

The Chairman invited Mrs Jean Lineker to speak on this item. She made the following points:

- She was pleased to see that parental togetherness was included within the report as well as safeguarding.
- She asked if there was an updated policy for safeguarding that works in conjunction with the 2004 Act.
- She stated that the report should have gone to Scrutiny.

At the Chairman's invitation, the Cabinet Member with responsibility for Children, Families and Education, Councillor Baker, introduced the report (copies of which had previously been circulated) and made the following points:

- The report would not have gone to Scrutiny as it was a Partnership report produced by an independent body, and stressed that work was completed in line with legislation.
- The new Safeguarding partnership had been formed to include head teachers, members of the police and health authority.
- There was a key focus for the group to explore child exploitation and children involved in gang activity.
- Another area to focus on was the vulnerabilities of home schooling with e-learning planned to provide advice on this topic.

Councillors made the following points:

- Emphasised the need for the format to change.
- They would be interested to see the outcomes of the new partnership.

**RESOLVED: That Cabinet agreed to receive and review the Annual 2018 / 2019 Northamptonshire Safeguarding Children's Board Annual Report and forward on to Full Council for approval.**

There being no further business the meeting concluded at 3:28pm

Maisie McInnes  
Democratic Services

Signed: \_\_\_\_\_ Dated: \_\_\_\_\_



**CABINET**

**8 OCTOBER 2019**

**EXECUTIVE DIRECTOR OF FINANCE: BARRY SCARR**

**CABINET MEMBER WITH RESPONSIBILITY FOR FINANCE:**

**COUNCILLOR MALCOLM LONGLEY**

Subject:	Monthly revenue monitoring report for the financial year ending 31 <sup>st</sup> March 2020, as at period 5.
Recommendations:	<p>Cabinet is requested to:</p> <ol style="list-style-type: none"> <li>1. Note the Council's forecast outturn position for 2019-20, and associated risks.</li> <li>2. Note the planned approach for bringing the Council's forecast position within budget in Section 4.</li> <li>3. Note the risk assessment of the 2019-20 saving proposals in Appendix B.</li> </ol>

**1 Purpose of Report**

1.1 This report provides a summary of the forecast outturn position for the 2019-20 financial year, based on income and expenditure up to the end of August 2019.

**2 How this Decision Contributes to the Council Plan**

2.1 The Council's vision is for Northamptonshire to be a county where everyone looks after each other and takes responsibility, where the vulnerable are protected and supported and where the people who can help themselves receive the assistance they need to stay independent and healthy.

This initiative helps the Council to deliver this vision through the following strategic priorities outlined in the Council Plan:

- Working in partnership with other public sector organisations (such as the seven district and borough councils, the local NHS bodies, and Northamptonshire Police).
- Enabling individuals and communities to achieve better outcomes.
- Using innovation to find better and more sustainable ways of delivering services ensuring they are efficient and affordable in the long term.
- Focusing resources on prevention and early intervention.
- Commissioning and procuring services and goods with partners.
- Utilising the Council's assets effectively.

**3 Summary**

3.1 The report provides detailed commentary on the Council's current forecast financial position, as at the end of August 2019. This initial forecast is for an overspend of £4.4m against an approved budget of £417.7m (1.06%).

3.2 The £4.4m overspend is an improvement of £580k from the position reported in Period 4, which incorporates improvements of £755k in Place Services, £155k in Northamptonshire Adult Social Services, £132k in Corporate Services, £135k in Technical Finance and a worsening position of £493k and £104k in Children First Northamptonshire and LGSS respectively.

3.3 A detailed breakdown of the financial position for each directorate is provided in Appendix A. Two areas continue to account for the forecast overspend position:

a) Children First Northampton (CFN)	£7.6m
b) Technical Finance, Treasury & Insurance	£1.1m
	<hr/>
	£8.7m

3.4 The £8.7m pressure is offset by forecast underspends of £3.2m across the other directorates, and additional anticipated funding of £1.1m.

3.5 In Children's Services the key factors contributing to the forecast overspend are summarised below, and further details set out in sections 6.8 to 6.22.

- Non-delivery of staffing related savings proposals totalling £2,841k;
- Partial non-delivery of placement sufficiency savings amounting to £1.38m;
- Partial non-delivery totalling £1.5m relating to legal, mother and baby, reduction in section 17 support and Appeal Rights Exhausted/No Recourse to Public Funds accommodation;
- Demand pressures on Agency Placements giving rise to a projected overspend of £3m for this financial year due to number of entrants into care being higher than anticipated; and a rise in average costs.
- An overspend of £840k on social care transport based on trend analysis of the first 5 periods. This has been identified with the service as an area for improvement through the Transformation Programme, as a lack of robust activity data is making analysis and forecasting difficult.

3.6 In Technical Finance, Treasury & Insurance, the key factors contributing to the forecast overspend are cross-cutting savings proposals that are being held centrally. These cross-cutting proposals carry a risk of under-delivery and therefore have not been allocated to services. These include savings from voluntary redundancy, CPI inflation applied to fees and charges, and the procurement review.

## **4 Recovery Plan**

4.1 The Leadership Team and Cabinet continue to treat the delivery of 2019-20 budget with the utmost priority. Therefore emerging savings opportunities have

been identified to address the forecast overspend position in full, in order to return to an overall balanced budget. These opportunities are detailed below;

- The CFN Senior Management Team has developed a recovery plan which contains a number of cost control measures which could potentially improve the forecast position by up to £1.7m in year, subject to further validation from the service and quality assurance from the Finance Team. Examples of savings measures include cost reduction through the recently established placement panels, maximising partner contributions towards disabled children care packages and transport spend management. The progress of the recovery plan will be reviewed at the weekly at CFN Senior Management Team meeting.
- There may be some further benefit from the ongoing delivery of home to school transport savings in the current financial year. However, this is by no means certain, and is dependent upon the level of variations to current provision and additional demand as the year progresses.
- There are further savings of up to £90k from the ongoing Voluntary Redundancy (VR) tranche 3. However, this is subject to the VR offer being accepted and confirmation of notice periods.
- The Council is currently reviewing its accounts payable supplier statements and will pursue the reimbursement of any identified outstanding credit notes or duplicate payments in the coming months.
- The Council's Pension Fund actuary concluded that they would consider a £2m reduction in the annual deficit payment to be acceptable from the Pension Fund's perspective. A report to this effect is due to go to the Pension Committee in October for consideration. If this transaction is approved, this will be a one-off reduction in the Council's 2019-20 deficit contribution.

4.2 These savings opportunities will not be included in the forecast position until decisions and actions are taken, but if all actions are delivered in full they would address in the main, the current forecast overspend position.

## **5 Background**

5.1 The Council's budget for 2019-20 is £417.7m and was approved on 21<sup>st</sup> February 2019. This included £41.4m of savings. This report includes an analysis of the deliverability of these savings proposals, in-year variations to budgeted assumptions, and a set of management actions to reduce the forecast overspend position.

5.2 The Council recognises the importance of understanding the risks associated with delivering its budget, and the consequences of those risks materialising, in order to proactively take further management actions to address any shortfalls.

## 6 Estimated Outturn

6.1 The Council's forecast outturn for 2019-20, based on spending to the end of August, is an overspend of £4.4m.

6.2 Table One shows:

- The net budget approved by the Council for the year.
- The forecast net spend for the year based on spend to the end of August 2019.
- The difference between the two, being the forecast variance at year end.

**Table One: Forecast Outturn 2019-20 by Directorate**

	Net Budget	Forecast Net Spend at 31/03/20	P5 Forecast Variance at 31/03/20	P4 Forecast Variance at 31/03/20	Movement from prior period
	£'000	£'000	£'000	£'000	£'000
Corporate Services	12,818	12,374	(444)	(312)	(132)
Children First Northamptonshire	116,657	124,291	7,634	7,141	493
LGSS	14,207	14,235	28	(76)	104
Northamptonshire Adult Social Services (NASS)	157,970	157,491	(479)	(324)	(155)
Place Services	90,179	87,932	(2,247)	(1,492)	(755)
Public Health & Wellbeing	(27)	(27)	0	0	0
Technical Finance, Treasury and Insurance	25,916	26,990	1,074	1,209	(135)
<b>Total budgeted expenditure</b>	<b>417,720</b>	<b>423,286</b>	<b>5,566</b>	<b>6,146</b>	<b>(580)</b>
Less funding	(417,720)	(418,856)	(1,136)	(1,136)	0
<b>Net Position 2019-20</b>	<b>0</b>	<b>4,430</b>	<b>4,430</b>	<b>5,010</b>	<b>(580)</b>



- 6.3 **Corporate Services** is forecasting an underspend of £444k. This is a favourable movement of £132k from the position reported in Period 4.
- 6.4 **Change from Period 4** - This month's movement was entirely within Corporate & Community Services, of which £154k relates to a decrease in forecast on the Coroners Service due to the delayed transfer of staff from the Police.
- 6.5 There is a £100k additional pressure relating to Public Interest report which the Council is subject to.
- 6.6 Additionally, there is a £58k decrease in the forecast for Archives & Heritage due to vacancies; a £15k decrease in the forecast for Emergency Planning due to staffing; and other minor underspends of £8k.
- 6.7 The total variations to budget in 2019-20 for Corporate Services are as follows:

**Savings Delivery Pressure (£1,701k savings target):**

Library Service - delayed implementation of budget proposal 18-007-05 means that an element of the property related savings will not be realised in 2019-20 as expected.	66
Non-deliverable Public Health Proposal due to aligning prevention programmes across Directorates - savings not achieved but fully mitigated, see mitigations below	525
	<b>591</b>

**In-Year Budget Variations – Overspends:**

**Corporate & Community Services:**

Grendon Hall - residual costs following closure.	28
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**Other:**

Additional pressure relating to Public Interest report	100
Chief Executive - pressure due to the need for additional staffing resources.	77
Chief Executive - costs associated with the review of LGSS and the financial management review within NCC.	60
Legal Counsel - additional staffing resources to provide extra capacity.	92
Statement of Accounts Production - latest forecast overspend on external audit fees relating to 2017-18 audit. This £80k pressure is in addition to the overspend reported within 2018-19 of £342k.	80
	<b>437</b>

**In Year Budget Variations – Underspends:**

**Corporate & Community Services:**

Customer Services - underspend due to a reduction in staff costs through vacancy management and a reduction in the use of agency staff.	(180)
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Business Intelligence - underspend due to staff vacancies.	(328)
Archives and Heritage - underspend on the operational start up budget for Chester Farm due to delays in project completion (£40k), and staff vacancies (£115k).	(155)
Coroners Service – underspend due to the delayed transfer of staff from the Police	(154)
Library Service – mitigation of property saving pressure through potential one-off staffing underspend due to vacancies.	(66)
Emergency Planning & Community Safety – forecast underspend due to staffing.	(25)
Other minor underspends	(8)
<b>Other:</b>	
Democratic Services - underspend due to a decrease in members' allowances, a cost neutral approach to civic events and vacancies	(31)
	<b>(947)</b>
<b>Mitigations</b>	
General Public Health contribution to NCC support costs	(296)
One-off additional Public Health contribution to NCC support costs	(204)
Northamptonshire Sport grant hosting fee	(25)
	<b>(525)</b>
<b>Net Position – Corporate Services</b>	<b>(444)</b>

- 6.8 **Children First Northamptonshire (CFN)** is forecasting an overspend of £7,634k. This is an adverse movement of £493k from the position reported in Period 4.
- 6.9 **Change from Period 4** - This month the forecast cost of agency placements for our looked after children has increased by £501k. Although the net number of children in external placements has reduced by 9 since the Period 4 report, bringing looked after children in line with budget assumptions, the average cost of placements has increased. £140k of this pressure is the net change in cost of residential placements ending, and new more expensive residential placements commencing. £310k of the pressure is because of net increase in cost for 11 existing placements in residential homes and supported accommodation. £241k of the pressure is in relation to the projected cost of secure welfare placements where an additional placement has been made which was not previously forecast. Lastly, the forecast cost for children with disabilities in external placements has reduced by £190k due to growth in placements being less than forecast.
- 6.10 There has been a further 6 cases referred for mother and baby assessments this period, which is 4 more than previously forecast. This is due to the

continued delays in the assessments of unborn cases as a result of resourcing shortages in the First Response team and Safeguarding teams. The future forecast assumptions have been revised to take account of the increased requirement for assessments, from 13 assessments to 19, at an additional forecast cost of £360k. Because of this, the review of mother and baby assessments savings proposal (18-002-10) is now forecast not to deliver any savings, with additional in year overspends reported above and beyond this.

- 6.11 Analysis of expenditure incurred this year on social care transport has been used to refresh the forecast for Period 5. As a result the forecast has been increased by £190k from last period. This is because the available data indicates the number of children being transported has increased from 122 to 154 each month. Further analysis is required to understand the additional demand pressure, and the position will continue to be monitored.
- 6.12 There has been adverse movement of £100k in spend on legal services, as the forecast has been revised in line with spend to date. LGSS Law Ltd disbursement costs have been higher than originally forecast due to the use of Counsel for a number of complex cases. Invoices are received in arrears for legal costs, and therefore this is the first period where the additional costs have been captured in the forecast. This has reduced the amount of savings previously forecast to be realised against the reduction in legal spend proposal (18-002-05) from £250k to £150k.
- 6.13 There is an adverse movement of £65k relating to additional pressure for Appeals Rights Exhausted (ARE) cases and No Recourse to Public Funds (NRPF) cases. This is due to the Authority supporting an additional NRPF cases, above the previously forecast amount (£15k). Additionally it has taken longer than anticipated to complete the initial human rights assessments for the ARE cases, which are now subject to validation from our lawyers before notice can be served in November/December. The required notice period is 3 months, and it is therefore expected that savings will not be realised in 2019-20.
- 6.14 The forecast net staffing underspend has been reduced by £50k to £2,099k. This is due to the use of agency staff to fill essential posts which support required improvements in service.
- 6.15 The Authority is invoiced for agency placements in arrears and an estimate of the outstanding commitments based on data held by the placements service is accrued for at the end of the financial year. The 2018-19 accruals have now been reconciled to invoices, identifying a net over-accrual which has resulted in an in-year benefit of £565k (£87k for Unaccompanied Asylum Seeking Children placements, £197k for Disabled Children's Team placements, and £281k for other under 18 placements).
- 6.16 Analysis of expenditure to date on domiciliary care for children with disabilities has been used to refresh the forecast for Period 5, indicating reduced forecast

pressure of £134k. This is a high level view and future forecasts will continue to be reviewed and refined.

- 6.17 Savings of £77k have been included in this month's forecast against the agency staff conversion savings proposal (18-002-03). This is in recognition of the part-year effect of 4 successful conversions of agency staff to permanent staff.
- 6.18 Further underspends of £36k on the placements for Unaccompanied Asylum Seeking Children (UASC) have been forecast following analysis of current actual spend. Additionally, £14k further savings have been forecast against the review of UASC accommodation savings proposal (18-002-13) due to the successful identification of two new homes to be used for the internal provision of UASC accommodation. By utilising the internal provision, the Authority is able to reduce its reliance on the more costly external UASC placements.
- 6.19 The Authority receives income from penalties for unauthorised school absences. The forecast was previously reported as £99k additional income and included within other minor variances. The forecast has increased by £33k following the end of the summer term when schools reported greater numbers of unauthorised absences than previously forecast.
- 6.20 After separating income from unauthorised absences, the minor variances have had net adverse movement of £86k.
- 6.21 For the period to the end of August there is an overspend of £2.5m reported on the Dedicated Schools Grant (DSG). This is predominantly in the High Needs Block where there is an overspend of £2.8m forecast, which is offset by underspends in the other DSG Blocks. The High Needs overspend is the result of increasing permanent exclusions from schools which in turn increases the costs for Alternative Provision (£798k) to keep these children in education and the increasing cost of out of county placements (£2,509k). The overspend is offset by a £502k underspend in High Need top up funding for pupils in mainstream schools, which is not forecast to be at budgeted levels for 2019-20. The DSG deficit will be discussed with the Schools Forum and plans made to recover the deficit in 2020-21. It should be noted that this is not a pressure on the Council's General Fund. This is a national issue and the Government has announced some new funding for 2020-21 in the Spending Review announcement.

6.22 The total variations to budget in 2019-20 for CFN are as follows:

<b>Savings Delivery Pressure (£10,296k savings target):</b>	<b>£'000</b>
Non-delivery of staffing related savings proposals:	2,841
- Agency Staff conversion 18-002-03 (£1,547k) due to delays in the conversion campaign which is dependent on the completion of the CFN Social Worker Career Pathway.	
- Reorganisation 18-002-04 (£719k) due to assumed dissolution of dedicated teams which is no longer planned.	
- Continuation of international social worker recruitment 18-002-09 (£575k) due to lower uptake than anticipated and a longer than planned integration period.	
A reduction in the savings anticipated from Agency placements 18-002-18 due to slippage in establishing new residential provisions.	960
A reduction in the savings anticipated from the legal spend proposal 18-002-05 due to costs not reducing in line with budget expectations.	600
A reduction in the savings anticipated from the review of mother and baby assessments proposal 18-002-10 due to increase in demand for assessments.	400
A reduction in the savings anticipated from the review of appeals rights exhausted / no recourse to public funds accommodation proposal 18-002-08 due to increased demand and slippage in completing assessments.	325
Undeliverable Placement Sufficiency 18-002-14 following unsuccessful price negotiations with providers.	300
A reduction in the savings anticipated from the reduction in Section 17 support 18-002-08.	200
A reduction in the savings anticipated from UASC accommodation 18-002-13 because of slippage in establishing new provisions.	118
	<b>5,744</b>
<b>In-year Budget Variations – Overspends:</b>	
In-year demand pressures on Agency Placements due to rising average costs and the number of entrants into care being higher than anticipated.	3,001
Additional in-year demand pressures for social care transport provision.	840
Business support restructure: additional staffing costs.	500
Fostering care provision demand pressure.	400
Mother and baby assessments additional demand pressure	300

Educational Psychology income shortfall because of the increased demand for statutory work which limits the resources available for traded work.	296
Inter-agency adoption fees demand pressure.	280
Additional management capacity to support improvement.	232
ARE demand pressure and NRPf growth.	175
Additional in-year demand pressures for services to disabled children.	31
Other minor variance	10
- IT equipment (£10k)	
	<b>6,065</b>
<b>In-year Budget Variations – Underspends:</b>	
Net staffing budgets underspend due to the difficulty in recruiting to Qualified Social Worker posts / vacancy management.	(2,099)
Additional UASC grant income	(655)
Release of placements over-accrued expenditure	(565)
UASC placement net underspend	(436)
Additional unauthorised absence penalty income	(132)
Other minor variances	(168)
- Schools redundancies underspend (£99k)	
- Reduction in partnership board contribution (£46k)	
- Miscellaneous Learning, Skills and Education underspends (£16k)	
- Miscellaneous commissioning underspends (£7k)	
	<b>(4,055)</b>
<b>Management Actions:</b>	
Drawdown of budget delivery reserve.	(120)
	<b>(120)</b>
<b>Net Position – CFN</b>	<b>7,634</b>

6.23 **LGSS** is forecasting an overspend of £28k. This is a £104k movement from the position reported in Period 4.

6.24 **Change from Period 4** - The movement is due to an agreed £50k investment in 4 temporary posts over a period of 16 weeks in the Debt team to support the delivery of the debt recovery improvement plan; and an overspend of £54k on the IT Managed budget due to the replacement of Trend software required to improve email security.

6.25 The total variations to budget in 2019-20 for LGSS are as follows:

<b>Savings Delivery Pressure (£369k savings target):</b>	<b>£000</b>
There are no pressures to report at this stage.	0
	<hr/>
	<b>0</b>
<b>In-year Budget Variation:</b>	
Underspend on Occupational Health managed budget due to lower than anticipated levels of external referrals.	(76)
Overspend in the debt team directly related to the debt recovery improvement plan agreed with NCC	50
Overspend on the IT Managed budget in relation to the replacement of Trend software	54
	<hr/>
<b>Net Position – LGSS</b>	<b>28</b>
	<hr/>

6.26 **Northamptonshire Adult Social Services (NASS)** is forecasting an underspend of £479k. This is a favourable movement of £155k from the position reported in Period 4.

6.27 **Change from Period 4** - The movement is mainly driven by an increase of £518k in MTFP savings expected to be delivered in 2019-20 following a review of all projects. This includes a £303k improvement in forecast savings against the Shaw PFI contract compliance project (18-001-18) due to better utilisation of specialist care centres.

6.28 NASS have continued to engage into negotiations over the future operation/utilisation of the four Specialist Care Centres (SCC's) within the Shaw PFI contract; the PFI costs the Council some £9m per annum. This has included discussions with both the Department of Health (DoH) and HM Treasury over the best way to improve the effectiveness, efficiency and value for money of the centres until the formal end of the contract in 9 years. Utilisation of the four centres 192 beds has continued to improve from 65% in April to 70% in August.

6.29 Discussions having been held over several months with the DoH and Shaw are focused on two aspects, firstly to review the financial methodology of the PFI contract and the financial model which underpins it. This PFI contract was agreed prior to the UK standardisation of PFI's and thus contains a number of localised throughputs. Secondly, the team will be focused on ways to increase the level of acuity/care needs the four SCC's are able to support to enable the centres to accept more clients with higher care needs, something which the original PFI did not allow for when the contract was signed in 2003. These discussions are expected to conclude shortly and are likely to result in an agreed variation to the contract and how we use and run the service for the remainder of the contract.

6.30 There are further forecast savings of £165k against Shaw PFI – decommissioning of a day care centre (18-001-21). This is following confirmation of formal closure dates of centres and inclusion of transport savings.

- 6.31 The forecast pressure against Independent Care budgets has reduced marginally by £27k across client groups where demand and cost has been effectively managed to keep care below the budgeted growth in demand based on previous year's trends. However, within Older People's budgets there is a £108k increase in forecast expenditure that follows the review of the expected future cost of new clients coming into the Adult Social Care system.
- 6.32 Learning Disability and Transitions independent care forecast expenditure has reduced by a total of £170k since the last report. This follows review of cases where Continuing Health Care funding has been awarded and step down of cases aligned to client outcomes has been achieved.
- 6.33 Physical Disability independent care forecast expenditure has increased by £120k following the monthly review of the cost and volume of client packages currently coming into Adult Social Care and the expected growth during 2019-20.
- 6.34 Adult Social Care Mental Health care forecast has reduced by £85k, where anticipated growth has been reviewed against current levels of activity based on the latest information from health partners and our social care system and is lower than originally anticipated.
- 6.35 A forecast one-off cost of £147k has been incurred on the NASS consultancy budget due to contractual payments relating to the delivery of savings relating to block contract utilisation.
- 6.36 A £392k reduction in the forecast client contribution income for 2019-20 compared to previously reported. The reduction is the result of two elements, firstly the forecasting of client income against actual invoicing levels and the remaining invoicing runs to take place. This has resulted in the majority of the £392k reduction, with a smaller marginal knock on impact of lower care demand. However, contributions remain above the budgeted level and will continue to be monitored.
- 6.37 Client transport expenditure is forecast to underspend by £130k following review of year to date costs and taking into account prior year trends.
- 6.38 Small variances to forecasts across the directorate total a further £19k underspend.
- 6.39 The total variations to budget in 2019-20 for NASS are as follows:

<b>Savings Delivery Pressure (£23,284k savings target):</b>	<b>£000</b>
Savings associated with the Mental Health S117 Contributions budget delivery will not be delivered due to revised cohort assessments (18-001-30)	240



Strategic Commissioning Hub (18-001-07) has now been reassessed/put on hold pending the review of the TOM work currently taking place.	200
Non-delivery of Saxon Court savings (18-001-28) as development has been delayed by provider and will now not come on stream until 2020-21	166
Pressures on the delivery of Shaw FNC proposal (18-001-20) due to timing delays in implementation of in-house funded nursing care checklists to enable charging to the CCG's	165
Shaw Contract Compliance (18-001-18) the majority of the savings proposal of £1,192k has been reported as delivered due to increase utilisation of the block contract with the exception of a minor variance of £92k	92
Intermediate Care under delivery (18-001-13) due to an increase of community care packages leaving the reablement pathway.	37
Eleanor Lodge (18-001-22) due to timing delays in clients agreeing and signing up to rental agreements	33
	<b>933</b>
<b>Savings Delivery: Over-delivery</b>	
Shaw decommission of day care centre (18-001-21) has been reported as over-delivering due to increased savings compared to the original business case due to savings on Shaw unitary charges and transport	(184)
Staff vacancies/Turnover management (18-001-06) effective vacancy management held and managed by NASS senior management team has realised increased savings	(200)
Older People's Continuing Healthcare Optimisation (18-001-23) due to one large efficiency of £78k identified by the CHC team and transferred to Health for payment in April 2019	(66)
Canary System (18-001-29) A higher value of saving is being realised per individual client than was originally anticipated.	(36)
	<b>(486)</b>
<b>Net Savings Delivery</b>	<b>447</b>

#### **In-year Budget Variations – Overspends**

Older People Independent Care – Cost of packages driven by higher acuity and increased hospital discharges/pressures	4,770
Learning Disability Independent Care - Lack of market capacity and pressure pending the delivery of revised contractual frameworks	1,613
Transitions Independent Care - pressure continues to be driven by Looked After Children (LAC) costs	1,477

Non-delivery of historical staff training budget saving that was set in 2017-18. This was a duplicate saving proposal from LGSS	350
Forecast one-off cost has been incurred on the NASS consultancy budget due to contractual payments relating to the delivery of savings relating to block contract utilisation.	147
Forecast staff pressure due to additional agency staff arising from an inability to recruit permanent staff	118
Others minor variances across the service	26
	<b>8,501</b>

### **In-year Budget Variations – Underspends**

Release of 2019/20 budgeted contract inflation	(3,176)
Physical Disability Independent care – due to increased recovery of direct payment clawbacks of £675k and reviews of package to meet assessed need appropriately.	(1,077)
Forecast additional client contributions in line with increased care expenditure	(899)
Increased forecasted income due to the continued funding of the Holistic Intermediate Care Team by the Clinical Commissioning Group	(800)
Mental Health Independent care packages due to the service recoding a cohort of clients into the costs of older people due to their underlying care needs/requirements. The compensating overspend sits within the older people independent care line in overspends. This is under review and if made permanent will require budget coding to reflect correctly.	(459)
Forecast increase in Better Care Fund inflation for 2019-20	(447)
Better Care funding no longer required to fund Public Health posts	(250)
Intermediate Care contract saving as the service is now provided in-house.	(204)
Forecast underspend across small care block contracts as a number have been ended in 2018-19.	(208)
Release of accrual for prior year expenditure on legal services.	(175)
Client transport expenditure is forecast to underspend by £130k following review of year to date costs and taking into account prior year trends	(130)
Forecast underspend on prevention budgets due to a number of contracts ending and not being re-commissioned at this point.	(65)
	<b>(7,890)</b>

### **Management Actions**

Drawdown of budget delivery reserve	(1,537)
	<b>(1,537)</b>
<b>Net Position – NASS</b>	<b>(479)</b>

- 6.40 **Place** is forecasting an underspend of £2,247k. This is a favourable movement of £755k from the position reported in Period 4.
- 6.41 **Change from Period 4** -There has been an increase in underspend within Environment, Planning and Transport (EPT), due to a forecast reduction in legal spend of £70k. This is offset slightly by a £5k increase in the Environmental Management staffing forecast.
- 6.42 Waste is forecasting a net adverse movement of £12k, which is due to a £4k increase in contract rebates, reduced costs on inspections and assessments of closed landfill sites (£11k), staffing (£2k), and hazardous waste (£16k), offset by a £45k reduction in recycle income.
- 6.43 Transport and Contracts Management has an increase in underspend of (£384k), due to further savings within Home to School Transport (£340k), and reduced expenditure within Customer Communities (£25k), and Business Improvement (£20k).
- 6.44 Transport and Development Management has an increase in underspend of £294k, due to reduced activity on travel choices (£60k), a forecast reduction on concessionary fares which is based on the activity for April to July (£212k), and reduced spend on bus & rail development (£24k).
- 6.45 There is an increase in underspend within Development, Infrastructure and Funding of £120k due to a forecast reduction in spend on professional fees and hired services, (£85k), and further slippage on vacancies (£35k).
- 6.46 There is an increase in underspend within Assets and Capital Managed due to a forecast reduction in dilapidation costs (£95k), and further service charge refunds (£8k).
- 6.47 There is a further increase in underspend within the Schools PFI which is due to the capitalisation of the cost of blinds replacement (£158k), offset by a small reduction in external income (£10k) due to a reduction in work delivered to an external customer.

6.48 The total variations to budget in 2019-20 for Place are as follows:

<b>Savings Delivery Pressures (£4,067k savings target):</b>	<b>£000</b>
Rental Income - One Angel Square (17-006-15) – additional income from sub-letting not achieved as alternative approach adopted to optimise NCC use of the building.	500
Commercialisation of Assets initiative (17-004-02) – only £10k saving to be achieved in the current financial year due to delays in contract procurement and the need to extend the initiative beyond Place and across the whole of NCC.	260

On Street Parking initiatives (17-006-21) – implementation and savings delivery impacted upon by an extended consultation process.	404
Delayed implementation of the street lighting lantern replacement programme (18-006-09) due to extended timescale for securing a signed Deed of Variation.	120
Rent waiver at Kettering Household Waste Recycling Centre (18-006-04) – no agreement reached.	44
	<hr/> <b>1,328</b>
<b>Savings Delivery – Over-delivery:</b>	
Over-achievement on the delivery of savings from Home to School Transport initiatives (18-006-03)	(522)
	<hr/> <b>(522)</b>
<b>Net Savings Delivery Pressure</b>	<hr/> <b>806</b> <hr/>
<b>In-year variations - overspend:</b>	
Environmental Management - pressure within Energy and Carbon Management due to a reduction in rebate income.	108
Highways Maintenance - forecast pressure based on essential highway maintenance cost after accounting for KierWSP traffic management self-delivery, gully cleaning efficiencies and re-alignment of operational staff.	300
	<hr/> <b>408</b>
<b>In-year variations - mitigations:</b>	
Environmental Management - underspend due to a vacant post and an underspend on the budget available for grants to environmental bodies.	(73)
EPT Management - underspend due to the full year effect of the Place restructure (£175k), a reduction in professional fees (£115k) and legal costs (£70k) and vacancies (£103k). There is also a £14k forecast underspend on the Countywide Travellers Unit.	(477)
Waste - a forecast pressure of £45k on recycle income is offset by an £18k underspend on salaries, a £41k underspend on closed landfill site inspection and assessment costs and a £16k anticipated underspend on hazardous waste. Additional savings of £203k will also be achieved through a one-off receipt for a contractual performance deduction.	(239)
Transport and Contracts Management - there are underspends of £49k on Social Care & Health Transport, £20k on Business Improvement and £25k on Customers and Communities, partially offset by a small staffing overspend of £2k.	(93)

Transport and Development Management - forecast underspend of £212k on Concessionary Fares due to a reduction in volumes, and a £24k underspend on Bus & Rail due to reduced activity. Additionally there is a £60k underspend on Travel Choices, a £12k refund to Uno relating to 2018-19 and a small underspend of £3k on staffing.	(311)
Development Infrastructure and Funding - underspend due to additional income from a new S106 SLA with the Office of the Police, Fire and Crime Commissioner (£20k), a grant for the Construction Skills Centre (£60k), and additional S106 admin fees (£105k). In addition there are vacancy savings of £135k and reduced spend on professional fees (£23k), economic development (£40k) and local economic assessment (£45k), offset by a small net pressure of £4k.	(424)
Street Lighting PFI - forecast underspend on energy costs.	(120)
Assets and Capital Managed – underspend of £379k due to additional rent income, reduction in business rates, and service charge refunds. Additionally, there is an underspend of £260k on the Asset Utilisation budget due to a negotiated reduction in dilapidations for Riverside House and a general reduction in costs. There is also reduced stationery spend of £45k.	(684)
Property Staffing - underspend due to vacancies.	(278)
Schools PFI - underspend predominantly due to continuing poor performance resulting in contract penalty deductions (£832k). The poor Facilities Management performance has been assertively managed by the Council using all the contractual powers available, including the issuing of several breach notices and the escalation of complaints to the Managing Director of the Facilities Management provider. This has resulted in the development in January 2019 of an agreed Performance Improvement Plan between the Council's CEO, the Managing Director of the Facilities Management provider and the Managing Director of Northampton Schools Limited (the Special Purpose Vehicle established for the delivery of the PFI project). The current level of performance is improving albeit slowly and much more progress needs to be made. Additionally, blind replacement works will now be capitalised creating a revenue saving of £158k, which is partially offset by £227k increase in general repairs; professional services costs with regard to variations on the contract; and a small income reduction.	(763)
	<u>(3,462)</u>
<b>Net Position – Place</b>	<u>(2,248)</u>

6.49 **Technical Finance, Treasury and Insurance** is forecasting an overspend of £1,074k. This is a favourable movement of £135k from the position reported in Period 4. The reasons for this month's movements are set out below.

6.50 There is an additional £135k underspend in Treasury Management based on improved return on short term investments of funds borrowed from Public Works Loans Board (PWLB) in August 2019 ahead of the Council's loan repayment maturities later this financial year.

6.51 The total variations to budget in 2019-20 for Technical Finance, Treasury and Insurance are as follows:

<b>Savings Delivery Pressure (£3,620k savings target):</b>	<b>£000</b>
Under-delivery of savings proposals:	
- 17-008-07 car mileage proposal	150
- 18-003-05 / 17-004-07 procurement review: To date, £504k estimated savings have been identified against this combined target of £1.25m therefore leaving a pressure of £746k. Further discussions are being undertaken in order to identify areas where contract savings can be achieved.	746
- 18-003-04 voluntary redundancy (VR) - due to a fewer number of applications for VR than anticipated, as some of those posts remain essential; therefore could not be deleted.	821
Fees & Charges CPI inflationary uplift not achieved	687
New Assistant Chief of Staff post has been created to support the Commissioners in their work	77
	<u>2,481</u>
<b>In year variation:</b>	
Reduction in borrowing costs	(200)
Single Person Discount review – reduction in costs	(100)
Release of other minor variances	(42)
	<u>(342)</u>
<b>Management mitigation:</b>	
Reserve replenishment no longer required - reserves replenished through use of the capital dispensation in 2018-19	(292)
Release of corporate growth proposal	(500)
Release of bad debt provision	(273)
	<u>(1,065)</u>
<b>Net Position – Technical Finance &amp; Insurance</b>	<u><u>1,074</u></u>

6.52 **Public Health & Wellbeing (PHW)** is reporting a forecast which is in line with net budget, the same position as reported in Period 4.

6.53 The majority of PHW is funded via the Public Health Grant (except £27k of NCC Base Budget in relation to the Health watch contract of £196k and a £223k

overhead contribution from the Adult Learning Service which is funded by an ESFA Grant). It is therefore expected that there will be no impact to NCC base budget position.

6.54 Public Health has built up a reserve of Public Health Grant over the past three years of £5.5m. Currently Public Health services have earmarked £1.2m of this reserve. This comprises £750k of Health & Wellbeing Grants to local Health and Wellbeing Board, £200k contribution to Country Parks, £100k to undertake social marketing training and associated campaign and a few other smaller projects which make up the remaining value.

6.55 There is currently £200k of grant funding unallocated in 2019-20. The period 4 unallocated grant funding was £1.1m of which £500k has been allocated to weight management across the life course and £400k allocated to Community development.

6.56 The total variations to budget in 2019-20 for PHW are as follows:

<b>Savings Delivery Pressure (£23k savings target):</b>	<b>£000</b>
Non-deliverable Public Health Proposal with saving not being achieved as published	12
	<hr/> 12
<b>Management Actions:</b>	
Additional underspend due to the full year effect of a 2018-19 contract reduction	(12)
	<hr/> (12)
<b>Net Position – Public Health &amp; Wellbeing</b>	<hr/> <b>0</b> <hr/>

## 7 Funding

7.1 The net cost of Council services are funded from three areas: council tax, business rates, and government grants, as set out in the Table Two below.

**Table Two: Funding 2019-20**

Funding	Net Budget	Forecast Income at 31/03/20	Forecast Variance at 31/03/20
	£000	£000	£000
Council Tax income	(310,995)	(310,995)	0
Business Rates income	(102,820)	(103,956)	(1,136)
New Homes Bonus	(3,905)	(3,905)	0
<b>Total NCC Funding</b>	<b>(417,720)</b>	<b>(418,856)</b>	<b>(1,136)</b>

7.2 Forecast council tax income is based upon the budgeted council tax precept amount, together with tax base and collection rate information provided by district

and borough councils who collect council tax. The Council Tax income is a fixed amount for the year, as is New Homes Bonus

- 7.3 The Council is a member of Northamptonshire’s business rates pool. Following initial discussions with district and borough councils, it has been confirmed that the Council will receive an additional £1.1m above the amount originally budgeted. This is partly due to the amount of Section 31 grant due to be received being higher than originally forecast, and the Business Rates collection fund being in surplus at the end of 2018-19, rather than the deficit that had been forecast when the budget was set.

## 8 Reserves

**Table Four: Reserves summary**

<b>General Fund Balances</b>	<b>£'000</b>
General Fund reserve	20,000
<b>Earmarked Reserves:</b>	
Budget Delivery Reserve – <i>see paragraph 8.2</i>	7,605
Insurance reserve:	3,512
LGSS reserves	671
Service Carry Forwards of Partnership Funding	23
Public Health Reserve	5,539
Other Earmarked reserves	847
<b>Total General Fund and Earmarked Reserves</b>	<b>38,197</b>
<b>Other Revenue Items:</b>	
Budget contingency- <i>See paragraph 8.3</i>	2,114
<b>Grand Total</b>	<b>40,311</b>

- 8.1 The table above is an updated position of the Council’s General Fund and earmarked reserves. The Council has no plans to drawdown from the above reserves to offset the in year position.
- 8.2 The £7,605k Budget Delivery Reserve is after adjusting for committed drawdowns from Services in 2019-20.
- 8.3 Included in above table is the £2.1m budget contingency to support the Council’s ongoing financial health. The Council’s forecast position of £4.4m overspend does not include use of this budget contingency.

## 9 Transformation

- 9.1 A report introducing the Council’s Transformation Strategy was presented to Cabinet on 13<sup>th</sup> November 2018. This report set out the approach to the Council’s



Transformation Programme, which documents the objectives of the programme together with the projects and programmes being initiated. The Transformation Strategy was subsequently approved by the full Council meeting on 22<sup>nd</sup> November 2018.

- 9.2 A number of projects that are forecast to deliver savings in 2019-20 already approved for support through the Transformation Programme were reported and approved by Full Council. The costs associated with the delivery of each of these projects will be met through the flexible use of capital receipts, subject to having sufficient capital receipts available. There are strict rules that must be followed in identifying expenditure that qualifies to be funded in this way, and the Council is now complying with those rules.
- 9.3 The delivery of these projects and their forecast outcomes are being monitored closely in order to ensure that benefits are realised and that they continue to qualify for funding through this route. Finance officers continue to work closely with colleagues across the Council to review and analyse the activity that is being undertaken so as to deliver improved outcomes for the Council and reduce its cost base. Part of this process includes an evaluation of any additional resources required to deliver further transformation, which is subject to internal governance, review and approval.
- 9.4 An updated Flexible Use of Capital Receipts Strategy was agreed at Council on 20<sup>th</sup> June 2019. This included the latest listing of transformation activity that meets the criteria for funding through the application of capital receipts. The Quarter 2 Finance Report will set out the latest forecast spend and savings against the approved budget lines.
- 9.5 Table Four sets out the budget and latest forecast of the Council's Transformation projects for 2019-20 approved by full Council on 20<sup>th</sup> June 2019 which will be funded by flexible use of capital receipts. This includes some projects that commenced in 2018-19 and continue into 2019-20. The savings generated through this funding will be realised in 2019-20 and in future years. Some projects are enablers and savings will be delivered in other areas due to them being in place.

**Table Four: Transformation Projects 2019-20**

Transformation Projects 2019-20	Approved Budget Original Estimate 2019/20 £000		
	B/fwd. £000	2019/20 £000	Total £000
<b>Agency Staff Conversion:</b> Reduce the number of agency staff in social work teams through enabling their transfer into the Council's staffing establishment	293	-	293
<b>Renegotiation of Contract:</b> Appointment of legal advisors who will deliver the renegotiation of the Shaw PFI contract - savings to accrue from 2020/21 onwards	53	115	168
<b>Local Government Reorganisation:</b> Costs associated with the proposed local government reorganisation in Northamptonshire	375	575	950
<b>Estimated voluntary redundancy costs</b> associated with reducing the size of the workforce	0	1,000	1,000
<b>A review of the pricing and delivery of Learning Disability services,</b> changing the way we buy care services for adults with learning disabilities from private providers, to meet the increasing demand in the most cost-effective way. This will ensure we have more certainty of our cost and can consider better ways of providing improved outcomes.	289	434	723
<b>Annual Cost of the Transformation Programme,</b> as per Transformation Strategy	-	2,598	2,598
<b>Committed Cost of the Unitary Programme</b>	-	298	298
<b>Libraries Transformation Programme-</b> delivering provision of a fully comprehensive and efficient service	-	272	272
<b>Transformation Roles in Children's service.</b> Building delivery capacity	-	180	180
<b>Single handed project</b> - Reducing the level of resource associated with home care by using specialist equipment and training to reduce existing care or reduce care packages.	-	260	260
<b>Canary Pilot</b> - Installing monitoring systems to enable long term care package savings.	-	53	53
<b>Total</b>	<b>1,010</b>	<b>5,785</b>	<b>6,795</b>

9.6 The application of this strategy relies on the availability of sufficient capital receipts to fund the qualifying transformation expenditure. The latest capital receipt forecast indicates the following:

**Table Five**

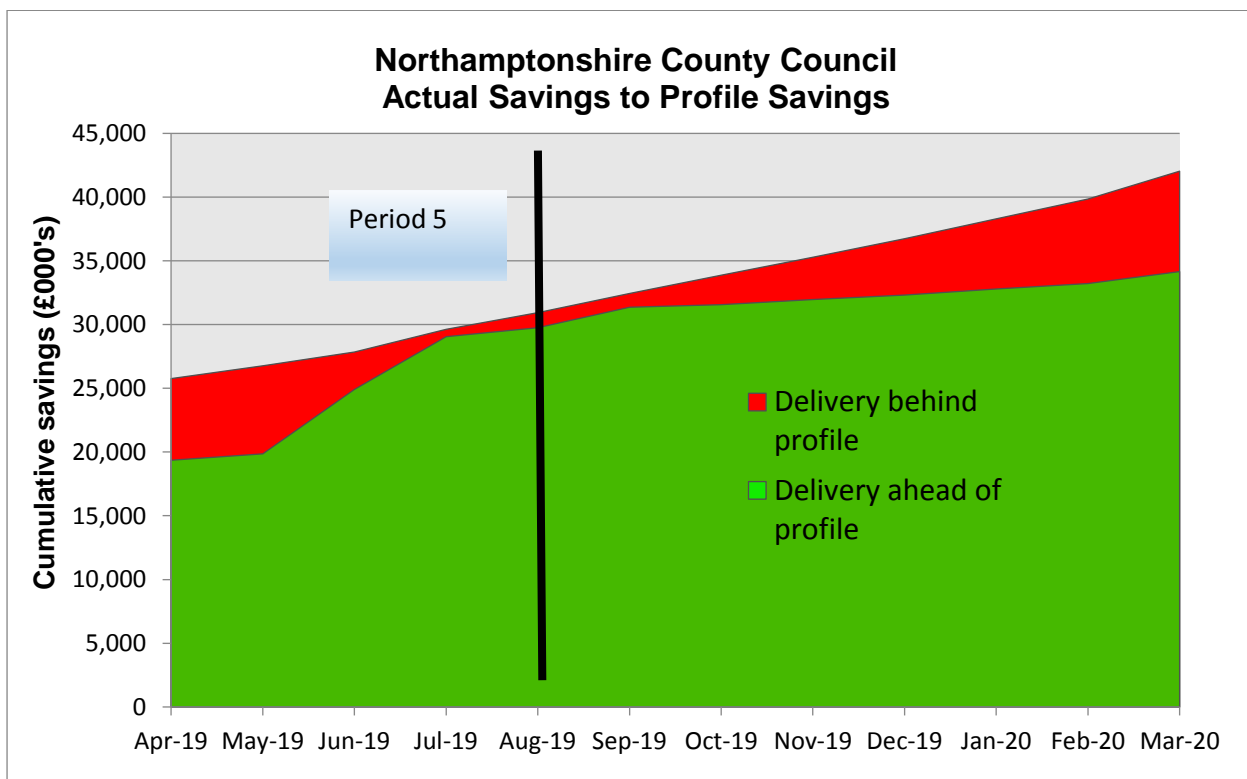
	<b>£000</b>
Unused capital receipts brought forward from 2018-19	3,232
Estimated receipts from sales 2019-20 (Risk-adjusted forecast)	7,102
<b>Forecast of Total Available Capital Receipts</b>	<b>10,334</b>

## **10 2019-20 Savings Delivery Performance**

- 10.1 The Council has a total savings requirement of £43.4m in 2019-20. Of this, £41.4m is within 2019-20 budget set in February 2019; £1.1m is other savings measures embedded in the brought forward base from 2018-19; and £0.5m in income proposals, as set out in the table below. The deliverability of these proposals is being monitored by each accountable service lead, budget manager and senior officers.
- 10.2 The Transformation Programme is divided into four work streams – Children’s, Adults, Place and Corporate. Each work stream has its own Programme Board led by the Senior Responsible Officer, which will meet on a monthly basis throughout the year. The role of the Board is to provide robust governance and assurance by monitoring and managing programme progress, savings, impacts, risks, issues, interdependencies and benefits. This is to ensure that transformation and savings are delivered in line with corporate priorities, agreed savings targets and the Medium Term Financial Plan. Each programme Board will report to the central Transformation Board, chaired by the Chief Executive.
- 10.3 The latest assessment on the deliverability of the £43.4m savings proposals is set out in the Table below, by work stream.

**Table Six: 2019-20 Savings Proposals**

	Target Savings £000	Savings budgeted to be delivered at Period 12 £000	Variance currently forecast at Period 12 <i>Under/(Over) delivery</i> £000
Corporate Services	(1,701)	(1,635)	66
Children First Northamptonshire (CFN)	(10,296)	(4,552)	5,744
Place	(2,742)	(2,840)	(98)
Northamptonshire Adult Social Services (NASS)	(23,284)	(22,836)	448
Cross-cutting Programme	(3,220)	(1,903)	1,317
LGSS	(369)	(369)	0
Public Health & Wellbeing	(23)	(23)	0
<b>Total, 2019-20 savings:</b>	<b>(41,635)</b>	<b>(34,158)</b>	<b>7,477</b>
<b>Place: Income proposal</b>	<b>(500)</b>	<b>(300)</b>	<b>200</b>
Brought forward savings from 2018-19:			
Place <i>brought forward</i>	(825)	(121)	704
Cross-cutting <i>brought forward</i>	(400)	0	400
<b>Total: Brought forward savings from 2018-19:</b>	<b>(1,225)</b>	<b>(121)</b>	<b>1,104</b>
<b>Grand Total</b>	<b>(43,360)</b>	<b>(34,579)</b>	<b>8,781</b>



*Delivery of Savings - Analysis of Variance between Original Budget Profile and Expected Delivery to Period 12.*

## 11 Consultation and Scrutiny

- 11.1 All 2019-20 Budget proposals were consulted on prior to the budget being approved by Full Council in February 2019.
- 11.2 Any management interventions that require a policy change will be subject to a consultation before any decision is taken.
- 11.3 Where consultation is necessary, full details will be presented to Cabinet separately. Cabinet can only make a decision after taking careful account of the results of such consultation in order to reach an informed decision.

## 12 Equality Screening

- 12.1 Where material mitigating actions may have an impact upon specified groups of service users, an equality impact assessment will be carried out so as to ensure that the implications of change are fully understood.

Reason that no EqlA is required	✓ as appropriate
The paper is for information only	✓
The proposal/activity/decision has no impact on customers or the service they receive	
The proposal impacts upon staff but the proposed staffing changes will not affect the service that customers receive*	
Other (Please explain further)	

### Appendices

**Appendix A** – 2019-20 Variation to budget

**Appendix B** – 2019-20 NCC Budget Savings Tracker

Author:	Name: Iain Jenkins Team: Finance
Contact details:	Tel: 01604 364664 Email: <a href="mailto:IJenkins@northamptonshire.gov.uk">IJenkins@northamptonshire.gov.uk</a>
Background Papers:	
Does the report propose a key decision is taken?	YES
If yes, is the decision in the Forward Plan?	N/A
Will further decisions be required? If so please outline the timetable here	Yes, future Cabinet Meetings.
Does the report include delegated decisions? If so, please outline the timetable here	N/A
Is this report proposing an amendment to the budget and/or policy framework?	NO
Have the financial implications been cleared by the Strategic Finance Manager (SFM)?	YES Name of SFM: All

Have any capital spend implications been cleared by the Capital Investment Board (CIB)	N/A
Has the report been cleared by the relevant Director?	YES Name of Director: All
Has the relevant Cabinet Member been consulted?	YES Cabinet Member: Cllr Longley
Has the relevant scrutiny committee been consulted?	Overview and Scrutiny can review if required in their work programme
Has the report been cleared by Legal Services?	YES Name of solicitor: Debbie Carter-Hughes
Have any communications issues been cleared by Communications and Marketing?	YES Name of officer: Liam Beasley
Have any property Issues been cleared by Property and Asset Management?	NO
Procurement/ Contractual Implications: <ul style="list-style-type: none"> <li>• Have you evidenced compliance with the Council's Contract Procedures Rules?</li> <li>• Have you identified where you are seeking Cabinet to approve an exemption from the Contract Procedure Rules and detailed the risks and mitigations?</li> <li>• Have you identified any EU or UK legislative risks associated with the exemption process such as non-compliance with the Public Contract Regulations Act 2015, transparency and open competition?</li> <li>• Have you identified the procurement or contractual risks associated with a contract?</li> <li>• Has the contract/procurement been subjected to the Council's Commercial Board?</li> </ul>	NO
Are there any community safety implications?	NO
Are there any environmental implications:	NO
Are there any Health and Safety Implications:	NO
Are there any Human Resources Implications:	NO
Are there any human rights implications:	NO
Constituency Interest:	All



**CABINET**

**8 OCTOBER 2019**

**EXECUTIVE DIRECTOR OF FINANCE: BARRY SCARR**

**CABINET MEMBER WITH RESPONSIBILITY FOR FINANCE:**

**COUNCILLOR MALCOLM LONGLEY**

<b>Subject:</b>	<b>Monthly Capital Report (MCR) – Forecast Outturn as at period 5 for the financial year ending 31st March 2020.</b>
	<p>Cabinet is requested to:</p> <ol style="list-style-type: none"> <li>1. Note the forecast capital expenditure of £85m for 2019-20.</li> <li>2. Approve the promotion of the Community Libraries Programme scheme from the development pool into the committed capital programme with investment totalling £27k.</li> <li>3. Approve the extension of the A509 Isham Bypass scheme within the current capital programme with investment totalling £475k.</li> </ol> <p>Further detail on the above schemes can be found in Section 8.</p>

**1. Purpose of Report**

- 1.1 This report sets out the forecast capital outturn for the financial year 2019-20 and the approved expenditure within the capital programme for future years.
- 1.2 The report also seeks Cabinet approval for the promotion of one scheme from the development pool to be included in the Council’s committed capital programme, and the extension of one scheme following recommendation at the latest meeting of the Place Shaping Board, Transformation Board or through the Executive Director Place and Commercial and/or the Executive Director Finance.

**2. Background**

- 2.1 The Capital Programme is the Council’s plan for investing in assets to efficiently deliver its statutory services and to improve the infrastructure of Northamptonshire, with the benefits lasting over a number of years. Resources come from grants and contributions, capital receipts from surplus land and buildings, and where there is no other funding source available, short and long term borrowing. These sources of income are generally not permitted to be used for day to day revenue expenditure.
- 2.2 The Capital Programme has links to the revenue budget through the repayment of any loans taken out to fund capital investment. Given this impact on revenue, there is a detailed due diligence process for reviewing capital schemes before being recommended to Cabinet and full Council for approval.

**3. How this decision contributes to the Council Plan**

- 3.1 The Council’s vision is for Northamptonshire to be a county where everyone looks after each other and takes responsibility, where the vulnerable are

protected and supported and where the people who can help themselves receive the assistance they need to stay independent and healthy.

**The Council's capital programme helps the Council to deliver this vision through the following strategic priorities outlined in the Council:**

- Working in partnership with other public sector organisations (such as the seven district and borough councils, the local NHS bodies, and Northamptonshire Police)
- Enabling individuals and communities to achieve better outcomes
- Engaging with partners and communities to co-design and co-deliver services
- Using innovation to find better and more sustainable ways of delivering services ensuring they are efficient and affordable in the long term
- Focusing resources on prevention and early intervention
- Using technology and digital solutions to meet the needs of residents
- Commissioning and procuring services and goods with partners
- Utilising the Council's assets effectively
- Reducing inequalities and disparity of opportunities

#### **4. Governance**

##### **4.1** The governance of the capital programme comprises:

- A Capital Projects Board chaired by the Executive Director for Place and Commercial, aimed at reviewing scheme progress through project management reporting and identifying issues and risks which require support to resolve or escalate to the Northamptonshire Leadership Team (NLT) and Finance Director.
- The Place Shaping Board and the Transformation Board, chaired by the Chief Executive, review and consider business cases for new capital investment and funding prioritisation. New capital schemes or extensions to existing schemes are then recommended to Cabinet for approval. The Place Shaping Board also ensures that new developments, disposals, investments and acquisitions are taken forward by the County Council (independently or in partnership) supporting strategic objectives for financial sustainability, economic growth and regeneration across the County.

##### **4.2** In addition, the Expenditure Control Panel reviews and approves planned expenditure on committed schemes to ensure such expenditure is appropriate and demonstrates value for money.

#### **5. Capital Budget**

**5.1** The Council's Capital Strategy 2019-20 to 2022-23 agreed by Council on 21 February 2019 approved a forecast Capital Programme of £389m. This consisted of a committed capital programme of £80m and a development pool of £309m for planned new schemes over the four year plan period.

**5.2** The development pool is the Council's medium term capital budget for schemes that still require full business case review and/or confirmation of funding and as such are subject to Cabinet approval. A key planning assumption of the development pool was that £24.5m of discretionary funding (borrowing) was



required over the period April 2019 to March 2023 (subject to Cabinet approval). Further detail on the schemes can be found in Appendix B.

**5.3** The key objectives of the Capital Strategy are as follows:

- The delivery of a medium term capital programme which is affordable and sustainable, ensuring that the Council's internal resources and application of external borrowing are utilised to fund capital expenditure where it supports the delivery of the Council's financial sustainability and where there are statutory requirements such as health and safety;
- New capital investment will only be permitted if it contributes to the achievement of the Council's strategic aims and objectives;
- The use of external funding is prioritised against the areas of greatest need within the County, in the main supporting highways maintenance and the delivery of education places within the county. In the current financial climate priority will be given to schemes that also deliver transformation and/or revenue savings;
- Maximise the use of the Council's assets, and where possible working with local partner organisations to maximise the efficiency of assets across the public sector and Northamptonshire.

**6. Capital Monitoring Summary**

- 6.1** The 2019-20 to 2022-23 forecast capital expenditure of £80m reported in the Capital Strategy increased to £97m as a result of reprofiled expenditure reported to Cabinet, and new Cabinet approved schemes entering the programme, prior to the start of the financial year.
- 6.2** In addition, April to August 2019 Cabinet reports further approved new schemes into the committed capital programme, granted extensions to current schemes, and removed schemes to give a current approved capital programme budget of £89m for 2019-20.
- 6.3** The Council's 2019-20 Capital Programme budget and forecast expenditure are shown in Table 1, with the detailed service expenditure summaries set out in Appendix A.

Summary of 2019-20 capital programme budget and outturn expenditure by service area (Table 1)

	<b>Current Budget 2019-20 &amp; Future Years</b>	<b>Original 2019-20 Forecast **</b>	<b>2019-20 Spend to P5</b>	<b>Revised 2019-20 Forecast</b>	<b>Movement in Forecast from the Original Forecast</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Place - Environment Planning & Transport	75,929	57,346	5,651	56,976	(370)
Place - Children's, Families and Education	30,458	22,251	4,268	20,179	(2,072)
Place - Asset & Capital Management	20,245	2,601	(87)*	1,601	(1000)
Place - Adult Social Care Services	6,669	4,227	(466)*	4,227	0
NCC Group - Chief Executive	2,000	1,500	101	1,200	(300)
LGSS - IT Infrastructure/ Development	904	900	114	900	0
Place - Public Health and Wellbeing	237	155	30	155	0
<b>Total</b>	<b>136,442</b>	<b>88,980</b>	<b>9,611</b>	<b>85,238</b>	<b>(3,742)</b>

\* Note: the negative values in the year to date actuals relate to works completed and accounted for in 2018-19 for which invoices have yet to be received and/or processed in 2019-20.

\*\*The original 2019-20 forecast includes subsequent Cabinet approvals profiled to spend within the year.

**6.4** The movement since the Period 4 monitoring report is a net £2.5m decrease forecast expenditure for 2019-20. This change is due to the following significant movements of over £0.5m:

- A45 Daventry Development Link Road - £0.6m increase due to estimated land and compensation agreements.
- Kettering Secondary Schools - £0.8m decrease due to a delay in awarding contracts. This work has partially slipped into 2020-21.
- Schools Minor Works Programme 2019-20 - £1.0m decrease due to delays collecting school condition reports and agreeing work programmes. The planned works have slipped into 2020-21.
- Minor Works 2019-20 - £1.0m decrease due to the delay in procuring the works. The budget will be committed to spend by year end with the work carried out in the next financial year.
- Superfast Broadband - £1.1m decrease (now forecast for 2020/21) due to slippage in delivering the contractual phase arising from special engineering difficulties and wayleave delays.

**6.5** The remaining £0.7m increase consists of movements of less than £0.5m per scheme.

**6.6** Table 2 shows the capital programme sources of funding by Directorate over the medium term horizon.

Current Capital Programme Funding 2019-20 to 2022-23 (Table 2)

	Discretionary Funding (inc. investments) (borrowing)	Repayable (borrowing)*	Grant Funding	s106	Developer, District & Other Contributions	Total Funding Requirement for 2019-20 Onwards
	£000's	£000's	£000's	£000's	£000's	£000's
Place -Environment, Planning & Transport	14,139	2,774	39,785	16,487	2,744	75,929
Children, Families and Education	151	0	21,161	9,146	0	30,458
Place - Asset & Capital Management	18,725	0	1,520	0	0	20,245
Place – Adult Social Care Services	5,689	0	980	0	0	6,669
NCC Group - Chief Executive	2,000	0	0	0	0	2,000
LGSS - IT Infrastructure/ Development	904	0	0	0	0	904
Place - Public Health and Wellbeing	87	0	150	0	0	237
<b>TOTAL</b>	<b>41,695</b>	<b>2,774</b>	<b>63,596</b>	<b>25,633</b>	<b>2,744</b>	<b>136,442</b>
<b>%</b>	<b>30.56%</b>	<b>2.03%</b>	<b>46.61%</b>	<b>18.79%</b>	<b>2.01%</b>	<b>100%</b>

*\*Note: repayable borrowing is short term gap funding awaiting repayment linked to contract agreement trigger points. This will mean NCC will undertake borrowing to initially fund the scheme with repayment coming at a future date.*

6.7 The Table below explains how the £44,469k discretionary funding requirement in Columns 1 and 2 of Table 2, less £16,366k for the self-funding property investment portfolio, together with the remaining discretionary funding commitment in the development pool, translates into a borrowing requirement.

Prudential Borrowing Requirement over the MTFP Period (including development pool). (Table 3)

	£000's
Capital Programme commitments (net position including capital receipts and repayment assumptions)*	7,821
Approved Discretionary Funding for the schemes within the Development Pool over the medium term period to 2022-23: £24,557k from Capital Strategy, less £8,051k promoted to capital programme in year.	16,506
<b>Total new borrowing requirement approved (MTP period)</b>	<b>24,327</b>

\* The repayment assumptions included in Table 3:

- £2m from Daventry District Council in respect of Daventry Development Link Road funding agreement
- £2m additional income from contract provisions for take-up clawback to repay additional investment in Superfast Broadband as agreed by Cabinet

## 7. Capital Receipts and Use of Resources

7.1 The Capital Receipts table below shows the total forecast available capital receipts at the end of 2019-20, based on receipts not utilised from previous years and new receipts from the sale of property during 2019-20. The forecast has increased by £138k from period 4 based on an update to valuations within the asset disposal plan.

Table showing the capital receipts the Council expects to have available at the end of 2019-20 (Table 4)

	£000's
Unused capital receipts brought forward from 2018-19	3,232
2019-20 capital receipts forecast	7,102
<b>Total Available Capital Receipts</b>	<b>10,334</b>

7.2 On 20th June 2019 Full Council approved the Flexible Use of Capital Receipts Strategy 2020 including a budget of £6.8m within 2019-20 to fund the Council's Transformation Programme.

## 8. Recommendations and Updates to the Capital Programme

The Northamptonshire Leadership Team and Place Shaping Board has recommended the following capital schemes be added to the Capital Programme.

### Summary of capital schemes recommended for inclusion in the capital programme (Table 5)

No.	Scheme Status	Capital Scheme Title	Capital Budget Increases/ (Decreases) for Approval £000's	Funding Source
1	Promotion from Development Pool	Community Libraries Programme	27	Discretionary Funding
2	Extension of Scheme	Isham Bypass	475	Discretionary Funding
Total			<b>502</b>	

#### 1. **Community Libraries Programme - £26,500**

This scheme will allow the twenty-two Community Managed Libraries to continue to use the Libraries Management System which is integral to the effective management of a library service. This scheme is part of a larger programme of work currently held within the development pool.

#### 2. **Isham Bypass - £475,000**

Following receipt of a property Blight Notice in relation to the proposed Isham Bypass, the Council is seeking to secure a purchase from the current owners including all associated and relevant costs.

#### 9. **Consultation and Scrutiny**

The 2019-20 Capital Strategy and Capital Programme were subject to consultation and overview and scrutiny process review prior to approval by Full Council in February 2019.

#### 10. **Equality Screening**

10.1. Where a scheme may have an impact upon customers with protected characteristics an equality impact assessment will be carried out by the service prior to the scheme being implemented to ensure that these implications are understood.

Reason that no EqIA is required	✓ as appropriate
The paper is for information only	
The proposal/activity/decision has no impact on customers or the service they receive	
The proposal impacts upon staff but the proposed staffing changes will not affect the service that customers receive*	
Other (Please explain further) as described above this is a finance approval report only and the service will ensure an EqIA is completed as appropriate prior to any changes to service delivery.	✓

## **11. Alternative Options Considered**

- 11.1.** The deliverability of the 2019-20 Capital Strategy is monitored by each accountable project manager and senior officer. There is further review throughout the financial year through the operation of the Place Shaping Board and corporate oversight is provided through monthly NCC Leadership Team reviews.
- 11.2.** If any overspends, or emerging pressures are identified during the year then mitigating actions will be sought and management interventions undertaken. Details of pressures, risks and mitigating actions implemented are provided as part of the finance monitoring reports as the year progresses.

## **12. Risk and Business Continuity Management**

- 12.1.** There are internal control processes in place to ensure that the Council does not spend beyond the resources available. Risk will be managed and monitored throughout the organisation during the delivery of the Council's budget plans.

## **13. List of appendices**

- 13.1.** Two appendices to this document are included. All information to enable a decision is included within the main report.

**Appendix A – Detailed Service Summaries**

**Appendix B – Additional Funding Information**

Author:	Name: Andrea Devereux Team: NCC Finance – Place and Corporate Services
Contact details:	Tel: 01604 367348 Email: <a href="mailto:adevereux@northamptonshire.gov.uk">adevereux@northamptonshire.gov.uk</a>
Background Papers:	
Does the report propose a key decision is taken?	YES
If yes, is the decision in the Forward Plan?	NO
Will further decisions be required? If so, please outline the timetable here	NO
Is this report proposing an amendment to the budget and/or policy framework?	NO
Have the financial implications been cleared by the Strategic Finance Manager (SFM)? Have any capital spend implications passed through Capital Programme governance procedures?	YES Name of SFM: Rosemary Pallot  YES
Has the report been cleared by the relevant Director?	YES Name: James Smith
Has the relevant Cabinet Member been consulted?	YES Cabinet Member: Cllr Malcolm Longley
Has the relevant scrutiny committee been consulted?	NO
Has the report been cleared by Legal Services?	YES Name of solicitor: Debbie Carter-Hughes
	Solicitor's comments:
Have any communications issues been cleared by Communications and Marketing?	YES Name of officer: Liam Beasley
Have any property issues been cleared by Property and Asset Management	NO
Has an Equalities Impact Assessment been carried out in relation to this report?	NO
Are there any community safety implications?	NO
Are there any environmental implications:	NO
Are there any Health & Safety Implications:	NO
Are there any Human Resources Implications:	NO
Are there any human rights implications:	NO
Constituency Interest:	ALL

## Appendix A - Detailed Service Summaries

The Place Directorate has responsibility for all aspects of County Council services which comprise a physical, tangible or place-based asset within the geography of Northamptonshire. This enables the bringing together, and delivery of, the Council's capital programme, all PFIs and the management of the County Council's Estate, allowing economies of scale to be reaped from a consolidated and coordinated approach.

### Place - Children, Families and Education (Table 6)

<b>Children, Families and Education 2019-20 Expenditure</b>	<b>£000's</b>
<b>Opening Forecast Spend 2019-20</b>	<b>14,607</b>
<b>New Schemes/Removals/Uplifts (approved by Cabinet since April 2019)</b>	
East Northants Education Restructure - Prince William	800
East Northants Education Restructure saving	(500)
Northampton Secondary Schools Capacity	2,300
Woodford Halse Primary School	129
Schools Strategic Maintenance - PFI Blinds	480
Billing Brook Special School Capacity	250
Huxlow School Mobiles	164
Northampton Secondary Schools Capacity	396
Radstone Primary School	135
Schools Minor Works Programme 2019-20	2,839
Manor School	500
Children's Complex Residential	151
<b>Revised Capital Forecast</b>	<b>22,251</b>
<b>Net movement in forecast spend (includes project overspends, underspends and reprofiling)</b>	<b>(2,072)</b>
<b>New Forecast Outturn</b>	<b>20,179</b>



**The following major schemes are being progressed in 2019-20 (Table 7)**

<b>Scheme</b>	<b>P4 Forecast £000's</b>	<b>P5 Forecast £000's</b>	<b>Commentary</b>
Kettering Secondary School Extensions	7,823	7,023	Slippage in the project is due to a delay in awarding contracts.
Northampton Secondary Schools Capacity	2,300	2,300	Project to add temporary pupil capacity.
Latimer Arts College	1,876	1,876	School managed project to construct a new sports hall and all weather pitch.
Schools Minor Works Programme 2019-20	2,839	1,800	Project to address condition issues across the schools estate. However, delays collecting the condition reports and agreeing work programmes with schools has resulted in some work slipping into next financial year.
Other Schemes (under £1.0m)	6,716	7,180	
<b>Total</b>	<b>21,554</b>	<b>20,179</b>	

**Place – Environment, Planning & Transport (Table 8)**

<b>Environment, Planning &amp; Transport 2019-20 Expenditure</b>	<b>£000's</b>
<b>Opening Forecast Spend 2019-20</b>	<b>35,616</b>
<b>New Schemes/Removals/Uplifts (approved by Cabinet since April 2019)</b>	
Northampton Growth Management Scheme Phase 1	4,080
LTP Integrated Maintenance Block 2019-20	11,542
LTP Integrated Transport Block 2019-20	1,791
Pothole Fund 2019-20	812
Barton Road/Cranford Road Junction	880
Highways Maintenance Block Incentive Fund 2019-20	2,560
Household Waste Recycling Centres (HWRC) Sinking Fund Contribution	65
<b>Revised Capital Forecast</b>	<b>57,346</b>
<b>Net movement in forecast spend (includes project overspends, underspends and reprofiling)</b>	<b>(370)</b>
<b>New Forecast Outturn</b>	<b>56,976</b>

**The following major schemes are being progressed in 2019-20 (Table 9)**

<b>Scheme</b>	<b>P4 Forecast £000's</b>	<b>P5 Forecast £000's</b>	<b>Commentary</b>
Local Transport Plan Maintenance Block 2019	11,542	11,542	A Department for Transport (DfT) capital grant for highway maintenance.
A43 Northampton to Kettering - Phase 1b	10,027	10,027	Moulton bypass section. Main works started on site January 2019. Due for completion Spring 2020.
Northampton Superfast Broadband	4,236	3,163	Slippage in delivering the contractual phase arising from special engineering difficulties and wayleave delays.
Northampton Growth Management Scheme	3,943	3,943	A scheme to improve the A45 junctions in Northampton. Work due to start Autumn 2019.
Local Highways Maintenance	3,641	3,641	This is part of £6.7m grant profiled across 2 years received by NCC as part of the additional £420m new government funding announced in the November 2018 budget. This has been earmarked for repairs to the Oundle Bridge.
Highways Maintenance Block 2018-19	3,151	3,151	A DfT grant for highway maintenance.
Highways Maintenance Block Incentive Fund 2019-20	2,580	2,580	A DfT grant for highway maintenance.
National Productivity Fund - Cliftonville	2,000	2,000	A project to widen and improve Cliftonville Road in Northampton, funded from the National Productivity Improvement Fund. Work due to start Autumn 2019.
Chipping Warden Relief Road	2,000	2,000	NCC contribution, funded from a combination of non ring-fenced DfT grants and discretionary borrowing.
Northampton North West Relief Rd	1,867	1,867	Design and planning works funded from NBC contributions.
Highways Integrated Transport Block 2018-19	1,812	1,812	A DfT grant for minor highway improvement works.
Smart Commuters	1,697	1,697	A scheme fully funded through the Local Growth Fund to bring live and user-focused travel information to Northamptonshire.
LTP Integrated Transport Block 2019-20	1,571	1,571	A DfT grant for minor highway improvement works.
A43 Corby link road	1,508	1,508	Road opened May 2014. Land compensation and remaining land purchase payments still to be settled.
A45 Northampton to Daventry Development Link (DDL)	0	612	New road opened November 2018. Additional £4.3m costs over and above budget in 2018-19 with these additional costs met from unspent DfT grants. An update on further potential cost is awaited and a report on the scheme is planned for the November meeting of Cabinet.
Other (under £1.0m)	3,659	4,271	
<b>Total</b>	<b>57,437</b>	<b>56,976</b>	

## Place – Asset & Capital Management (Table 10)

<b>Asset &amp; Capital Management 2019-20 Expenditure</b>	<b>£000's</b>
<b>Opening Forecast Spend 2019-20</b>	<b>1,080</b>
<b>New Schemes/Removals/Uplifts (approved by Cabinet since April 2019)</b>	
Denton Primary School Mobile Refurbishment	21
Angel Square Optimisation	500
Property Minor Works 2019-20	1,000
<b>Revised Capital Forecast</b>	<b>2,601</b>
<b>Net movement in forecast spend (includes project overspends, underspends and reprofiling)</b>	<b>(1,000)</b>
<b>New Forecast Outturn</b>	<b>1,601</b>

The following major schemes are being progressed in 2019-20 (Table 11)

<b>Scheme</b>	<b>P4 Forecast £000's</b>	<b>P5 Forecast £000's</b>	<b>Commentary</b>
Property Minor Works 2019-20	1,000	0	Due to delays in procuring the works, the projects have slipped into next financial year.
Other (under £1.0m)	1,601	1,601	
<b>Total</b>	<b>2,601</b>	<b>1,601</b>	

## Place – Adult Social Care Services (Table 12)

<b>Adult Social Care Services 2019-20 Expenditure</b>	<b>£000's</b>
<b>Opening Forecast Spend 2019-20</b>	<b>227</b>
<b>New Schemes/Removals/Uplifts (approved by Cabinet since April 2019)</b>	<b>0</b>
Community Equipment 2019-20	4,000
<b>Revised Capital Forecast</b>	<b>4,227</b>
<b>Net movement in forecast spend (includes project overspends, underspends and reprofiling)</b>	<b>0</b>
<b>New Forecast Outturn</b>	<b>4,227</b>

The following major schemes are being progressed in 2019-20 (Table 13)

Scheme	P4 Forecast £000's	P5 Forecast £000's	Commentary
Community Equipment	4,000	4,000	Purchase all community equipment on behalf of Adult Social Care and Health.
Other (under £1.0m)	227	227	
Total	4,227	4,227	

### Chief Executive Services (Table 14)

Chief Executive Services 2019-20 Expenditure	£000's
Opening Forecast Spend 2019-20	0
<b>New Schemes/Removals/Uplifts (approved by Cabinet since April 2019)</b>	
Social Care System Replacement	1,500
<b>Revised Capital Budget 2019-20</b>	<b>1,500</b>
<b>Net movement in forecast spend (includes project overspends, underspends and reprofiling)</b>	<b>(300)</b>
<b>New Forecast Outturn</b>	<b>1,200</b>

The following major schemes are being progressed in 2019-20 (Table 15)

Scheme	P4 Forecast £000's	P5 Forecast £000's	Commentary
Social Care System Replacement	1,200	1,200	Carefirst system replacement
Total	1,200	1,200	

### IT Infrastructure / Development (Table 16)

IT Infrastructure/Development 2019-20 Expenditure	£000's
Opening Forecast Spend 2019-20	540
<b>New Schemes/Removals/Uplifts (approved by Cabinet since April 2019)</b>	
Passport Replacements and IP addressing	20
VMWare Replacement	200
Server 2008 Replacement	140
<b>Revised Capital Forecast</b>	<b>900</b>
<b>Net movement in forecast spend (includes project overspends, underspends and reprofiling)</b>	<b>0</b>
<b>New Forecast Outturn</b>	<b>900</b>

## Place - Wellbeing and Prevention Services (Table 17)

<b>Wellbeing and Prevention Services 2019-20) Expenditure</b>	<b>£000's</b>
Opening Forecast Spend 2019-20	155
New Schemes/Removals/Uplifts (approved by Cabinet since April 2019)	0
Revised Capital Forecast	155
Net movement in forecast spend (includes project overspends, underspends and reprofiling)	0
New Forecast Outturn	155

## Appendix B – Additional Funding Information

### 1. Funding of the Capital Programme

The Annual Treasury Strategy includes a supporting section identifying 'actual and estimates of the ratio of financing costs to net revenue stream' as a performance indicator. This is an estimate only, and a ceiling of 9% needs to be maintained over the life of the current plan period. The 2019 Treasury Management Strategy, which was approved by Full Council in February 2019, gave a forecast of 5.1% for 2019-20, increasing to 5.7% by 2022-23. This includes the benefits of the change in the MRP Policy on 22 March 2018.

### 2. Development Pool Schemes with Discretionary Funding

The tables below show the development pool schemes requiring discretionary funding, which have been through a prioritisation process.

#### Discretionary Funded Development Pool Schemes approved to date and now part of the Committed Capital Programme (Table 18) - as at the end of Period 5

All figures £000's						
Schemes	Service Area	2019-20 £000's	2020-21 £000's	2021-22/ 2022-23 £000's	Total Discretionary Funding £000's	Reason for Extra funding
Angel Square Optimisation	PLACE	500	0	0	500	Extra desk capacity
Carefirst Replacement	CEX	2,000	0	0	2,000	Statutory Service support
Household Waste Recycling Sinking Fund	PLACE	65	65	130	260	Revenue saving
Community Equipment	ASC	4,000	0	0	4,000	Revenue saving
Property Asset Management Minor Works	PLACE	1,000	0	0	1,000	Small scale property projects across NCC estate
Ncloud Server	LGSS	140	0	0	140	Statutory Service support
Housing for children with complex needs	CFN	151	0	0	151	Revenue saving
Total Development Pool Discretionary Funding now in Committed Capital Programme		7,856	65	130	8,051	

**Discretionary Funded Development Pool not yet approved into the Committed Capital Programme (Table 19) – as at the end of Period 5.**

All figures £000's						
Schemes	Service Area	2019-20 £000's	2020-21 £000's	2021-22/ 2022-23 £000's	Total Discretionary Funding £000's	Reason for funding
Beech Close Elderly Care	ASC	310	0	0	310	Revenue saving
Single Handed/ Assistive Tech. Project	ASC	500	0	0	500	Revenue saving
Schools Capital	CFN	427	0	0	427	Revenue saving
Emergency Placement Provision	CFN	245	0	0	245	Revenue saving
Housing for children with complex needs	CFN	849	1,000	0	1,849	Revenue saving
Highways Depot Winter Maintenance	PLACE	100	0	0	100	Revenue saving
Property Asset Management Minor Works	PLACE	0	1,000	2,000	3,000	Statutory H&S and Service Provision
Carefirst Replacement	CEX	0	2,000	4,000	6,000	Statutory Service support
Tablet Refresh	LGSS	200	200	400	800	Operational Efficiency
PC Refresh	LGSS	0	0	400	400	Operational Efficiency
Security Solutions to meet new standards	LGSS	70	100	0	170	Statutory Requirements/ Standards
SAN Replacement	LGSS	0	0	1,000	1,000	Statutory Service support
Office 365 implementation resources	LGSS	170	0	0	170	Statutory Service support
Compute capacity disaster recovery	LGSS	200	0	0	200	Statutory Service support
Community Libraries Programme	PHWB	250	0	0	250	Revenue saving
Library Self-Service Terminals renewal	PHWB	350	0	0	350	Revenue saving
Additional Mortuary Capacity	PHWB	75	0	0	75	Statutory Service Support
Modernisation of Court Facilities	PHWB	120	0	0	120	Statutory Service support
Coroners IT system	PHWB	80	0	0	80	Statutory Service support
Total Discretionary Requirement		3,946	4,430	8,130	16,506	
<b>Total Development Pool Discretionary Funding per Capital Strategy</b>		<b>11,802</b>	<b>4,495</b>	<b>8,260</b>	<b>24,557</b>	

### 3. Approved Capital Programme - Sources of Funding (Opening Monitoring Position 2019-20) (Table 20)

The table below shows the funding received to date in relation to current and previous years' expenditure within the current committed capital programme. It is an indicator to monitor that funding is being received in line with expectations and to comment on where there may be areas of concern.

	<b>£m</b>
<b>Total funding requirement across Current Programme (all years)</b>	<b>663.2</b>
Council borrowing previous years	(137.5)
Funding received to end of 2018-19 - grants/external contributions	(383.4)
<b>Total still to be funded 2019-20 onwards</b>	<b>142.3</b>
Discretionary Council funding 2019-20 onwards (including capital receipts)	(42.9)
<b>External funding due from 2019 onwards (Table 21)</b>	<b>99.4</b>

#### Analysis of the balance of funding still to be received (Table 21)

	<b>£m</b>
Expenditure not incurred	41.9
Short term financing (including Daventry Development Link Road £20m and Castle Station £5m) in advance of income from related developments.	28.6
S106 Outstanding Contributions (to be paid in line with S106 trigger points which are linked to progress on specific developments, therefore payments will be received over a number of future years)	28.9
<b>Total</b>	<b>99.4</b>

