



Cabinet

12 November 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 8 October 2019	Pack One 5 - 10		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	--		
ITEMS REQUIRING DECISIONS				
06. >	Scrutiny of Northamptonshire Adult Social Services budget position and future Target Operating Model	To follow	Councillor Morris	James Edmunds 366053
07. * 🔑	Revenue Budget Report for 2020-21	Pack Two 3 - 89	Councillor Longley	Iain Jenkins 364664
08. *	This is the revenue monitoring report for the second quarter of the financial year 2019-20.	Pack One 11 - 40	Councillor Longley	Iain Jenkins 364664
09. * 🔑	Monthly Capital Report (MCR) – Forecast Outturn as at period 6 for the financial year ending 31st March 2020	Pack One 41 – 62	Councillor Longley	Andrea Devereux 367348
10. *	Treasury Management Report, Quarter 2 2019/20	Pack One 63 – 78	Councillor Longley	Carl Oliver 01908 252414
11. *	Annual Report from the Northamptonshire Improvement Board	Pack One 79 - 84	Councillor Golby	Steve Freer

Item No.	Subject	Page No	Responsible Cabinet Member	Contact name & Tel. no. (01604)
12. * 8	School and Dedicated Schools Grant (DSG) Funding Arrangements for 2020/21	Pack One 85 - 96	Councillor Longley	Jon Lee 07921940444
13. > 8	Northamptonshire 'Pause for a Fresh Start'	To follow	Councillor Baker and Councillor Morris	Margaret Eni-Olotu 367526
<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>				
14. * 8	A45 Daventry Development Link	Separate Report	Councillor Smithers	Chris Wragg 364411
15. * 8	Highways Contract Update	Separate Report	Councillor Smithers	Nick Henstock 07824866088
<b>URGENT BUSINESS</b>				



Susan Zeiss, Proper Officer

Date issued: 4 November 2019

This information can be made available in other formats upon request. Please contact Maisie McInnes, Democracy Officer, Democratic Services on Tel. (01604) 366951 or email: [democraticservices@northamptonshire.gov.uk](mailto:democraticservices@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 12 November 2019
- Tuesday 17 December 2019
- Tuesday 14 January 2020
- Tuesday 11 February 2020
- Tuesday 10 March 2020
- Tuesday 14 April 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:	12 November 2019 at 2pm		
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
Item 14 A45 Daventry Development Link and	Information relating to the financial or business affairs of any particular person (including the authority holding that information).	None	None
Item 15 Highways Contract Update	Information relating to the financial or business affairs of any particular person (including the authority holding that information).	None	None



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

## CABINET

**Minutes of the meeting held on 8 October 2019 at 2pm**

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

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

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

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

Councillor Wendy Brackenbury	Councillor Dennis Meredith
Councillor Julie Davenport	Councillor Anjona Roy
Councillor James Hakewill	Councillor Bob Scott
Councillor Eileen Hales	Councillor Mick Scrimshaw
Councillor Graham Lawman	Councillor Chris Stanbra
Councillor Andy Mercer	Councillor Winston Strachan
Councillor Gill Mercer	

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

<b>Officer</b>	<b>Role</b>
Liam Beasley	Media Relations Specialist
Roy Boulton	Assistant Director Environment and Planning
Anna Earnshaw	Executive Director Adults, Communities and Wellbeing
Barbel Gale	Democratic Services Assistant Manager
Theresa Grant	Chief Executive
Paul Hanson	Democratic Services Manager
Paul Helsby	Director of Transformation
Sally Hodges	Director of Children's Services
Maisie McInnes	Democracy Officer (Minutes)
Kerry Purnell	Assistant Director, Corporate & Community Service
Brian Roberts	Finance Commissioner
Barry Scarr	Executive Director of Finance
Susan Zeiss	Monitoring Officer

There were 9 members of the press and public in attendance.

### 129/19 Apologies for non-attendance

Apologies were received from Dominic Donnini, Executive Director of PLACE & Commercial with Roy Boulton attending as substitute.

### 130/19 Notification of requests from members of the public to address the meeting

Notifications were received for Item 07, Monthly Revenue Monitoring Report for the Financial Year Ending 31<sup>st</sup> March 2020, as at period 5 from, Ms Olivia Anderton and Mr Kevin Standishday, Branch Secretary, Northants County Unison.

### 131/19 Minutes of the meeting held in public on 8 October 2019

**RESOLVED: The minutes of the meeting held in public on 8 October 2019 were agreed and signed as a true record.**

### 132/19 Declarations of Interest by Councillors

There were none.

### 133/19 Announcements

The Chairman welcomed the new Executive Director of Finance, Barry Scarr. He wished him well for the challenging months ahead and said that he looked forward to working with him going forward.

He explained the adjusted format to the Cabinet meeting would give relevant members the opportunity to address cabinet and keep Cabinet in line with the constitution. He invited Members to attend a briefing on the 5 November that would provide an update on the move to Unitaries.

The Chairman addressed the issue raised at the last Audit Committee which regarded short term IT disaster recovery and announced that a report and action plan would be taken to Audit Committee. He confirmed that our IT information was currently backed up in Cambridgeshire, and some protection was in place but the report would identify any issues.

### 134/19 Progress within Northamptonshire County Council Transformation Programme

At the Chairman's invitation, Councillor Scrimshaw, the Chairman of Overview and Scrutiny presented the report (copies of which had previously been circulated). Councillor Scrimshaw summarised that Scrutiny were impressed with the current progress of the transformation programme being mostly on target. He stated that scrutiny recognised the challenging situation regarding transformation and children's services. However, Scrutiny welcomed a robust approach to business planning and hoped that this model would be used next year.

The Chairman thanked Councillor Scrimshaw for the report from scrutiny and confirmed that a meeting had been arranged with the Chief Executive to discuss the situation in children's services and how to move forward in the future with the appointment of the new Children's commissioner. The Chairman supported the recommendations provided in the report.

**RESOLVED: That Cabinet:**

- 1) Recognised that the Overview & Scrutiny Committee acknowledges the progress made with the Transformation Programme and the hard work of the staff involved to achieve this.**
- 2) Agreed the need to maintain progress with the existing approach that has enabled the Transformation Programme to deliver £29 million savings so far, in order to address the current forecast year-end shortfall of £8.566 million and prevent this creating an additional pressure on the 2020/21 Council budget**
- 3) Agreed that any new Transformation Programme projects that are identified by the Council must be realistic, must enhance service effectiveness, and must minimise the risk of projects subsequently proving not to be deliverable at all or to the intended timescale.**
- 4) Agreed that the integration of the Transformation Programme in the Local Government Reform Programme should be done in a way that maintains the existing momentum of the Transformation Programme and provides for a seamless transition in its management.**
- 5) Recognised that the Overview & Scrutiny Committee encourages that the development of the draft Council budget 2020/21 applies the same rigour and intelligence-based approach as is used within the Transformation Programme.**
- 6) Agreed to provide written responses to the Overview & Scrutiny Committee's recommendations in accordance with the process set out in paragraph 6.2 of the report.**

135/19 Monthly revenue monitoring report for the financial year ending 31<sup>st</sup> March 2020, as at period 5

At the Chairman's invitation, Olivia Anderton addressed Cabinet and made the following points:

- She urged Cabinet to take more time to investigate individual parent and child cases with SEND before the initiative was implemented.
- She felt that the safety of children would be put at risk especially if this was to be trialled during the winter months.
- She was concerned that walking distance was used by the government as a criteria for home to school transport but this criteria should not be applied to children with SEND.
- She believed there had been a lack of assessment and felt it was a safeguarding issue posing a risk to vulnerable children and young adults.

At the Chairman's invitation, Kevin Standishday addressed Cabinet and made the following points:

- Asked on behalf of employees why there had been no pay rise or introduction of incremental pay progression.
- He stated that there had been a petition signed by staff members and agency staff who would become permanent staff if the pay rise took place.
- It was felt that a pay increase would improve productivity, staff commitment and reduce stress levels.

The Chairman invited Councillor Baker to respond to Olivia Anderton. Councillor Baker confirmed that the initiative had not yet been rolled out and stressed that they were in the pilot stage with only a few schools involved. She admitted that there had been some issues which were being addressed and the council would continue to liaise with head teachers, and that parents would be contacted and each child assessed individually. She shared that some children were pleased with having the independence but she appreciated that all

children are different. Councillor Baker confirmed that she would provide a full response to the speech if it could be sent to her by email.

The Chairman responded to Mr Standishday by stating that he acknowledged the points that had been made and that there was some contingency in the budget but if the council did get to a point where they could award staff the pay rise then it would be awarded. The council was dealing with a financial challenge and staff were important but we had to keep it in the context.

The Chairman invited Councillor Longley to present the report (copies of which had already been previously circulated). Councillor Longley confirmed the report was a similar rerun of the previous two months. He reported that the forecast overspend of £4.4m was just over half a million improvement from the last report and that each month we were reporting an improved financial position. However, the forecast for Children's First Northamptonshire was at £7,634,000 and was progressively worse and the other areas have made up for this deficit. This needed to be stabilised going forward.

Councillors made the following points:

- It was felt that the trajected overspend for children's services had decreased but there were increased pressures in the area. It was hoped that the overspend could be stabilised without affecting the delivery of services.
- Concern was felt regarding the proposed mitigating actions outlined in the report as they were tentative and reassurance was needed.
- The outlined cost of £77,000 for senior management raised concern given the pressure for staff needed in other areas.
- It was believed that agency staff conversion to permanent staff would help reduce costs.
- Concern was raised regarding the home to school transport pilot as parents had not received information and the trial would be taking place in the winter months which would cause more issues given the darker nights and weather conditions.
- The Adult Social Services team were thanked for their work, and Anna Earnshaw was commended for her hard work and the reported £479,000 underspend.

**RESOLVED: That Cabinet:**

- 1. Noted the Council's forecast outturn position for 2019-20, and associated risks.**
- 2. Noted the planned approach for bringing the Council's forecast position within budget in Section 4.**
- 3. Noted the risk assessment of the 2019-20 saving proposals in Appendix B.**

136/19 Monthly Capital Report (MCR) – Forecast Outturn as at period 5 for the financial year ending 31st March 2020

At the Chairman's invitation, Councillor Longley presented the report (copies of which had previously been circulated). He reported that the forecast capital expenditure of £85m was slightly lower than the month previous.

Councillors made the following points:

- Concern was expressed that the Place Shaping Board did not share information with councillors or the cabinet members.
- It was felt that the North West relief road would not alleviate conjection and would cause more problems in the future.



- It was believed that the infrastructure was a strategic priority that would allow for more vehicle movement and would help the county's growth.
- It was felt that the council did a good job at raising infrastructure funding.

Councillor Longley responded to comments by inviting councillors to the monthly PLACE Shaping Board. He expressed that he was satisfied with the way the board was handled and that it was a good operation and confirmed that he looked over the reports monthly.

**RESOLVED: That Cabinet:**

1. **Noted the forecast capital expenditure of £85m for 2019-20.**
2. **Approved the promotion of the Community Libraries Programme scheme from the development pool into the committed capital programme with investment totalling £27k.**
3. **Approved the extension of the A509 Isham Bypass scheme within the current capital programme with investment totalling £475k.**

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

137/19 Northamptonshire Youth Justice Plan

At the Chairman's invitation, Councillor Baker presented the report (copies of which had previously been circulated). She explained that the annual report from the Youth Justice Service demonstrated the service had a positive impact on young offenders and there was a good working relationship between the partnerships. She shared that she was happy to be a member of the partnership board and believed it worked exceedingly well.

Councillors made the following points:

- The report was informative but sometimes difficult to understand with the use of abbreviations. It was great to read that our performance was better than national level.
- It was felt that the report could go further on the topic of children in care and children leaving care to reduce criminilisation of children in care and once they leave care.

**RESOLVED: That Cabinet considered the document as the Youth Justice Plan for Northamptonshire 2019/20 and recommended the report to full Council for approval.**

138/19 England's Economic Heartlands (EEH) – Outline Transport Strategy: *Framework for Engagement and Shaping the Future Together* – West Northamptonshire Strategic Plan Issues Consultation

At the Chairman's invitation, Councillor Smithers presented the report (copies of which had previously been circulated). He explained that the England's Economic Heartlands was an alliance of local authorities and would become a transport body. The strategic plan currently extends to 2050 and included the whole of Northamptonshire. There was a continued commitment to superfast connectivity as a driver for economic growth as well as improved rail connectivity to be implemented.

Councillors made the following points:

- It was felt that more emphasis needed to be placed on moving traffic off road to better the environment.
- It was asked if there would be a similar paper for North Northamptonshire as the paper concentrated on West Northamptonshire.

- The report was received as an exciting piece of work for the unitaries to build on and take forward.

**RESOLVED: That Cabinet:**

- 1. Welcomed the production of the Outline Transport Strategy for EEH and the West Northamptonshire Strategic Plan Issues Consultation.**
- 2. Agreed the proposals and themes outlined in Section 5 as a basis for responding to these consultations.**
- 3. Delegated authority to the Executive Director of Commercial and Place, in liaison with the Cabinet Member for Transport, Highways, Environment and Public Protection, to finalise and submit the responses to both consultations**

139/19 Target Operating Model with NASS

At the Chairman's invitation, Councillor Morris presented the report (copies of which had previously been circulated). Councillor Morris read out the recommendations and asked Cabinet to support adult services. He stated the report contained some main objectives.

Councillors made the following points:

- It was felt that scrutiny could offer some guidance with the Target Operating Model and explore how other authorities operated.
- It was suggested that a report be brought to cabinet before

**RESOLVED: That Cabinet:**

- 1. Agreed that delegated authority be given to the Executive Director for Adults Communities and Wellbeing in consultation with the Cabinet Member with responsibility for Adult Social Services to undertake a competitive procurement process to select a partner to support Adult Services in the design and implementation of a new operating model, pathways and process based on the analysis and diagnostic recently undertaken.**
- 2. Agreed that following the procurement process a further report on the outcome be presented to Cabinet for consideration, prior to any contract being awarded.**
- 3. Agreed that delegated authority be given to the Executive Director for Adults Communities and Wellbeing in consultation with the Cabinet Member with responsibility for Adult Social Services to negotiate the contract for the design and delivery of the new operating model subject to any fixed terms and conditions that may apply to any chosen framework selected.**
- 4. Agreed that delegated authority be given to the Executive Director for Adults Communities and Wellbeing in consultation with the Cabinet Member with responsibility for Adult Social Services to award a contract following this procurement process. It is intended to commence the new contractual arrangements with the selected provider with effect from December 2019.**

There being no further business the meeting concluded at 3:34pm

Maisie McInnes  
Democratic Services

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



**CABINET**

**12 November 2019**

**EXECUTIVE DIRECTOR OF FINANCE: BARRY SCARR**

**CABINET MEMBER WITH RESPONSIBILITY FOR FINANCE:**

**COUNCILLOR MALCOLM LONGLEY**

Subject:	This is the revenue monitoring report for the second quarter of the financial year 2019-20.
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 of a deficit of £2.2m and associated risk assessment.</li> <li>2. Note that the projected deficit of £2.2m includes a projected shortfall of £7.2m arising from the under-delivery of savings. The risk assessment of the delivery of saving proposals is set out in Appendix B.</li> <li>3. Note that the Council is not in a position at the end of Quarter 2 to confirm a staff pay award for 2019-20 due to the Council’s current projected deficit of £2.2m. The possibility of a pay award will be kept under review.</li> </ol>

**1 Purpose of Report**

1.1 This report provides a summary of the Council’s service priorities and a comprehensive review of the financial position for the 2019-20 financial year. It is based upon the best information available at the end of the second quarter.

**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.

<p>This initiative helps the Council to deliver this vision through the following strategic priorities outlined in the Council Plan:</p>
<ul style="list-style-type: none"> <li>• Working in partnership with other public sector organisations (such as the seven district and borough councils, the local NHS bodies, and Northamptonshire Police).</li> <li>• Enabling individuals and communities to achieve better outcomes.</li> <li>• Using innovation to find better and more sustainable ways of delivering services ensuring they are efficient and affordable in the long term.</li> <li>• Focusing resources on prevention and early intervention.</li> <li>• Commissioning and procuring services and goods with partners.</li> <li>• Utilising the Council’s assets effectively.</li> </ul>

### 3 Summary

3.1 This report sets out, for each directorate: the Director's view of service priorities; current service delivery activity, the overall financial position and risks faced by the service areas. It is important that the Council is actively managing the risks associated with delivering the budget. A risk assessment is provided to assist with this.

3.2 The report provides detailed commentary on the Council's current forecast financial position, as at the end of September 2019. This forecast is for an overspend of £2.2m against an approved budget of £417.7m (0.5%).

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)	£7.5m
b) Technical Finance, Treasury & Insurance	£0.9m
	<hr/>
	£8.4m

3.4 The £8.4m pressure is offset by forecast underspends of £5.1m across the other directorates, and additional anticipated funding of £1.1m. Further details on funding is in section 13.

3.5 The key factors contributing to the forecast overspend are set out in sections 7 and 11.

3.6 The Leadership Team and Cabinet are treating the management of the budget as a high priority. Action is being taken by directorates to return to a balanced budget. Commentary on current progress is set out by each Director further on in this report.

### 4 Recovery Plan

4.1 The Leadership Team and Cabinet continue to treat the delivery of 2019-20 budget with the utmost priority. The Period 5 report set out a number of emerging savings opportunities that have been identified to address the forecast overspend position in order to return to an overall balanced budget. These opportunities continue to be worked on as detailed below:

- Last month it was reported that the CFN Senior Management Team had developed a recovery plan with examples of savings measures including cost reduction through the recently established placement panels, maximising partner contributions towards disabled children care packages and transport spend management. Following further validation from the service and quality assurance from the Finance Team, it is now estimated that the forecast 2019/20 position could potentially improve by up to £1m. The progress of the

recovery plan continues to be reviewed at the weekly CFN Senior Management Team meeting and the progress will be reported on an ongoing basis.

- 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.
- 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.

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 corporate forecast overspend position.

## **5 Estimated Outturn**

5.1 The Council's forecast outturn for 2019-20, based on spending to the end of September, is an overspend of £2.2m.

5.2 The Council's overall net position of £2.2m overspend is prior to the release of the £2.1m budget contingency. The budget contingency is set aside to support the Council's financial position and to mitigate financial risks.

5.3 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 September 2019.
- The difference between the two, being the forecast variance at the year end.
- The changes that have occurred between periods five and six.

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

	<b>Net Budget</b>	<b>Forecast Net Spend at 31/03/20</b>	<b>P6 Forecast Variance at 31/03/20</b>	<b>P5 Forecast Variance at 31/03/20</b>	<b>Movement from prior period</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Corporate Services	12,778	12,320	(458)	(444)	(14)
Children First Northamptonshire	116,613	124,123	7,510	7,634	(124)
LGSS	14,163	14,159	(4)	28	(32)
Northamptonshire Adult Social Services (NASS)	157,921	155,890	(2,031)	(479)	(1,552)
Place Services	90,135	87,550	(2,585)	(2,247)	(338)
Public Health & Wellbeing	(27)	(27)	0	0	0
Technical Finance, Treasury and Insurance	26,137	27,071	934	1,074	(140)
<b>Total budgeted expenditure</b>	<b>417,720</b>	<b>421,086</b>	<b>3,366</b>	<b>5,566</b>	<b>(2,200)</b>
Less funding	(417,720)	(418,856)	(1,136)	(1,136)	0
<b>Net Position 2019-20</b>	<b>0</b>	<b>2,230</b>	<b>2,230</b>	<b>4,430</b>	<b>(2,200)</b>

## 6 Corporate Services

### Service priorities in 2019-20

- 6.1 A new Corporate Services Directorate has been created with an additional Assistant Director responsible for some existing services such as Business Intelligence/performance and Customer Services. In addition, some functions transferred from the Place and Wellbeing and Prevention Directorates. This Directorate also includes the reorganised Chief Executive division.
- 6.2 This reorganisation has allowed other Directorates to focus on their core business activity and also to shape the organisation in anticipation of the move to unitary organisations.
- 6.3 There has been significant progress, working in partnership with the District and Borough Councils in Northamptonshire, to develop a Prospectus for Change that underpins ambitious plans to create the new North and West Unitary Councils, as announced by the Secretary of State, by April 2021. An integrated programme that includes transformation to deliver Local Government Reform and Reorganisation has been developed with distributed leadership. A strong governance structure is now operating through a design board and Leader's Oversight Board. The programme is currently in the discovery and baselining phase. Work is underway modelling options for the disaggregation and/or

aggregation of services. We are also seeking to identify 'quick wins' that can be delivered sooner than the planned vesting day in April 2021.

- 6.4 Another important ongoing piece of work is the review of the LGSS operating model as requested by the LGSS Joint Committee. An independent study has been carried out so as to identify options for change. The S151 Officers from the three authorities (NCC, CCC and MKC) and Heads of Service within LGSS have been involved and an outline business case is being developed for consideration by the Joint Committee.

### **Financial Challenges**

- 6.5 The two original saving proposals for the Corporate Services Directorate, relating to changes in the elections budget and the Communications and Marketing team, have been fully delivered. Following the reorganisation of the Corporate Services Directorate, the Libraries savings proposal has transferred from Public Health and Wellbeing. There is a forecast pressure relating to a delay in the delivery of property savings, but this is forecast to be offset within the Libraries Service by an underspend on staffing.
- 6.6 There is a previously reported pressure of £161k arising from additional support required to strengthen the Corporate Services Directorate. There have been some compensating savings identified in the Corporate Services' reorganisation. The ongoing funding requirement for these posts has been addressed in the draft budget for 2020-21.
- 6.7 Additional costs of £60k are being incurred to meet the NCC contribution to the LGSS Review and the CIPFA financial management review.
- 6.8 Responsibility for Grendon Hall has moved into the Corporate Service area. Following the closure of this facility there are residual costs of £28k arising from staff working their notice periods and on-going premises costs.
- 6.9 Similarly Emergency Planning and Resilience services have moved across to this Directorate and there is a forecast pressure of £73k due to a reduction in Public Health contributions to the Head of Service position.

### **Mitigating actions**

- 6.10 The pressures explained above are more than offset by forecast underspends in other areas of the Directorate.
- 6.11 Business Intelligence continue to report an underspend, albeit it has reduced this quarter to £146k following work to disaggregate service budgets which now sit within the new Corporate Services directorate.
- 6.12 Customer Services have a £174k underspend arising from vacancy management and a reduction in the use of agency staff. Archives and Heritage have an underspend on staffing costs and on the start-up budget for Chester Farm due to project delays.

- 6.13 Communications and Marketing have a number of vacancies resulting in a £93k underspend, a review of the service to meet the needs of NCC and the LGR is underway with a new Head of Service due to start at the end of October. Democratic Services have an underspend of £83k due to a decrease in members allowances, a cost neutral approach to civic events and vacancies.
- 6.14 The Future Northants Programme was mobilised in the latter part of 2018 to deliver transformation across a number of strategic themes set out in the Transformation Strategy approved by Council in November 2018.
- 6.15 The Future Northants Programme is underpinned by strong governance and assurance through the Transformation Board and Directorate Boards charged with delivering the programme and the associated savings. The NCC Future Northants Programme is being integrated into the county wide Local Government Review (LGR) programme to ensure services are sustainable as they transfer into the two new unitary councils. Each programme is complemented with the additional expertise and capacity brought by professional programme and change managers, project managers and business analysts and a project management office (PMO) that provides independent assurance to the Board.
- 6.16 The majority of the cost of the Future Northants Programme resources in 2019-20 will be met from the flexible use of capital receipts.

#### **Overall summary – Corporate Services**

- 6.17 In conclusion, although a number of pressures have emerged since the budget was set, Corporate Services are currently able to cover them from compensating savings and manage within their overall budget.
- 6.18 The total variations to budget in 2019-20 for Corporate Services are set out in Appendix A.

## **7 Children First Northamptonshire (CFN)**

### **Service priorities**

- 7.1 The 3 key service areas which are driving costs are essentially:
- Staffing and agency costs in children's social care;
  - Placement costs in children's social care;
  - Sufficiency of placements of children in care.

### **Financial Challenges**

- 7.2 Staffing and recruitment remains our greatest challenge. There are issues with agency staffing levels across the service which remain higher than the national average.



- 7.3 Additional senior management capacity has been added to reflect the high demand for improvement and to replace some operational management posts. The forecast additional costs for further senior management capacity to support improvement in 2019-20 total £147k which is funded through Business Rates Retention pilot.
- 7.4 There is an additional cost of £250k forecast in 2019-/20 for support staff. This is to enable practitioners to focus on core social work activities with children and families and ensure that administration matters relating to the efficient running of the service are undertaken.
- 7.5 The placement budget is under considerable pressure and although the number of children in care is relatively stable now, there are a number of children for whom the level of their complexity means the cost of their placement is very high. Spot purchased placements have increased from 145 to 176 between September 2018 to September 2019, and the weekly total cost of these placements has increased from £320k to £386k in the same time frame. All high cost placements are considered at the weekly placement management meeting.
- 7.6 Our Fostering provision has not developed at the pace required to keep up with demand and sufficiency, particularly for adolescents entering into care and for disabled children. As a result we have a number of younger children placed in more costly residential care. Investment through the business rates retention funding will support improvement in capacity building in foster care ensuring that, going forwards, adolescents are not placed in residential home settings through the development of an in house specialist fostering service. This will have a positive impact on children who will be placed in a family setting, and savings will be realised in future years through reduced reliance on expensive residential placements.

### **Mitigating actions**

- 7.7 In order to achieve the required staffing levels, both in terms of number and quality, the following actions have been taken:
- A successful application was made to the Business Rate Retention (BRR) pilot for additional funding to support specialist recruitment activity, quality assurance arrangements and audit functions.
  - There has been a significant amount of activity in terms of recruiting staff and the new campaign for permanent staff went live on 4th October.
  - There is a renewed focus on the agency staff conversion campaign switching staff from agency to permanent contracts, concentrating on those teams with the highest percentage of agency staff in the first instance. This was relaunched across the whole service in October.

- The workforce strategy is being completely revised and will incorporate a significantly improved staff development offer, which has started with a bespoke training programme for first line managers and has been very well received by participants. Improving performance of this cohort will significantly affect quality issues across the service, and is expected to aid in the retention and recruitment of qualified social care staff.

#### 7.8 Placement Costs in Children's Social Care:

- The development of a multi-agency adolescent service is making progress with staff being appointed throughout September and October. We recognize the importance of this service as a means of support and to enable a reduction of adolescents needing to come into care, and therefore costs.
- The engagement with the Chief Housing Officer Group is developing more cost effective approaches to families and those people who are homeless and currently supported through children's social care budgets. In addition, work with the boroughs and districts is progressing to ensure that care leavers are able to access their own tenancy arrangements, reducing pressure on the budget in this area. There are additional options being considered through voluntary and other sectors.
- A review of the use of transport within CFN is underway. This will include the review of commissioning, governance, approval and monitoring arrangements to ensure that we are making effective and efficient use of transport where it is needed for children, young people, families and staff.
- Alongside this a review of the contact service will be undertaken in order to provide a more appropriate standard of service, and support the potential reduction in transport costs.
- We have been successful in the bid to Department for Education (DfE) for a Family Group Conferencing service. We aim to have the project running early 2020. The expected impact is to reduce the demand for external and higher cost placements in the next financial year whilst ensuring the best outcomes for children and young people.

#### 7.9 Sufficiency of Placements for children in care:

- Placement sufficiency challenges remain and there is a multifaceted approach to managing the changes required. Period 6 sees an improvement in processes which should lead to a sustainable reduction in spend. This is as a result of: greater challenge in the system through commissioning arrangements; greater challenge in decision making and options, more robustness in managing costs and tighter contract management with providers. The placements review panel is being refined to enable the review

of specific cohort information and commissioning strategies, as well as individual children.

- Work with colleagues in Health is progressing, beginning with a review and shaping of new shared pathways, to enable more appropriate packages which will support the transitions agenda as we go forward.
- Work on the analysis and development of an all age disability service is being carried out in order to identify efficiencies and savings going forward.
- The campaign to strengthen our own in house fostering resource will go live in December 2019 and this should enable us to enhance the capacity of our own resource.
- Changes have been made to accommodation for unaccompanied asylum seekers which have reduced cost. Three units are now functioning and we continue to search for more.

### **Overall summary – Children First Northamptonshire**

- 7.10 CFN are forecasting an overall overspend of £7.5m at the end of quarter 2. This is an improvement of £0.1m from the prior month with the impact of the placements panels is beginning to be recognised.
- 7.11 There remains a concern around the recruitment and retention of permanent staff and the resultant reliance on agency staff and the impact of the forecast for the remainder of the year.
- 7.12 The CFN financial recovery plan is being monitored closely at a corporate level and the progress continues to be reviewed at the weekly CFN Senior Management Team meeting. The progress and any benefits will be reported on an ongoing basis.
- 7.13 The total variations to budget in 2019-20 for CFN are set out in Appendix A.

## **8 LGSS**

### **Service priorities**

- 8.1 A review of the future operating model for LGSS services commenced in 2018. Whilst that review continues, LGSS is focussing on the delivery of business as usual services within the agreed budget. It is anticipated that the review will conclude during 2019-20 and the financial impact on NCC of the outcomes of that review will need to be considered both for the current and future financial years.
- 8.2 The LGSS goals and budget figures for 2019-20 are set in the context of this business as usual delivery. The goals are:

- To jointly plan with each partner their LGSS services and business support requirements aligned to their priorities, annual service plans and Medium Term Financial Plan needs.
- To deliver the LGSS service plans, budget and objectives for 2019-20 as approved by the LGSS Joint Committee.
- For LGSS to be valued as an innovator and change agent for its partners to help improve and transform their frontline services to citizens.
- To be an attractive 'employer of choice' for recruiting and retaining the best people (by offering excellent career opportunities and developing their skills and talent).

### **Financial Challenges**

There are financial pressures within LGSS in 2019-20 relevant to NCC principally relating to:

- 8.3 The allocation of a savings share to LGSS arising from savings to be delivered from decisions taken by the Expenditure Control Panel has created a pressure of £44k. LGSS budgets are for shared services, and as a result cost savings are shared across the LGSS partners.
- 8.4 Within the Debt service an investment of £50k has been agreed by NCC to bring in extra resource to support a project to review all debts to assess collectability and move all recoverable debt into active recovery. No funding has been provided for this work and it is being reported as an agreed overspend for NCC.
- 8.5 Within the IT managed budget additional spend of £54k has been incurred to reinstall the previous email security system following issues with the replacement system.

### **Mitigating actions**

- 8.6 There are financial pressures on shared services within LGSS in 2019-20 that are relevant to NCC particularly in the areas of: HR due to increased work for Children First Northamptonshire; and the shared debt, financial operations and payroll and HR transactions teams as a result of challenging savings targets in 2019-20 and pressure on ERP printing budgets. However, these pressures are being more than offset by underspends elsewhere in LGSS, particularly in the central LGSS teams. Whilst the operating model review is ongoing, a number of vacancies are being held. This is creating underspends which are offsetting reported pressures and as a result there is no financial pressure anticipated for NCC.
- 8.7 Savings on the NCC occupational health managed budget were seen in 2018-19 and a saving of £27k was delivered for 2019-20. Savings in the area are

continuing into the current financial year and the budget is forecast to underspend by £152k. This is a demand led budget and can vary significantly according to staff needs but savings have been achieved by using the in-house Physician Associate to triage cases which has resulted in only the most complex cases being referred externally.

### **Overall summary – LGSS**

- 8.8 At the end of the second quarter of 2019-20, based on the current LGSS operating model, LGSS is forecasting an underspend on shared services for NCC which will be transferred to LGSS reserves at year end in accordance with standard practice for LGSS underspends.
- 8.9 On services specific to NCC the following pressures and underspends are being reported:
- overspend of £44k as a result of the allocation of a savings share to LGSS to be delivered from decisions taken by the Expenditure Control Panel.
  - overspend of £50k on the Debt service specific to NCC due to agreed additional spend to implement the debt improvement plan.
  - overspend of £54k in the IT managed budget to reinstall the previous email security system following issues with the replacement system.
  - underspend of £152k on the occupational health managed budget due to reduced external referrals.
- 8.10 This gives an overall forecast underspend for NCC on LGSS services of £4k to be transferred to NCC at year end.
- 8.11 The total variations to budget in 2019-20 for LGSS are set out in Appendix A.

## **9 Northamptonshire Adult Social Services (NASS)**

- 9.1 The service continues to perform well in terms of overall budget position, performance and savings despite sustained pressure in terms of care costs, demand and client numbers. Considerable work is now in train in terms of planning for Unitary Councils, the new case management system and our TOM (Target Operating Model) Future Northants Programme designed to implement best practice and sustainability over the long term. More details are provided on these below.
- 9.2 We are now entering the most challenging period of the year for the service with the onset of winter and the risk of rising demand from our hospitals. Although we have planned for the increased demand and we have a number of key transformation activities in train with health partners to help manage and reduce demand, there is always a risk that a severe winter or outbreak of flu could lead to cost pressures.

## Service Priorities

- 9.3 Our Priorities for 2019-20 are based around five key themes (as shown below). While our MTFP plans will continue to help control our costs, it will be partnership and integration opportunities and fundamentally changing the way we operate that will deliver the changes required to make savings in the longer term.



## Financial Challenges

- 9.4 The period 6 provisional outturn shows a further improvement with the service 2019-20 year-end forecast being underspent by £2.03m (compared to a £479k underspend on period 5).
- 9.5 Care budgets remain under pressure with care costs exceeding the original budget by £6.5m but savings proposals, one off mitigations, additional client income and income from the Better Care Fund mean that we are still able to report an overall underspend.
- 9.6 Our service 2019-20 year-end forecast includes an assumption on the likely demand in the second half of the year (and winter) based on past trends and that as a result an additional care spend of £3m will be required. It also includes the assumption that £22.8m of savings will be delivered of the £23.3m that were built into the MTFP.
- 9.7 The table below summarises the service's progress against its savings target of £23.3m in 2019-20. These savings are significant compared to peers and in the face of the demand we face but progress remains steady with no new risks from the last period. Four projects face some delays or issues that result in potential non delivery of savings totalling £923k but the over achievement of 3 proposals means that the forecast shortfall in savings for the year is currently only £437k.

On Track	Client contributions	Target £2,000k	Projection £2,000k
Over Achieve	Staff vacancies/Turnover management	Target £350k	Projection £550k
On Track	LD Programme - New LD Provider Framework	Target £1,300k	Projection £1,300k
On Track	LD Programme - New models of Care	Target £1,500k	Projection £1,500k
Under Achieve	Intermediate Care	Target £700k	Projection £663k
Under Achieve	Shaw PFI - Contract Compliance	Target £1,192k	Projection £1,100k
Under Achieve	Shaw PFI - Funded Nursing Care	Target £248k	Projection £093k
Over Achieve	Shaw PFI - Decommission Day centre service	Target £100k	Projection £284k
Under Achieve	Eleanor Lodge - Change of use	Target £300k	Projection £267k
Over Achieve	Older People Continuing Healthcare Optimisati	Target £100k	Projection £166k
On Track	Single handed Project	Target £1,000k	Projection £1,000k
On Track	NCC Care Home ownership	Target £183k	Projection £183k
Under Achieve	Saxon Court	Target £166k	Projection £000k
Over Achieve	Canary Project	Target £400k	Projection £436k
Under Achieve	Mental Health client contributions - S117 afterc	Target £240k	Projection £000k
On Track	Adult Social Care Staff re-organisation	Target £300k	Projection £300k
Completed	11 other projects completed	Target £13,205k	Completed £13,005k
Under Achieve	<b>Total - MTFP Savings Plans</b>	<b>Target £23,284</b>	<b>Projection £22,847k</b>

### Demand and Care Cost

9.8 Client numbers year to date remain in line with last year's patterns but it is expected that the total number of clients will exceed last year's based on current trajectories. This represents the general trend of rising demand, particularly from our hospitals – last year total demand rose by 16% (Hospitals 21%). We have

built in the anticipated demand for the remainder of the year and we are tracking changes weekly as we head into winter.

- 9.9 We have also built in realistic levels of demand/demographic and cost growth for the 2020-21 budget based on far more detailed and robust analysis of past budget pressure (cost, volume and acuity changes) and forward trajectories based on the population data, that together should avoid the service starting the next year with demand and costs in excess of the budget allocated.

### Hospital Pressure

- 9.10 Our hospitals remain pressured as, despite continuing to support high numbers of discharges; we are still seeing record numbers of admissions and we now have less beds in use in the system following national direction that the hospital “escalation beds” used last year must be decommissioned.
- 9.11 National DTOC (Delayed Transfers of Care) performance figures are reported 2 months in arrears and August figures show that our performance was good with a 20% reduction in delays but we expect to see this reversed in September’s figures due to the demand we have seen.

### **Mitigation actions**

- 9.12 One off mitigations of £6m have been applied (down from £16m in 2018-19) and include;
- The use of contract/fee inflation funds allocated to the service and offsetting the rising cost of care as a result of provider and family requests
  - Part release of bad debt provision
  - Additional income from clients and grants, and
  - Minor one off contract efficiencies and underspends
- 9.13 Long term Improvement in hospital admissions are closely tied to the transformation work we are doing on becoming an integrated care system and specifically the schemes that will help people to be supported in the community by us working with GPs, primary care, health and the voluntary sector to help keep people well, recover from a crisis and stay independent after a hospital stay.
- 9.14 The first one of the new admissions avoidance schemes, the Rapid Response Service (funded through the business rate pilot fund), will go live in November 2019. Social Care will be working with Ambulance service and Community Health Partners to deliver this.



## Transformation

- 9.15 Work is ongoing on four key elements of our transformation that will help improve outcomes for clients, improve our ways of working and reduce our costs in line with the NASS Service Strategy. This includes;
- TOM - The work on our new Target Operating Model (TOM) pathways and process where we have completed the assessment and opportunity phase and are now going to a tender for a partner to help us deliver a new design and implementation programme as set out in the Cabinet paper of 8th October 2019.
  - Culture and practice change – we are working towards the adoption of a strengths based model of assessment based on best practice principles used elsewhere.
  - The new social care case management system – in order that we make the most of the new system features and process based on our new TOM and best practice approach, and
  - Unitary council preparation – we have been sharing plans and looking at the initial mapping of budgets against the two new unitary footprints.

## Markets and Providers

- 9.16 The main work with the providers currently is in preparation for Brexit and ensuring that they are prepared for the changes and register staff for leave to remain where required.
- 9.17 We are also in discussion with Health colleagues at the CCG about the potential for a joint care home framework that would ensure more consistent quality across the sector, consistent pricing and better utilisation. This would also remove the issue of us competing for places. Further information will be shared with members shortly and we will jointly engage in a range of market events with providers to discuss how this would work.
- 9.18 A revision of the Shaw PFI contract to enable the Council to increase the number of clients with higher care needs using the Specialist Care Centres than the original contract prescribed when it was agreed in 2003. This in turn will increase the Value for Money of the contract through increased utilisation and fit for purposes care provision.

## Staffing

- 9.19 Staffing remains static with around 30 vacancies in the recruitment process and 12 agency staff in place. A new Assistant Director for Safeguarding and Customer services has recently been recruited and is due to start in November 2019. This dedicated role will bring greater management focus on practice, safeguarding and on the design of our front door following the work and conclusion from the TOM work.

## **Overall Summary and looking ahead**

- 9.20 Work has been ongoing to complete the 2020-21 budget savings proposals and a number of corporate workshops have been held headed by the Chief Executive. In line with last year, corporate robustness sessions have taken place with the services and corporate finance and transformation leads to challenge and validate their deliverability, any assumptions and confidence of delivery.
- 9.21 The next stage will be briefings and workshops with CLT, Overview and Scrutiny reviews and stakeholder briefings before the first publication of an outline budget.

## **10 Place Directorate**

### **Service priorities**

10.1 The main priorities the service is working to deliver in 2019-20 are:

- Ensuring continuity of service for highways maintenance;
- Procurement of new framework for providing transport services for Home to School and Adult clients;
- Safe treatment and disposal of waste collected by the borough and district councils and at Household Waste Recycling Centres;
- Delivery of capital receipts through the disposal of surplus land and buildings to support the Future Northants Programmes;
- Maintain all corporate properties in a fit for purpose condition and compliant with statutory requirements;
- Manage capital investment in new property developments and alterations to meet service needs;
- Securing and managing investment in digital connectivity, Superfast Northamptonshire project and delivering the Constructions Skills Hub project.

### **Financial Challenges**

- 10.2 There is a net pressure of £270k relating to the Highways Maintenance budget due to the cost of maintaining the network to a safe standard. There is also a net pressure of £124k on the Asset, Traffic Management and Regulations budget due to a reduction in income from the New Roads and Street Works Act activity, this is due to vacancies which are currently being recruited to by KierWSP.
- 10.3 The additional income of £270k to be derived from Roundabout Sponsorship and Commercialisation of Assets will not be delivered in year as the proposed income is significantly in excess of that which it is possible to generate. The target has been reduced for this activity to a more realistic figure of £10k.

- 10.4 There is a net pressure in the Parking budget which is largely as a result of the further roll out of on-street pay and display parking not being fully delivered as we are not able to roll this out across the whole of the county as planned. The proposed changes to tariffs in Northampton town centre have been put on hold in order to ensure that they do not conflict with the Northampton town centre parking strategy which is currently being reviewed. There is also reduced income from Parking Contravention Notices in the first two quarters of the year.
- 10.5 The savings forecast to be made in the Street Lighting budget following a change to the contract via a Deed of Variation (DOV) will not be achieved in year as in order to achieve the savings NCC would be required to forward fund the purchase of equipment by c£13m versus a potential saving of £70k and it has been decided that NCC is not prepared to bear that level of risk for the potential reward. Some savings may be delivered but this will now be wholly dependent on the timing of the DOV. There is now also a pressure on the budget as a result of the contractual Energy Consumption Adjustment which shares savings made as a result of reduced energy consumption with the PFI company.
- 10.6 The savings within the Home to School Transport budget are now forecast to achieve c£800k (£300k reduction in the base budget for 2019-20 and a further £500k).
- 10.7 The Waste Management Service is forecasting an underspend of £660k. The main areas of saving relate to: £325k due to a reduction in residual waste tonnages with more residual waste being treated than going to landfill, £202k for a one-off contractual performance deduction and release of £200k budget set aside for 'waste contracts renewal' preparatory work on the basis that any work necessary will take place through the Local Government Review programme. Other savings have been achieved as a result of a staff vacancy, management cost at closed landfill sites, and changes to the management of hazardous wastes at Household Waste Recycling Centres (HWRCs).
- 10.8 Key pressures in Waste Management result from not securing agreement with Kettering Borough Council to waive the rent for the Kettering Household Waste Recycling Centre and less income from recyclables collected at the HWRCs due to a decrease in tonnages and low market values.
- 10.9 The £500k income target predicated on the rental of space at One Angel Square (OAS) to an external organisation cannot currently be met because there is insufficient spare capacity. All other Property budget lines are balanced or forecast to underspend.

## **Mitigating actions and requests for funding**

- 10.10 As an action against the undelivered additional income a project has been proposed to carry out bus lane enforcement on The Drapery Northampton and Wellingborough. If this is successful, it may be possible to roll this out into across further locations in Northamptonshire.
- 10.11 Other budget lines within Estates & Facilities have forecast a total in year underspend of £2,209k. The main underspend items are £879k from the Schools Private Finance Initiative performance deductions, £426k from the successful negotiation of rent and rates rebates, £390k from the successful negotiation of dilapidation costs associated with disposed properties and £398k from unfilled staff vacancies. This fully mitigates the £500k OAS rent income target and provides a net position for Asset and Capital Management of a £1,654k underspend.
- 10.12 A business rate pilot project has been approved to support preparation of a Strategic Infrastructure Plan and supporting evidence base. There has also been an agreement with the borough and district councils to share membership costs, and to provide in-kind support, for the England's Economic Heartlands initiative. A new Service Level Agreement is in place with the Office of the Northamptonshire Police Fire and Crime Commissioner for NCC to manage s106 work (developer funding) for Fire and Rescue Services. Development activity impacting on payment triggers has increased Section 106 related income received by NCC.
- 10.13 There is also joint bidding with Borough and District Councils, the University of Northampton (UON), Chamber of Commerce and others, e.g. European Regional Development Fund, to leverage any NCC investment and deliver additionality. As a result a Digital Northampton bid was submitted in September 2019 with NCC as the lead body and the UON as a delivery partner. Should this be successful delivery will start in 2020-21.
- 10.14 Secured s106 monies are being aligned as match-funding for bids for further support and leverage towards planned infrastructure projects, such as schools and transport-related infrastructure including roads.

## **Overall summary - Place**

- 10.15 Overall the Place Directorate is forecasting an underspend of £2,585k. Whilst there are a number of pressures recorded these are being managed and offset by underspends elsewhere within the Directorate.
- 10.16 There is currently some uncertainty with staffing costs across the Directorate with a number of vacancies that are proving difficult to fill with permanent staff and may require appointment through more costly agencies. These pressures

are expected to be contained within existing savings forecasts. However, retaining skilled and experienced staff in a competitive market place is a major challenge to service delivery, business continuity and income generation.

## **11 Technical Finance, Treasury and Insurance**

### **Service priorities**

11.1 Technical Finance, Treasury and Insurance is a technical area of the Council's Budget and contains services and associated budgets that impact the Council as a whole and are explained below.

11.2 The main priorities the service is working to deliver in 2019-20 are:

- Ensuring that the Council complies with its statutory duties;
- Providing services that have a clear cost avoidance impact;
- That the Council makes the best use of resources.

11.3 These priorities are being delivered by ensuring proper arrangements for robust financial management are in place, including ensuring compliance with all relevant financial statutes and accounting standards, and by ensuring that the Council achieves the best value from its resources and investments. Work is ongoing towards the cross-cutting budget proposals that are being held centrally. The service is also working towards ensuring that all funding income is allocated effectively within the Council. Further details are set out in the sections below.

### **Financial challenges**

#### **Treasury Management**

11.4 The Treasury Management function has an overall budget of £19.8m. Its role is to manage and optimise the day to day liquidity of the Council, as well as financing the Council's Capital requirements in the most cost effective manner.

11.5 It plans, monitors and projects cash inflows and outflows in line with the Council's day to day expenditure requirement and investment strategies to ensure that there is sufficient cash to fund the Council's business activities, as well as to ensure that excess cash is properly invested.

11.6 There is a budget of £21m to fund the interest payments on the Council's short, medium and long term borrowing, which stood at £674m on 30<sup>th</sup> September 2019. Based on the Council's Capital Programme financing requirements this is currently projected to decrease to £580m by the end of the financial year, at an average interest rate of 3.3%. There is a reduction in the budgeted borrowing costs of £200k due to favourable market conditions and the in-year net saving from early repayment of Royal Bank of Scotland Inverse LOBO (after writing down the premium and taking account of the replacement Public Works Loan Board Loan at a more beneficial interest rate).

11.7 The Council has undertaken the following debt management activity during the first half of 2019-20:

- In July, officers negotiated the early settlement of a £10m Lender Option Borrower Option (LOBO) loan with an inverse floating-rate structure – whereby the interest rate of the loan goes up or down in the opposite direction to prevailing market rates with Royal Bank of Scotland, and subsequently refinanced the loan principal and associated premium over 50 years with a £18m loan from the Public Works Loans Board (PWLB). At the point of early redemption the LOBO loan had a carrying interest rate of 7.24% and was replaced with a PWLB loan secured at 2.01%.
- In August, the Council reversed its reliance upon short-term local authority loans (those under 12 months in duration) with £110m long-term borrowing from the PWLB at what were historically low rates (£10m over 6.5 years at 1.12% and £100m over between 43.5 to 50 years at av.1.68%). Subsequently in October 2019, HM Treasury increased PWLB rates for new loans with immediate effect and without prior consultation or warning by 1%. Equivalent new loan rates at 18th October stood at 2.31% over 6.5 years and 2.89% over 50 years respectively. Had the Council delayed securing these long-term loans, the savings to be realised within the 2020/21 Budget and Medium Term Financial Plan beyond would not have been achievable and therefore this borrowing has proved very timely for the Council. Although the majority of these PWLB loans were undertaken at rates above those estimated in the 2019-20 budget (the impact of which has been reported through budget monitoring process), they are at rates below those prudently estimated for 2020-21 and beyond had the Council continued to rely upon short-term borrowing. Savings on debt interest servicing costs from 2020-21 onwards will be incorporated into the Medium Term Financial Plan.

11.8 Interest receivable is budgeted at £700k from a combination of third party loans and investment in surplus cash, with income being in line with the budget assumptions.

- £220k from investment of surplus cash (average balance of £29.3m at average interest rate of 0.75%)
- £480k from third party loans (per individual loan agreements)

### **Insurance**

11.9 The Council is insured against risks through a combination of cover via a number of external insurers and self-insurance. The Insurance budget totals £1.2m and funds premiums, claim expenditure and management costs. There is forecast claims expenditure of £1.8m, premiums of £1.3m, management costs of £0.3m (LGSS staff costs, broker fees and overheads) and £0.5m income from the recharge of insurance costs to schools which are funded by the managed budget (NCC budget that LGSS manages on behalf of NCC).

- 11.10 Effectively, given the current level of funding within the managed insurance budget, the budget (including income from schools) funds the premium and management costs and the claim costs are funded from the insurance reserve (£3.5m) with the balance of the latter being set according to an actuarial review of the insurance fund which is undertaken annually.
- 11.11 An insurance provision of £6.2m is held to fund the payment of known estimated future insurance liabilities (public liability, employer's liability and property) i.e. estimates against current open insurance claims. This is calculated annually as part of the closedown process based on the current reserve on each open claim. The reserve represents the claim handler's estimation of the likely cost of the claim should it be settled. Claim reserves are regularly reviewed during the claim handling process.
- 11.12 Renewal terms for the 2019-20 policy period have now been received resulting in a reduction in the forecast for premiums. This has resulted in a forecast underspend of £0.1m being reported. There is potential for minor changes to the variance as a result of in year premium adjustments which would occur, for example, if NCC purchases a new property or commences a new activity for which additional insurance cover is required. There is also the potential for school income to reduce due to academy conversions but again any changes will not be material.

### **Council Wide Cross Cutting Budgets and Savings Proposals**

- 11.13 There is a budgeted Pension Fund deficit contribution of £8.4m to the Local Government Pension Scheme (LGPS) pension fund in 2019-20. The payments are as per the actuary's triennial valuation report.
- 11.14 There is also a budget for the Council's Environment Agency Levy payment of £732k. There is no variations to budget being reported at this stage.
- 11.15 The Council has a budget contingency of £2.1m. The budget contingency is set aside to support the Council's financial health and manage risk.
- 11.16 The estimated cost of Commissioners and their support is £320k. The pressure reported in Q2 forecast position is £117k. This is a combination of £43k for a new post of Deputy Chief of Staff that has been created to support the Commissioners and £74k pressure above the budget. The budget was understated, as it was not known at the time of budget setting what level of support Commissioners would require.
- 11.17 Project costs for the single person discount review of £250k is underspent by £100k as only £150k is now required in 2019-20, based on the management information supplied by LGSS Revenue and Benefits Team.
- 11.18 As part of the Budget setting process there are £3.3m of cross cutting savings and income proposals which are yet to be applied to service budgets to reduce them accordingly in line with the activity associated with the respective savings

proposal. The savings proposals which are currently reported as partly non-deliverable are: Voluntary Redundancy (VR); procurement review and staff travel. NLT are currently reviewing delivery options.

- 11.19 Voluntary Redundancy (VR) - Of the £1,460k VR target savings, £719k is forecast to be delivered having had three tranches of VR.
- 11.20 Staff travel - there remains a pressure of £150k relating to this savings proposal. A business case is currently under review with the Transformation Board, which is awaiting their approval.
- 11.21 Procurement and council-wide review – to date, £504k estimated savings have been identified against combined target of £1.25m leaving a pressure of £746k. Note that significant procurement savings have been made but these are counted against directorate savings targets.
- 11.22 CPI inflationary uplift totalling £687k relating to fees and charges was included within the 2019-20 budget as a general planning principle. This budget is held centrally and it has not yet been possible to allocate this inflation to services, due to the statutory limitations placed upon some of the fees and charges that are levied by the Council.
- 11.23 Expenditure Control Panel saving of £221k forecast in line with budget has now been allocated proportionately across all the respective directorates.
- 11.24 There is a budget of £4.2m income, of which £3.2m relates to Dedicated School Grant (DSG) contribution to overheads, pension and de-delegation. This is forecast to increase to £4.8m given bad debt recovery of £273k, reduction in borrowing costs of £200k and insurance premium forecast of £100k underspend.

### **Management Actions**

- 11.25 A budgeted contribution to reserves of £292k has been able to be released. This was originally budgeted to replenish earmarked reserves but is no longer required as the reserves were replenished in 2018-19 through the use of the capital dispensation. Additionally a central growth proposal of £500k within the base budget has also been released.
- 11.26 LGSS Law settled £1.4m of its £1.8m debts owing to the Council, this has allowed the Council to release its specific bad debt provision relating to this value of £0.27m.

### **Overall Summary – Technical Finance, Treasury and Insurance**

- 11.27 There is an overall overspend of £934k, having factored in the management mitigation plan of £1.1m. It is unlikely to see a further movement on pressure reported for voluntary redundancy of £741k, as the current tranche is only just reaching the final stage.



11.28 Fees and charges CPI inflationary uplift (£687k) is another area that may not change for the remainder of the year. However, the directorate is continually working on reducing the pressure currently reported.

11.29 Overall, by comparison, there is a favourable movement of £140k in net position from Period 5 as shown on Appendix A.

## **12 Public Health & Wellbeing (PHW)**

### **Service priorities**

12.1 Priorities within Public Health include work on the Supporting Independence Programme (SIP) which supports people with mild frailty and work in the specialist Stop Smoking Service (SSS), both of which are likely to underspend slightly across 2019/20 due to low level staff vacancies. The SSS is being redesigned to address low performance in some areas and therefore, dependent on the proposed future model, the budget may change to ensure improved outcomes. Again, smoking cessation is a public health priority for Northamptonshire so overall investment is not anticipated to reduce.

12.2 Work is also continuing on drawing down from the Council's Public Health Provision (Reinvestment Fund) of £2.5m during 2019/20, to fund staff and services for the following:-

- Dedicated communications support;
- The development of a Country Parks programme to support people with long term conditions and young families to become active, with support from Northampton Sport (NSport);
- The creation of a Healthy Schools Programme;
- Various activities supporting older adults and carers across the county;
- Creation of a dedicated Adverse Childhood Experiences prevention programme;
- Small projects with Children's Services to address early development outcomes locally and avoid repeat pregnancies in mothers with children in/at risk of going into care;
- A number of opportunities exploring active travel options with the Place directorate;
- Additional Public Health Officers (fixed term) to support programme delivery and embed PH principles across the Council.

### **Overall summary – Public Health**

12.3 Public Health direct service provision, in the shape of SIP and SSS, is likely to underspend slightly across 2019/20 due to low level staff vacancies.

12.4 A redesign of the SSS is planned but is aimed to improve performance of the service so a reduction in investment is not anticipated.

12.5 Minor variations in spend are expected in the Substance Misuse and Sexual Health budgets as these contracts are part demand driven and therefore it can be difficult to forecast exact costs; however no material impact on the end of year position is expected.

12.6 The Public Health (PH) budget has a nil variance at the end of Quarter 1. There is currently £198k grant funding remaining to be allocated with proposals in year.

12.7 The total variations to budget in 2019-20 for PHW are set out in Appendix A.

### 13 Funding

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

**Table Nine: 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>

13.2 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.

13.3 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.

13.4 The business rates income received by the Council is subject to a full year reconciliation as part of the 75% Business Rates pilot and therefore may be subject to change as further intelligence is gained through the quarterly pool forecasts.

## 14 Transformation

- 14.1 A report introducing the Council's Future Northants Programme was presented to Cabinet on 13<sup>th</sup> November 2018. This report set out the approach to the Council's Future Northants Programme, which documents the objectives of the programme together with the projects and programmes being initiated. Future Northants Programme was subsequently approved by the full Council meeting on 22<sup>nd</sup> November 2018.
- 14.2 A number of projects that are forecast to deliver savings in 2019-20 already approved for support through the Future Northants 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.
- 14.3 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.
- 14.4 An updated Flexible Use of Capital Receipts Strategy was presented to Council on 20<sup>th</sup> June 2019 for approval. This updated strategy from February 2019 included the latest listing of transformation activity that meets the criteria for funding through the application of capital receipts. Any subsequent changes to transformation projects will be reported to Council in subsequent updates to the Flexible Use of Capital Receipts strategy as appropriate.
- 14.5 Appendix C sets out the 2019-20 budget approved by full Council on 20<sup>th</sup> June 2019 and latest forecast of the Council's Transformation projects for 2019-20 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.
- 14.6 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 Ten:**

	<b>£000</b>
Unused capital receipts brought forward from 2018-19	3,232
Estimated receipts from sales 2019-20 (Risk-adjusted forecast)	8,923
<b>Forecast of Total Available Capital Receipts</b>	<b>12,155</b>

**15 2019-20 Savings Delivery Performance**

15.1 The Council has a savings requirement of £41.4m within its 2019-20 budget set in February 2019. The deliverability of these proposals is being monitored by each accountable service lead, budget manager and senior officers.

15.2 The Future Northants 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.

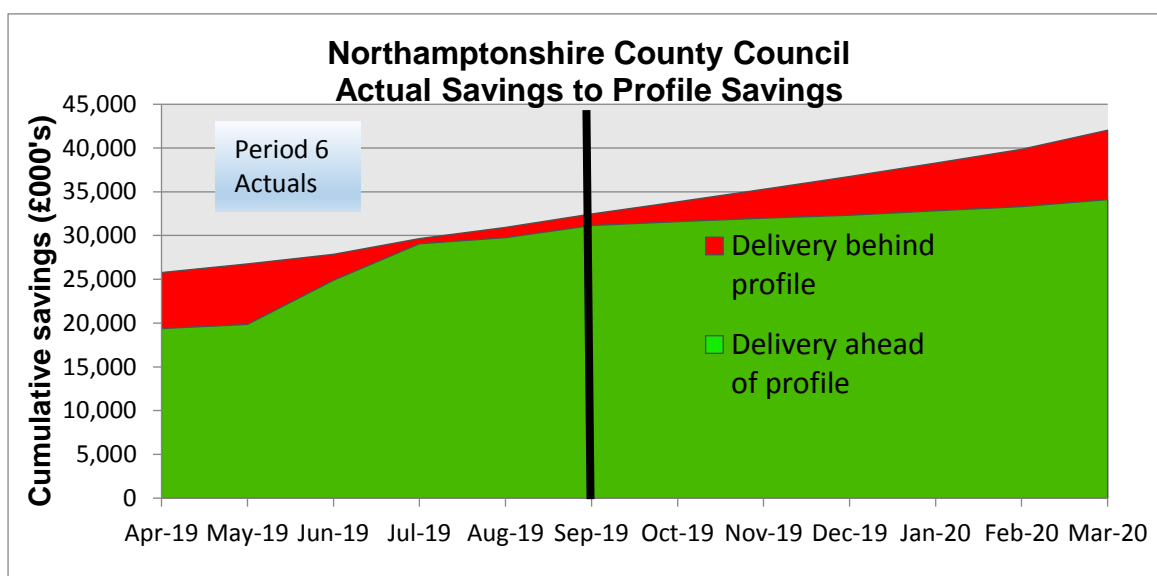
15.3 The latest assessment on the deliverability of the £41.4m of 2019-20 savings proposals is set out in the table below, by work stream. The deliverability of savings brought forward from prior years is also shown below. Further detail on non-deliverable or part-deliverable proposals and corresponding mitigating actions is set out in Appendix A and B.

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

	<b>Target Savings</b>	<b>Savings budgeted to be delivered at Period 12</b>	<b>Variance currently forecast at Period 12 Under/(Over) delivery</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Corporate Services	(1,701)	(1,562)	139
Children First Northamptonshire (CFN)	(10,296)	(4,540)	5,756
Place	(2,522)	(2,847)	(325)
Northamptonshire Adult Social Services (NASS)	(23,284)	(22,846)	438
Cross-cutting Programme	(3,220)	(1,983)	1,237
LGSS	(369)	(369)	0
Public Health & Wellbeing	(23)	(23)	0
<b>Total, 2019-20 savings:</b>	<b>(41,415)</b>	<b>(34,170)</b>	<b>7,245</b>
<b>Place: Income proposal</b>	<b>(500)</b>	<b>(300)</b>	<b>200</b>
Brought forward savings from 2018-19:			
Place BF	(1,045)	(68)	977

	Target Savings £000	Savings budgeted to be delivered at Period 12 £000	Variance currently forecast at Period 12 Under/(Over) delivery £000
Cross-cutting BF	(400)	0	400
<b>Total: Brought forward savings from 2018-19:</b>	<b>(1,445)</b>	<b>(68)</b>	<b>1,377</b>
<b>Total: NCC</b>	<b>(43,360)</b>	<b>(34,538)</b>	<b>8,822</b>

**Table Thirteen:**



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

15.4 The Council is forecasting to deliver 83% of its 2019-20 savings target by the end of the year.

## 16 Consultation and Scrutiny

16.1 All 2019-20 Budget proposals were consulted on prior to the budget being approved by Full Council in February 2019.

16.2 Any management interventions that require a policy change will be subject to a consultation before any decision is taken.

16.3 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.

## 17 Equality Screening

17.1 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.

<b>Reason that no EqlA is required</b>	<b>✓ as appropriate</b>
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** - NCC Budget Variations 2019-20

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

**Appendix C** – NCC Transformation Expenditure 2019-20

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)? Have any capital spend implications been cleared by the Capital Investment Board (CIB)	YES Name of SFM: All  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?	Finance and Resources Scrutiny Committee 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**

**12 NOVEMBER 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 6 for the financial year ending 31st March 2020.</b>
	<p><b>Cabinet is requested to:</b></p> <ol style="list-style-type: none"> <li><b>1. Note the forecast capital expenditure of £81m for 2019-20.</b></li> <li><b>2. Approve and recommend the inclusion of the IT Stock Management scheme as a new scheme into the capital programme with investment totalling £100k.</b></li> <li><b>3. Approve the extension of two schemes within the current capital programme with investment totalling £443k.</b> <ol style="list-style-type: none"> <li><b>i. Assistive Technology - £148k</b></li> <li><b>ii. Community Library Programme - £295k</b></li> </ol> </li> <li><b>4. Approve the promotion of the Beech Close scheme from the development pool into the committed capital programme with investment totalling £76k.</b></li> <li><b>5. Approve the closure and subsequent reduction in capital investment totalling £16,857k for two schemes within the current capital programme.</b>  <b>Investment Estate Portfolio - £16,366k</b>  <b>Angel Out of Scope Provision - £491k</b></li> <li><b>6. Note the Daventry Development Link Road scheme extension requested in a separate report on this Cabinet agenda.</b></li> </ol> <p><b>Further detail on the above schemes can be found in Section 8.</b></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 inclusion of one new scheme, extension of two schemes, the promotion of one scheme from the development pool and the closure of two schemes to be included in the Council’s committed Capital Programme following recommendation from the Northamptonshire Leadership Team.

## 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 local infrastructure of Northamptonshire, with the benefits lasting over a number of years. Resources come from Government grants and contributions, capital receipts from surplus land and buildings, and where there is no other funding source available, short and long term borrowing as appropriate.
- 2.2 The Capital Programme has links to the revenue budget through the repayment of any loans taken out to fund capital investment. As such, there is a comprehensive 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 escalation 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.

- The Council's Financial Regulations relating both specifically to capital approval processes and those wider regulations in relation to overarching financial governance and procurement etc.

**4.2** Once a scheme has been fully approved, the Expenditure Control Panel reviews and approves planned expenditure 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 new schemes identified 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:

- New capital investment will only be permitted if it contributes to the achievement of the Council's strategic aims and objectives.
- 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 & safety.
- 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.

**5.4** The Capital Strategy 2020-21 to 2023-24 will be presented to Council in February 2020 for approval of the detailed revised programme. Work is currently underway to update and review requirements in line with the revenue budget expectations and other changes since the strategy was approved last year.

## 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 September 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 £137m, of which £90m relates to 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)

	Current Budget 2019-20 & Future Years	Original 2019-20 Forecast *	Revised 2019-20 Forecast	Movement between Original and Revised Forecast	2019-20 Spend to P6
	£000's	£000's	£000's	£000's	£000's
Place - Environment Planning & Transport	74,656	55,407	51,781	(3,626)	13,526
Place - Children's, Families and Education	30,663	22,456	20,444	(2,012)	6,142
Place - Asset & Capital Management	20,245	2,601	1,601	(1,000)	254
Place - Adult Social Care Services	6,669	4,227	4,227	0	(467)**
Corporate Services	2,000	1,500	1,200	(300)	101
Corporate and Community Services	1,954	2,709	531	(1,828)	73
LGSS - IT Infrastructure/ Development	904	900	900	0	134
Place - Public Health and Wellbeing	171	0	150	(200)	33
<b>Total</b>	<b>137,262</b>	<b>89,800</b>	<b>80,834</b>	<b>(8,966)</b>	<b>19,767</b>

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

\*\* Note: the negative value in the year to date actuals relates to an accrual for the purchase of Olympus Care assets due to transfer to NCC. This will be completed in P7.

**6.4** The movement since the Period 5 monitoring report is a net £4.4m decrease in forecast expenditure for 2019-20. This change is due to the following significant movements of over £0.5m:

- Highways Integrated Maintenance Block 2018-19 - £3.1m decrease due to remaining grant being held either for provisional works in relation to new major transport projects and/or to deal with cost pressures in schemes completing to avoid the need for additional borrowing. The grant is not ring-fenced and will continue to be utilised for highways works.
- Chester Farm - £2.0m decrease due to the main contractor going into administration and the decision to refresh the business plan for the site to ensure the best chance of it having a sustainable future. This business plan will inform a new tender for the completion of the capital works. A report will be presented to December Cabinet and, if approved, the re-tendering of works will progress with immediate effect. It is expected limited works will now take place in 2019-20.

**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	12,601	2,774	39,785	16,752	2,744	74,656
Children, Families and Education	151	0	21,161	9,502	0	30,663
Place - Asset & Capital Management	19,423	0	822	0	0	20,245
Adult Social Care Services	5,689	0	980	0	0	6,669
Corporate Services	2,000	0	0	0	0	2,000
Corporate and Community Services	1,922	0	0	32	0	1,954
LGSS - IT Infrastructure/ Development	904	0	0	0	0	904
Public Health and Wellbeing	21	0	150	0	0	171
<b>TOTAL</b>	<b>42,711</b>	<b>2,774</b>	<b>62,898</b>	<b>26,135</b>	<b>2,744</b>	<b>137,262</b>
<b>%</b>	<b>31.12%</b>	<b>2.02%</b>	<b>45.82%</b>	<b>19.04%</b>	<b>2.00%</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.*

The Councils discretionary gross funding requirement in relation to the current capital programme is £45.5m (shown in the table above), compared to the £8.3m borrowing requirement in the table below due to the following factors:

- £16.4m of the Discretionary Funding relates to the Investment Portfolio scheme which funds its own borrowing costs and which is furthermore requested to be closed within this report.
- £1.7m relates to Moray Lodge redevelopment. This invest to save scheme for Adult Social Care will now be delivered by an external partner. The scheme will be removed from the Current Capital Programme once contracts are signed.
- £6.3m relates to ring-fenced capital receipts related to the East Northants restructure scheme within the Capital Programme.
- £9m relates to the use of capital receipts at £3m pa from 2020-21 to 2022-23
- £4m relates to repayments of upfront funding by NCC in respect of Daventry Development Link Road and the Superfast Broadband extension.

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)	8,253
Approved Discretionary Funding for the schemes within the Development Pool over the medium term period to 2022-23: £24,557k from Capital Strategy, less £8,553k promoted to the capital programme in year less £1,000k Property Minor Works slippage over the MTFP period less £6,000k from Carefirst as a result of the revised business plan reducing future years expenditure.	9,004
<b>Total new borrowing requirement approved (MTP period)</b>	<b>17,257</b>

## 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 £1,821k from period 5. This is due to a part deferred payment on Buckton Fields being paid early.

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

	<b>£000's</b>
Unused capital receipts brought forward from 2018-19	3,232
2019-20 capital receipts forecast	8,923
<b>Total Available Capital Receipts</b>	<b>12,155</b>

**7.2** On 20th June 2019 Full Council approved the Flexible Use of Capital Receipts Strategy 2020 including approved forecast expenditure of £6.8m within 2019-20 to fund the Council's Transformation Programme. The period 6 forecast shows a reduction in anticipated eligible expenditure to £5.4m.

## **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).

<b>No.</b>	<b>Scheme Status</b>	<b>Capital Scheme Title</b>	<b>Capital Budget Increases/ (Decreases) for Approval £000's</b>	<b>Funding Source</b>
1	New Scheme	IT Stock Management	100	Discretionary Funding
2	Extension of Scheme	Assistive Technology	148	Discretionary Funding
3	Extension of Scheme	Community Library Programme	295	Discretionary Funding
4	Promotion from Development Pool	Beech Close	76	Discretionary Funding
5	Closure of Scheme	Investment Portfolio	(16,366)	Discretionary Funding
6	Closure of Scheme	Angel Out of Scope Provision	(491)	Discretionary Funding
<b>Total</b>			<b>(16,238)</b>	

**1. IT Stock Management - £100,000**

Currently there are issues with the process for the provision of laptop devices for new requirements within the business. Based on the machine specifications required for business devices, the equipment that we have been ordering has been classified as Built to Order (BTO). This has a documented lead time of 30 Working Days.

If the concept of Stock is going to work effectively we need to increase the level of stock being held in order to circumvent any delays in receiving deliveries, and the resulting service delivery risks in Adults and Childrens Services.

**2. Assistive Technology (including the Canary Project) - £148,000**

The Canary project supports the assessment of need to keep people safe and living at home independently. The equipment consists of mobile movement sensors. Other assistive technology equipment includes pendants, hoists, and other technology. This expenditure is linked to the achievement of revenue savings.

**3. Community Library Programme - £294,624**

This scheme extension will focus on utilising S106 monies to provide improvements to Brackley Library including better use of back office space for public use and hire and will create private, hireable space at Hunsbury Library.

**4. Beech Close - £76,361**

Beech Close is a residential care home previously run under the Shaw contract. It is has now returned to in-house management by NCC to utilise the building so that it more effectively meets NCC's 24 hour care package demands. The home will require capital investment to help clients with complex needs and further manage NCC's care package costs.

**5. Investment Portfolio - £16,366,277 reduction**

Closure of the scheme first introduced in 2017 to invest in commercial premises within Northamptonshire to deliver a revenue income to the Council. This approach was widely adopted across local government at a time of reducing government finance settlements. However, since this time, the Council's financial position and view on risk and undertaking activities outside of its core business has changed and CIPFA have also issued guidance and expressed concern around this type of activity and the risks involved. Therefore this programme of works, which has been on hold, will now be closed.

**6. Angel Out of Scope Provision - £490,624 reduction**

This scheme was bought forward as a subset of the main Angel Programme to deliver a Childrens Conferencing facility and other works which at the time were identified as not being able to be met from the Angel building. Since this time, solutions inside and outside of the main building have been provided and so the unspent portion of the budget can be returned. The Angel Square Optimisation scheme delivered in 2019 will complete the original Angel programme of works.



## 9. Consultation and Scrutiny

10. 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.

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.

## 11. Equality Screening

- 11.1. 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.

<b>Reason that no EqIA is required</b>	✓ 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.	✓

## 12. Alternative Options Considered

- 12.1. The deliverability of the 2019-20 Capital Programme 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.

- 12.2. 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.

## 13. Risk and Business Continuity Management

- 13.1. 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.

## **14. List of appendices**

**14.1.** 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: Barry Scarr
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
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 – Environment, Planning & Transport (Table 6)

Environment, Planning & Transport 2019-20 Expenditure	£000's
<b>Opening Forecast Spend 2019-20</b>	<b>33,412</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
Integrated Transport Block 2018-19 (Top-up)	265
<b>Revised Capital Forecast</b>	<b>55,407</b>
<b>Net movement in forecast spend (includes project overspends, underspends and reprofiling)</b>	<b>(3,626)</b>
<b>New Forecast Outturn</b>	<b>51,781</b>

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

Scheme	P5 Forecast £000's	P6 Forecast £000's	Commentary
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	10,437	Moulton bypass section. Due for completion February 2020. Increased forecast spend in 2019-20 due to on-site noise fence, utility works and blight claim. The scheme remains within budget.
Northampton Superfast Broadband	3,163	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. An element of this funding is earmarked for repairs to the Oundle Bridge.
Highways Maintenance Block 2018-19	3,151	0	Following a review of commitments this grant will be held for other major transport scheme contributions and cost risks.
Highways Maintenance Block Incentive Fund 2019-20	2,580	2,580	A DfT grant to fund highway maintenance.
National Productivity Fund – Cliftonville	2,000	1,600	A project to widen and improve Cliftonville Road in Northampton, funded from the National Productivity Improvement Fund. Work due to start Autumn 2019 however delays to consultation have resulted in slippage of the scheme.
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 Road	1,867	1,867	Design and planning works funded from NBC contributions. Due to go to planning committee in November following from which a report is planned for December Cabinet.
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	1,791	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)	612	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. A report on the scheme is being presented to the November meeting of Cabinet.
Other (under £1.0m)	4,271	4,200	
<b>Total</b>	<b>54,773</b>	<b>51,781</b>	

## Place - Children, Families and Education (Table 8)

<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
Northampton Secondary Schools Capacity	396
Woodford Halse Primary School	129
Schools Strategic Maintenance - PFI Blinds	480
Billing Brook Special School Capacity	250
Huxlow School Mobiles	164
Radstone Primary School	135
Schools Minor Works Programme 2019-20	2,839
Manor School	500
Children's Complex Residential	151
Syresham St James CE Primary School	71
Manor School Music Department	134
<b>Revised Capital Forecast</b>	<b>22,456</b>
<b>Net movement in forecast spend (includes project overspends, underspends and reprofiling)</b>	<b>(2,012)</b>
<b>New Forecast Outturn</b>	<b>20,444</b>

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

<b>Scheme</b>	<b>P5 Forecast £000's</b>	<b>P6 Forecast £000's</b>	<b>Commentary</b>
Kettering Secondary School Extensions	7,023	7,023	£12m total scheme. Slippage in the project of £800k reported in p5 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	1,800	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 approximately £1m of works slipping into next financial year.
Other Schemes (under £1.0m)	7,180	7,445	
<b>Total</b>	<b>20,179</b>	<b>20,444</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>

### 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)

<b>Scheme</b>	<b>P5 Forecast £000's</b>	<b>P6 Forecast £000's</b>	<b>Commentary</b>
Community Equipment	4,000	4,000	Purchase all community equipment on behalf of Adult Social Care and Health.
Other (under £1.0m)	227	227	
<b>Total</b>	<b>4,227</b>	<b>4,227</b>	

### Corporate Services (Table 14)

<b>Corporate Services 2019-20 Expenditure</b>	<b>£000's</b>
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	P5 Forecast £000's	P6 Forecast £000's	Commentary
Social Care System Replacement	1,200	1,200	Carefirst system replacement
<b>Total</b>	<b>1,200</b>	<b>1,200</b>	

### Corporate and Community Services (Table 16)

<b>Corporate and Community Services 2019-20 Expenditure</b>	<b>£000's</b>
Opening Forecast Spend 2019-20	2,009
<b>New Schemes/Removals/Uplifts (approved by Cabinet since April 2019)</b>	
Libraries Self Service Terminals	350
<b>Revised Capital Budget 2019-20</b>	<b>2,359</b>
<b>Net movement in forecast spend (includes project overspends, underspends and reprofiling)</b>	<b>(1,828)</b>
<b>New Forecast Outturn</b>	<b>531</b>



The following major schemes are being progressed in 2019-20 (Table 17)

Scheme	P5 Forecast £000's	P6 Forecast £000's	Commentary
Chester Farm	2,203	0	The current total scheme forecast identifies a £665k pressure with a total risk exposure linked to extension of time claims and increased costs to complete the scheme in excess of £3m. The main contractor went into administration a few months ago and a new options appraisal and business plan will be presented to December Cabinet. As a result of the delay the remainder of the main works will not now be completed until 2020. Discussions are underway to ensure Heritage Lottery funding will be received in line with the grant offer.
<b>Total</b>	<b>2,203</b>	<b>0</b>	

#### IT Infrastructure / Development (Table 18)

IT Infrastructure/Development 2019-20 Expenditure	£000's
<b>Opening Forecast Spend 2019-20</b>	<b>540</b>
<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 19)**

<b>Wellbeing and Prevention Services 2019-20) Expenditure</b>	<b>£000's</b>
<b>Opening Forecast Spend 2019-20</b>	<b>350</b>
<b>New Schemes/Removals/Uplifts (approved by Cabinet since April 2019)</b>	
<b>Revised Capital Forecast</b>	<b>350</b>
<b>Net movement in forecast spend (includes project overspends, underspends and reprofiling)</b>	<b>(200)</b>
<b>New Forecast Outturn</b>	<b>150</b>

## 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. The Treasury 2<sup>nd</sup> quarter reporting shows a small positive movement of 0.1% giving a current forecast ratio of 5.0% for 2019-20.

### 2. Development Pool Schemes approved in the 2019-20 Capital Strategy 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 20) - as at the end of Period 6**

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
Single Handed/ Assistive Tech. Project	ASC	152	0	0	<b>152</b>	Revenue saving
Community Equipment	ASC	4,000	0	0	<b>4,000</b>	Revenue saving
Housing for children with complex needs	CFN	151	0	0	<b>151</b>	Revenue saving
Household Waste Recycling Sinking Fund	PLACE	65	65	130	<b>260</b>	Revenue saving
Angel Square Optimisation	PLACE	500	0	0	<b>500</b>	Optimise use of building.
Property Asset Management Minor Works	PLACE	1,000	0	0	<b>1,000</b>	Statutory H&S and Service Provision
Carefirst Replacement	CEX	2,000	0	0	<b>2,000</b>	Statutory Service support
Ncloud Server	LGSS	140	0	0	<b>140</b>	Statutory Service support
Library Self-Service Terminals renewal	PHWB	350	0	0	<b>350</b>	Revenue saving
Total Development Pool Discretionary Funding now in Committed Capital Programme		<b>8,358</b>	<b>65</b>	<b>130</b>	<b>8,553</b>	

**Discretionary Funded Development Pool not yet approved into the Committed Capital Programme (Table 21) – as at the end of Period 6**

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	<b>310</b>	Revenue saving
Single Handed/ Assistive Tech. Project	ASC	348	0	0	<b>348</b>	Revenue saving
Schools Capital	CFN	427	0	0	<b>427</b>	Revenue saving
Emergency Placement Provision	CFN	0	245	0	<b>245</b>	Revenue saving
Housing for children with complex needs	CFN	0	1,849	0	<b>1,849</b>	Revenue saving
Highways Depot Winter Maintenance	PLACE	100	0	0	<b>100</b>	Revenue saving
Property Asset Management Minor Works	PLACE	0	1,000	2,000	<b>3,000</b>	Statutory H&S and Service Provision
Carefirst Replacement	CEX	0	2,000	4,000	<b>6,000</b>	Statutory Service support
Tablet Refresh	LGSS	200	200	400	<b>800</b>	Operational Efficiency
PC Refresh	LGSS	0	0	400	<b>400</b>	Operational Efficiency
Security Solutions to meet new standards	LGSS	70	100	0	<b>170</b>	Statutory Requirements/ Standards
SAN Replacement	LGSS	0	0	1,000	<b>1,000</b>	Statutory Service support
Netscaler Replacement	LGSS	0	0	200	<b>200</b>	Statutory Service support
Ncloud Server	LGSS	0	130	130	<b>260</b>	Statutory Service support
Office 365 implementation resources	LGSS	170	0	0	<b>170</b>	Statutory Service support
Compute capacity disaster recovery	LGSS	200	0	0	<b>200</b>	Statutory Service support
Community Libraries Programme	PHWB	250	0	0	<b>250</b>	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		2,350	5,524	8,130	16,004	

<b>Total Development Pool Discretionary Funding per Capital Strategy</b>		<b>10,708</b>	<b>5,589</b>	<b>8,260</b>	<b>24,557</b>	
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*Note: CFE schemes have been reviewed and reprofiled as to when investment will be required to meeting revenue savings.*

### 3. Approved Capital Programme - Sources of Funding (Opening Monitoring Position 2019-20) (Table 22)

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.

	£m
<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 23)</b>	<b>99.4</b>

**Analysis of the balance of funding still to be received (Table 23)**

	<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>



**CABINET**

**12 NOVEMBER 2019**

**EXECUTIVE DIRECTOR OF FINANCE AND S151 OFFICER: BARRY SCARR  
CABINET MEMBER WITH RESPONSIBILITY FOR FINANCE, PERFORMANCE  
AND LGSS COUNCILLOR MALCOLM LONGLEY**

Subject:	Treasury Management Report, Quarter 2 2019/20.
Recommendations:	That Cabinet note the Treasury Management Report and forward to Council.

**1. Purpose of report**

1.1 The purpose of this report is to provide the Quarter 2 update position on the Treasury Management Strategy 2019/20, which was approved by Council in February 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:

- Utilising the Council’s assets effectively.

**3. Background**

3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (annual, mid-year or quarterly reports). This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

3.2 The main highlights for the first half of the year are:

- The Council has raised £128.0m in total in long-term loans from the Public Works Loan Board (PWLB) in the first half of the year ahead of a sharp and unexpected rise in PWLB interest rates. For further information please refer to Sections 6, 7 and 8.
- Gross borrowing at Q2 stood at £673.9m against the latest projected Capital Financing Requirement (CFR) of £665.2m, a temporary excess of £8.7m due to cash flow timing. Gross borrowing is forecast to fall to £580.0m by Q4 in line with the maturity profile of loans, which is £85.2m below the CFR and represents internal borrowing. In both instances, gross borrowing was/will be

below the Authorised Borrowing Limit of £805.0m. For further information please refer to Section 5.

- In-house investment returns on cash balances yielded 0.75% during the first half of the year, which is in line with the 3 month LIBID benchmark. For further information please refer to Section 9.

#### 4. Economic Climate

4.1 A detailed commentary from the Council's treasury advisors of the current economic climate is provided at Appendix A to this report. In brief summary, Q2 2019/20 saw:

- Bank of England held Bank Rate at 0.75%; noting the deterioration in global activity and sentiment, they confirmed that monetary policy decisions related to Brexit could be in either direction depending on whether or not a deal is ultimately reached by 31st October;
- The UK economy contracted by 0.2%; following the 0.5% gain in Q1 which was distorted by stockpiling ahead of Brexit;
- Brexit negotiations remained at an impasse; UK equities continued to underperform given the uncertainty, generally meaning investors are holding safe-haven government bonds/gilts instead.

#### 5. Summary Portfolio Position

5.1 A snapshot of the Council's borrowing and investment position at Quarter 2 2019/20 is shown in the table below against forecasts used in the Treasury Management Strategy Statement (TMSS), with the subsequent sections of this report providing further explanation of the numbers:

**Table 1: Summary Portfolio Position**

	TMSS Forecast Outturn (Council Feb 2019)		Actual Q2 2019/20 (YTD)		Forecast Outturn (Sept 2019)	
	£m	Weighted Av. Rate %	£m	Weighted Av. Rate %	£m	Weighted Av. Rate %
<b>Long Term Borrowing (&gt;1yr):</b>						
PWLB	302.2	3.7	422.2	3.3	412.2	3.1
PWLB (HM Treasury guaranteed)	19.0	2.4	19.7	2.4	19.0	2.4
Market Bank loans	20.0	3.9	20.0	3.9	20.0	3.9
Other Local Authorities	18.0	1.2	18.0	1.2	18.0	1.2
Lender Option Borrower Option (LOBO)	110.0	4.9	100.0	4.6	100.0	4.6
<b>Total Long Term Borrowing</b>	<b>469.2</b>	<b>3.8</b>	<b>579.9</b>	<b>3.4</b>	<b>569.2</b>	<b>3.3</b>
<b>Short Term Borrowing (&lt;1yr)</b>	<b>160.8</b>	<b>1.7</b>	<b>94.0</b>	<b>1.4</b>	<b>10.8</b>	<b>1.7</b>
<b>Total Gross Borrowing</b>	<b>630.0</b>	<b>3.3</b>	<b>673.9</b>	<b>3.2</b>	<b>580.0</b>	<b>3.3</b>



	TMSS Forecast Outturn (Council Feb 2019)		Actual Q2 2019/20 (YTD)		Forecast Outturn (Sept 2019)	
	£m	Weighted Av. Rate %	£m	Weighted Av. Rate %	£m	Weighted Av. Rate %
<b>Investments (excl Third Party Loans)</b>	<b>37.5</b>	<b>0.8</b>	<b>142.0</b>	<b>0.8</b>	<b>37.5</b>	<b>0.8</b>
<b>Total Net Borrowing</b>	<b>592.5</b>	<b>3.5</b>	<b>531.9</b>	<b>3.8</b>	<b>542.5</b>	<b>3.5</b>
<b>Third Party Loans</b>	<b>21.1</b>	<b>2.4</b>	<b>21.8</b>	<b>2.4</b>	<b>21.1</b>	<b>2.4</b>

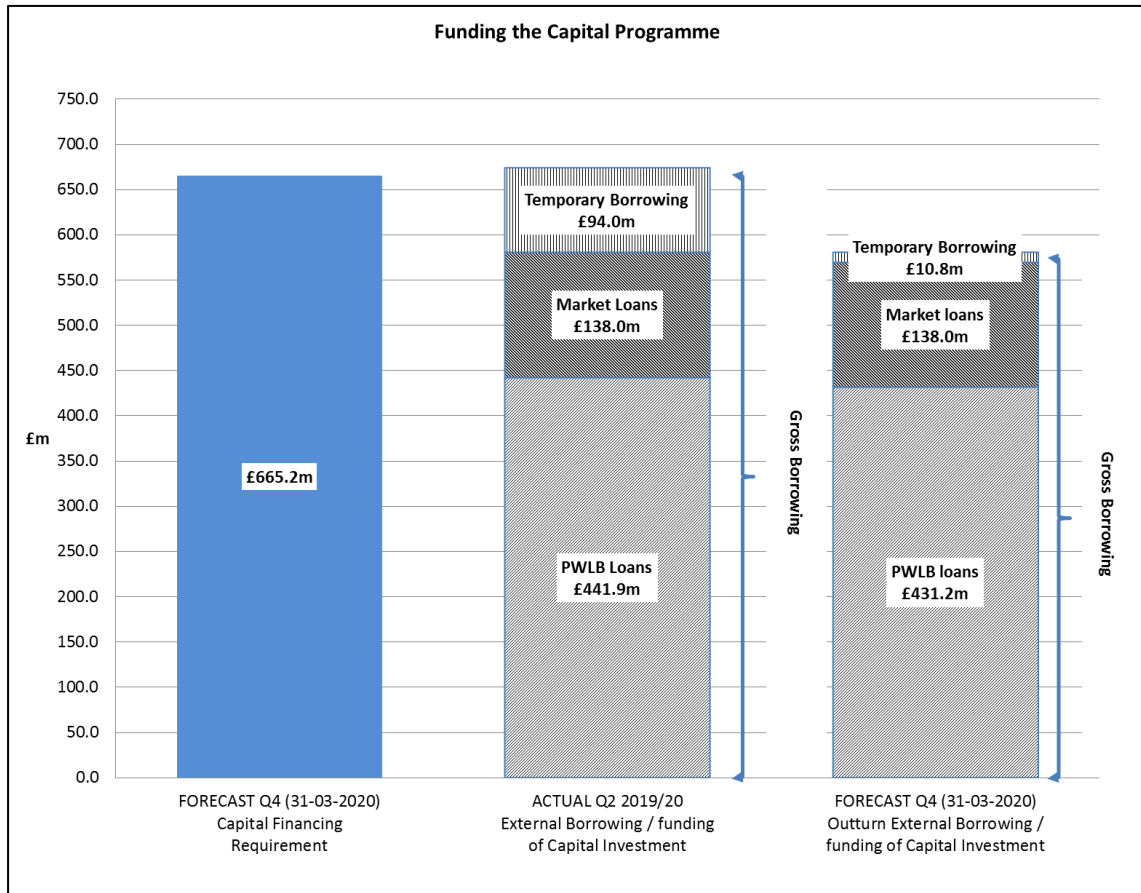
5.2 In July 2019, the Council refinanced a £10m Lender Option Borrower Option (LOBO) loan and its associated premium costs with an £18m loan from PWLB. Further details can be found in paragraph 8.1 below.

5.3 In August 2019, the Council secured £110m of PWLB loans, prior to the PWLB increasing its pricing structure (see Section 6). The drawdown of these long term loans has proved very timely for the Council. Further details can be found in paragraph 7.3 below.

5.4 The current position shows that overall borrowing is currently and forecast to remain lower than originally forecast when the TMSS was approved in February. This is largely due to subsequent revisions to the capital programme and a better than forecast working capital surplus negating the need to undertake additional borrowing.

5.5 The TMSS sets out the plan for treasury management activities over the next year. It identifies where the Council expects to be in terms of borrowing and investment levels. When the 2019/20 TMSS was set, it was anticipated that the Capital Financing Requirement (CFR) excluding PFI liabilities - which is the Council's underlying liability for financing the agreed Capital Programme - would be £740.4m. This figure is naturally subject to change as a result of amendments to the approved capital programme and slippage that might occur during the year. The latest forecast 2019/20 outturn (31/03/2020) CFR is £665.2m. The chart below compares this forecast outturn CFR against external borrowing at Q2 and the forecast for Q4:

**Chart 1: Funding the Capital Programme**



5.6 The chart above demonstrates that at Q2 the Council's gross borrowing position of £673.9m temporarily exceeded the forecast outturn CFR of £665.2m by £8.7m as a result of the timing difference between the raising of long-term PWLB loans and the repayment maturity dates of the short-term loans they will replace. The Q4 gross borrowing outturn is forecast at £580.0m and demonstrates that as temporary and PWLB loans mature and are repaid during the second half of the year, the gross borrowing will once again fall below the CFR by -£85.2m, which represents internal borrowing (see paragraph 9.8).

## 6. Interest Rate Forecast

6.1 The latest forecast for UK Bank Rate along with PWLB borrowing rates (certainty rate) from the Council's treasury advisors is set out in Table 2 below.

### ***PWLB Rates***

6.2 In a surprise move and without consultation or prior warning, from 9th October 2019 the Government has:

- increased with immediate effect the interest rates offered on new Public Works Loan Board (PWLB) loans by doubling the margin applied from 1% to 2%. The 20bps discount for providing forward capital forecast data – known as the Certainty Rate – still applies (to which Northamptonshire is eligible).

- legislated to increase the statutory limit on how much the PWLB can lend to eligible authorities, from £85bn to £95bn.

6.3 As the cost of borrowing has fallen to record lows, a number of local authorities have substantially increased their use of the PWLB in recent months. Some authorities have maximised their borrowing ability directly to invest in commercial property to produce a financial return to underpin front-line services, a practice that Government has expressed concerns over. It would appear that HM Treasury has carried out what MHCLG and CIPFA had implied should be avoided, namely addressed concerns on borrowing at a few outlying authorities by penalising the whole sector.

6.4 The maximum net amount of PWLB loans that can be outstanding at any time is subject to a statutory limit. At 31st March 2019, the amount outstanding stood at £77.9bn. With PWLB rates falling to record lows, it is estimated that c.£6.2bn of new loans had been raised in the first half of 2019/20. Raising the self-imposed statutory limit from £85bn to £95bn, combined with the rate increase, reduces the likelihood of a statutory limit breach.

6.5 The PWLB's new pricing structure - at 180 basis points above gilts for certainty rate loans - no longer necessarily represent good value for local authorities and open up the potential for better overall terms and flexibility from market lenders.

6.6 The Council has entered into a Framework Agreement with the UK Municipal Bonds Agency (MBA). This included the advance of seed capital shares of £0.2m as reported in paragraph 9.6 below. Long term capital programmes require a fair degree certainty for effective decision making, but it could be argued with snap and unpredictable changes such as these, the PWLB is failing to provide this. As a consequence, there is a renewed rationale for the sector to reduce reliance upon the PWLB and look at bonds as a viable alternative funding vehicle. To date the MBA has not issued any bonds as it has struggled to compete with previous PWLB rates, but this latest change to PWLB rates increases make the bonds agency more attractive as a source of funding.

6.7 In August 2019 the Council secured £110m of PWLB loans, prior to the PWLB increasing its pricing structure. The drawdown of these long term loans has proved very timely for the Council. Further details can be found in paragraph 7.3 below.

6.8 The PWLB rates shown in Table 2 below are inclusive of the new increased margins and certainty rate discount.

**Table 2: Interest Rate Forecast (%)**

Link Asset Services Interest Rate View										
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60
5yr PWLB Rate	2.30	2.50	2.60	2.70	2.70	2.80	2.90	3.00	3.00	3.10
10yr PWLB Rate	2.60	2.80	2.90	3.00	3.00	3.10	3.20	3.30	3.30	3.40
25yr PWLB Rate	3.30	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00
50yr PWLB Rate	3.20	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90

6.9 There are many risks to the forecast set out above, principally around the timing and pace of further rate rises, and a listing of underlying assumptions is attached at Appendix B. Budget estimates prudently include sensitivity analysis of the impact that a slower than forecast economic recovery would have upon the Council, and any impact of changes to interest rates is reported through the Budget Monitoring process.

## 7. Borrowing

7.1 The Council can raise cash through borrowing in order to fund expenditure on its capital programme. The amount of new borrowing needed each year is determined by capital expenditure plans and projections of the Capital Financing Requirement, underlying borrowing requirement, forecast cash-backed reserves and both current and forecast economic conditions.

7.2 In July 2019, the Council restructured a £10m Lender Option Borrower Option (LOBO) loan, refinancing it and the associated premium cost with an £18m loan from the PWLB. Further details can be found at paragraph 8.1 below.

7.3 As mentioned in paragraph 6.7 above, in August the Council secured £110m of borrowing from the PWLB at historically low rates. £100m over between 43.5-50 years with principal repayable on maturity at an average of rate of 1.68%, and £10m over 6.5 years with principal repayable on maturity at a rate of 1.12%. These long term loans will replace the majority of the Council's existing short-term loans from other Local Authorities within the borrowing portfolio when they mature later this year and into 2020/21. As stated in paragraphs 6.2 to 6.5, had the Council delayed securing these long-term loans, the savings to be realised within the 2020/21 Budget and Medium Term Financial Plan beyond would not have been achievable and therefore this borrowing has proved very timely. Based on latest estimates, the Council does not expect to need to borrow for capital purposes again until 2021/22 and only to part replace existing maturing loans.

7.4 Table 3 below sets out the maturity profile of the Council's borrowing portfolio at the end of Q2.

**Table 3: Borrowing Maturity Profile – Q2 2019/20**

Term Remaining	Borrowing	
	£m	%
Under 12 months	120.3	17.9
1-2 years	24.3	3.6
2-5 years	20.0	3.0
5-10 years	11.9	1.8
10-20 years	33.2	4.9
20-30 years	9.3	1.4
30-40 years	179.9	26.7
40-50 years	238.0	35.3
Over 50 years	37.0	5.4
<b>TOTAL</b>	<b>673.9</b>	<b>100.0</b>

73.7

7.5 Market LOBO loans are included in Table 3 above at their final maturity rather than their next potential call date. In the current low interest rate environment the likelihood of lenders exercising their option to increase the interest rates on these loans - and so triggering the Council's option to repayment at par - is considered to be low.

## 8. BORROWING RESTRUCTURING

8.1 In July 2019 officers, in conjunction with the Council's treasury advisors, negotiated the early settlement of the Council's £10m variable inverse interest rate Lender Option Borrower Option (LOBO) loan with Royal Bank of Scotland that had a carrying rate of 7.72%, refinancing it and the associated premium cost with an £18m loan from the PWLB with principal repayable on maturity over 50 years at 2.01% fixed rate.

8.2 Other rescheduling opportunities have been limited in the current economic climate. For PWLB loans, due to the spread between the carrying rate of existing borrowing and early redemption rates (which has widened as a result of the increase to new loans PWLB rates mentioned in paragraphs 6.2 to 6.5), substantial non-negotiable exit (premium) costs would be incurred. For market loans, without the cooperation of the lender to negotiate then the exit (premium) cost would prove too costly.

8.3 Officers continue to monitor the position regularly.

## 9. Investments

9.1 The Treasury Management Strategy Statement (TMSS) for 2019/20, which includes the Annual Investment Strategy, was approved by Council in February 2019. It sets out the Council's investment priorities as being:

1. Security of Capital;
2. Liquidity; and then
3. Yield

9.2 The Council will aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity.

9.3 At 31st March 2019 investment balances totalled £34.1m, held in Money Market Funds and Call/Notice accounts. This excludes third party loans and share capital classed as capital expenditure, which totalled £22.4m. Due to the nature of various Government funding streams and timing of capital expenditure, the average level of funds available for investment purposes during Q1 was £57.3m.

9.4 As detailed in paragraph 7.3, in August 2019 the Council secured £110m of PWLB loans. These long-term loans will replace the majority of the Council's existing short-term loans within the borrowing portfolio when they mature later this year but, in the meantime, have been invested in line with the Council's approved investment strategy. Therefore the average level of funds available for investment purposes during Q2 increased to £101.5m.

9.5 Table 4 below summarises the maturity profile of the Council's investment portfolio at the end of Q2 2019/20 (excluding third party loans):

**Table 4: Investment maturity profile at end of Q2 2019/20**

Product	Access Type	Maturity Period				
		0d	0-3m	3-6m	Total	
		£m	£m	£m	£m	%
Money Market Funds	Same-Day	37.0			37.0	26.1
Bank Call Account	Instant Access	5.0			5.0	3.5
Certificate of Deposits	Fixed Term / Tradeable		50.0	50.0	100.0	70.4
	<b>Total</b>	<b>42.0</b>	<b>50.0</b>	<b>50.0</b>	<b>142.0</b>	<b>100.0</b>
	<b>%</b>	<b>29.6</b>	<b>35.2</b>	<b>35.2</b>	<b>100.0</b>	

9.6 Set out below are details of the amounts outstanding on loans or share capital classed as capital expenditure advanced to third party organisations at the end of Q2:

- University of Northampton (UoN) - £19.7m - the Council has acted as a conduit to advance PWLB funding to the university. These loans are fully guaranteed by HM Treasury and repayments funded by UoN at no cost to the Council;
- LGSS Law - £0.950m – loan at commercial rates to aid the cash flow of the company;
- Northamptonshire County Cricket Club - £0.9m - loan to facilitate build of a permanent stand at the cricket ground site. Loan terms stipulate that principal repayments are to be made early as first-call upon the Cricket Clubs receipt of funding from England and Wales Cricket Board (ECB);
- UK Municipal Bonds Agency (MBA) – £0.2m – advance of seed capital shares to establish the agency to raise bond finance as an alternative to PWLB & markets;

9.7 Financial markets trade on confidence and certainty, and for some time now, both have been in short supply. Investment rates have increased from historical lows following bank base rate rises, but remain relatively low in short to medium-term durations, with limited pickup in value for longer durations.

9.8 Investment balances are forecast to reduce by the financial year end as the cash raised during Q2 from PWLB borrowing is applied to repay temporary loans and positive cash flow surpluses are applied to fund expenditure demands in lieu of fully funding the borrowing requirement (internal borrowing) on a net basis. This process of internal borrowing effectively reduces the cost of carrying additional borrowing at a higher cost than the income that could be generated through short term investment of those balances, as well as reducing investment counterparty credit risk.

9.9 The Council’s investments matched the most comparable weighted duration benchmark during the first half of the year. Latest budget projections for investment returns for the financial year are reported through the Budget Monitoring process.

**Table 5: Benchmark Performance – Q2 2019/20**

	<b>Benchmark</b>	<b>Benchmark Return</b>	<b>Council Performance</b>
Q1	3m LIBID	0.76%	0.76%
Q2	3m LIBID	0.71%	0.74%
Q1+Q2	3m LIBID	0.75%	0.75%

9.10 Leaving market conditions aside, the Council’s return on investments is influenced by a number of factors, the largest contributors being the duration of investments and the credit quality of the institution or instrument:

- Credit risk is the consideration of the likelihood of default and is controlled through the creditworthiness policy approved by Council.
- The duration of an investment introduces liquidity risk; the risk that funds can’t be accessed when required.
- Interest rate risk; the risk that arises from fluctuating market interest rates.

9.11 These factors and associated risks are actively managed by the LGSS Integrated Finance Treasury team.

## 10. Consultation and Scrutiny

10.1 This report has been developed in consultation with the Council’s external treasury advisors, Link Asset Services.

10.2 This report will also be subject to scrutiny as necessary through the Finance and Resources Scrutiny Committee and the appointed Commissioners.

## 11. Equality Screening

11.1 There are no equalities implications for this report.

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)	

\*Where a proposal affects staff, the appropriate HR processes will be followed, which have already been subject to the EqIA process and will be compliant with HR legislation

## 12. Alternative Options Considered

12.1 This report has been based on factual information in accordance with requirements.

## 13. Financial Implications

13.1 The financial implications are set out within the report above.

## 14. Risk and Business Continuity Management

14.1 The risk to the Council is that it does not adhere to the policies and criteria set out in the Treasury Management Strategy Statement with regards to lending and borrowing decisions. There are internal control processes in place to ensure the Council treasury management operations function within the policies set. Treasury Management risks are managed and monitored daily.

## 15. List of Appendices

**Appendix A:** Economic Commentary; Treasury Advisers (Link Asset Services)

**Appendix B:** Interest Rate Forecast Commentary; Treasury Advisers (Link Asset Services)

**Appendix C:** Treasury and Prudential Indicators

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Contact details:	Tel: 01908 252414



	Email: <a href="mailto:carl.oliver@milton-keynes.gov.uk">carl.oliver@milton-keynes.gov.uk</a>
Background Papers:	N/A
Does the report propose a key decision is taken?	NO
If yes, is the decision in the Forward Plan?	N/A
Will further decisions be required? If so please outline the timetable here	N/A
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)? Have any capital spend implications passed through Capital Programme governance procedures?	YES Name of SFM: Iain Jenkins  N/A
Has the report been cleared by the relevant Director?	YES Name of Director: Barry Scarr
Has the relevant Cabinet Member been consulted?	YES Cabinet Member: Cllr Longley
Has the relevant scrutiny committee been consulted?	YES/NO Scrutiny Committee:
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?	N/A
Have the Procurement Implications below been referenced in the Paper: <ul style="list-style-type: none"> <li>• Have you evidenced compliance with the Council's Contract Procedures Rules?</li> <li>• Have you made clear in this paper 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 such as non-compliance with the Public Contract Regulations Act 2015,</li> </ul>	N/A

transparency and open competition? <ul style="list-style-type: none"> <li>• Have you identified the procurement risks associated with a contract?</li> </ul>	
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:	COUNTYWIDE

## **Appendix A**

### **Economic Commentary; Extract from Treasury Advisors (Link Asset Services)**

#### **UK**

This first half year has been a time of upheaval on the political front as the Prime Minister resigned and the new Prime Minister set on the UK leaving the EU on or 31 October, with or without a deal. However, in September, the proroguing of Parliament was overturned by the Supreme Court and Parliament carried a bill to delay Brexit until 31 January 2020 if there is no deal by 31 October. MPs also voted down holding a general election before 31 October, though one is likely before the end of 2019. So far, there has been no majority of MPs for any one option to move forward on enabling Brexit to be implemented. At the time of writing the whole Brexit situation is highly fluid and could change radically by the day. Given these circumstances and the likelihood of an imminent general election, any interest rate forecasts are subject to material change as the situation evolves. If the UK does soon achieve a deal on Brexit agreed with the EU then it is possible that growth could recover relatively quickly. The Bank of England (BoE) could then need to address the issue of whether to raise Bank Rate at some point in the coming year when there is little slack left in the labour market; this could cause wage inflation to accelerate which would then feed through into general inflation. On the other hand, if there was a no deal Brexit and there was a significant level of disruption to the economy, then growth could weaken even further than currently and the BoE would be likely to cut Bank Rate in order to support growth. However, with Bank Rate still only at 0.75%, it has relatively little room to make a big impact and the BoE would probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy.

The first half of 2019/20 has seen UK economic growth fall as Brexit uncertainty took a toll. In its Inflation Report of 1 August, the BoE was notably downbeat about the outlook for both the UK and major world economies. The meeting of 19<sup>th</sup> September reemphasised concern about the downturn in world growth and also expressed concern that prolonged Brexit uncertainty would contribute to a build-up of spare capacity in the UK economy, especially in the context of a downturn in world growth. This mirrored investor concerns around the world which are now expecting a significant downturn or possibly even a recession in some major developed economies. It was therefore no surprise that Bank Rate remained unchanged at 0.75% throughout 2019, so far, as BoE is expected to hold off on changes until there is some clarity on what is going to happen over Brexit. However, it is also worth noting that the new Prime Minister is making some significant promises on various spending commitments and a relaxation in the austerity programme. This will provide some support to the economy and, conversely, take some pressure off the BoE to cut Bank Rate to support growth.

As for inflation itself, CPI has been hovering around the BoE target of 2% during 2019, but fell to 1.7% in August. It is likely to remain close to 2% over the next two years and so it did not pose any immediate concern at the current time. However, if

#### **Appendix A**

## **Economic Commentary continued**

there was a no deal Brexit, inflation could rise towards 4%, primarily as a result of imported inflation on the back of a weakening pound.

With regard to the labour market, despite the contraction in quarterly GDP growth of -0.2% q/q, (+1.3% y/y), in quarter 2, employment continued to rise, but at only a muted rate of 31,000 in the three months to July after having risen by no less than 115,000 in quarter 2 itself: the latter figure, in particular, suggests that firms are preparing to expand output and suggests there could be a return to positive growth in quarter 3. Unemployment continued at a 44 year low of 3.8% on the Independent Labour Organisation measure in July and the participation rate of 76.1% achieved a new all-time high. Job vacancies fell for a seventh consecutive month after having previously hit record levels. However, with unemployment continuing to fall, this month by 11,000, employers will still be having difficulty filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to a high point of 3.9% in June before easing back slightly to 3.8% in July, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.1%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The latest GDP statistics also included a revision of the savings ratio from 4.1% to 6.4% which provides reassurance that consumers' balance sheets are not over stretched and so will be able to support growth going forward. This would then mean that the BoE will need to consider carefully at what point to take action to raise Bank Rate if there is an agreed Brexit deal.

In the political arena, if there is a general election soon, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up although, conversely, a weak international backdrop could provide further support for low yielding government bonds and gilts.

## **WORLD GROWTH**

The trade war between the US and China is a major concern to financial markets and is depressing worldwide growth, as any downturn in China will spill over into impacting countries supplying raw materials to China. Concerns are focused on the synchronised general weakening of growth in the major economies of the world. These concerns have resulted in government bond yields in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US), and there are concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks. The latest Purchase Managers Index survey statistics of the economic health of the US, UK, EU and China all indicate a downturn in growth; this confirms investor sentiment that the outlook for growth during the rest of this financial year is weak.

## **Appendix B**

### **Interest Rate Forecast Commentary; Extract from Treasury Advisors (Link Asset Services)**

Underlying assumptions to the interest rate forecast are:

The interest rate forecasts at paragraph 6.8 (Table 2) of the main report have been based on an assumption that there is some sort of muddle through to an agreed deal on Brexit at some point in time. Given the current level of uncertainties, this is a huge assumption and so forecasts may need to be materially reassessed in the light of events over the next few weeks or months.

The balance of risk to the UK is:

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture;
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.

One risk that is both an upside and downside risk is that all central banks are now working in very different economic conditions than before the 2008 financial crash. There has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed for eleven years since 2008. This means that the neutral rate of interest in an economy (i.e. the rate that is neither expansionary nor deflationary) is difficult to determine.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Brexit;
- Bank of England takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate;
- A resurgence of the Eurozone sovereign debt crisis;
- Weak capitalisation of some European banks;
- German and other minority EU governments dependent on coalitions;
- Concerns around the levels of US corporate debt;
- Geopolitical risks

Upside risks to current forecasts for UK gilt yields and PWLB rates are:

- Brexit - if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK;
- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect;
- UK inflation, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

**Appendix C**  
**Treasury and Prudential Indicators**

<b>Prudential Indicator</b>	<b>2019/20 Indicator</b>	<b>2019/20 Q2</b>
Authorised limit for external debt <i>[Excluding PFI and Finance Lease Liabilities]</i>	----- £805.0m -----	
Operational boundary for external debt <i>[Excluding PFI and Finance Lease Liabilities]</i>	----- £775.0m -----	
Capital Financing Requirement (CFR) <i>[Excluding PFI and Finance Lease Liabilities]</i>	£740.4m	£665.2m
Ratio of financing costs to net revenue streams	5.1%	5.0%
Upper limit of fixed interest rates based on net debt	150%	89%
Upper limit of variable interest rates based on net debt	65%	11%
Principal sums invested > 365 days <i>[Excluding third party loans]</i>	£20.0m	£0.0m
Maturity structure of borrowing limits:-		
Under 12 months	Max. 80% Min. 0%	28.5%
12 months to 2 years	Max. 50% Min. 0%	5.1%
2 years to 5 years	Max. 50% Min. 0%	4.9%
5 years to 10 years	Max. 50% Min. 0%	1.8%
10 years and above	Max. 100% Min. 0%	59.7%

Note: The Treasury Management Code of Practice guidance notes requires that maturity is determined by the earliest date on which the lender can trigger repayment, which in the case of LOBO loans is the next break/call point. This approach differs to Table 3 at paragraph above, which instead shows the Council's LOBO loan at maturity date as the likelihood of the option being exercised is low.

**Northamptonshire County Council  
Report to Cabinet Meeting  
12 November, 2019**

**Report of: Steve Freer, Independent Chair of Northamptonshire Improvement Board**

**Annual Report of the Chair of the Improvement Board**

**Introduction**

The County Council's Improvement Board has now been in place for a full year. To date it has held six meetings. The Board's terms of reference, attached at appendix 1, require me to report to the Cabinet and the Council on the Board's work and the Council's improvement progress at six monthly intervals. This is therefore the second report under these arrangements.

**Membership**

The Board has twenty three current members reflecting a range of different backgrounds and experience - see appendix 2 attached. The membership can be explained by reference to four constituencies:

1. The Commissioners appointed by Government
2. Senior members and officers of the County Council
3. Representatives of Northamptonshire's Districts and Boroughs, public and other related bodies and the voluntary sector in Northamptonshire
4. Representatives of the LGA and peer support drawn from local authorities beyond Northamptonshire.

Members have approached the Board's work with a great deal of commitment and goodwill and a clear intention to help support the County Council's recovery and improve its performance. The Board's work represents one strand of the Council's efforts to establish stronger relationships with partners and, where appropriate, to work collaboratively across organisational boundaries.

**The Board's Aim**

The Board's overarching aim is "*To work with the County Council, in the public interest, to help place its finances and its services in the best possible position ahead of the transition from April 2021 to a new local government structure in Northamptonshire involving two unitary councils and a new Children's Trust.*" This form of words highlights one of the distinctive features of the County Council's position which differentiates it from other councils in which poor performance has led to formal intervention by Government. For Northamptonshire the imperative is to achieve rapid improvement to facilitate a successful reorganisation of local government in the county.

There is an obvious risk that some of the County Council's difficulties and shortcomings may not be fully resolved prior to reorganisation and may transfer to new bodies in the form of either unmanageable financial liabilities and/or "failing" services. An important part of the Board's focus involves helping the Council to mitigate this risk.

**Improving the Council's Financial Position**

The Council's financial position has been a key area of focus for the Board at each of its meetings. A healthy financial position is important for the viability of the County Council as a whole, the stability of its services, and the health and prospects of successor bodies.

As the Board was being formed in Summer 2018, it became clear that external auditors had identified significant errors in the County Council's draft 2017/18 financial statements, in particular in relation to the incorrect classification of transformational expenditure. As well as threatening the prospect of an unfunded deficit, these developments confirmed that many of the failings highlighted

by the both Caller report and the earlier LGA Peer Review continued to be present within the County Council.

The Board has been impressed by the subsequent efforts to build a much stronger financial position. The capitalisation dispensation approved by the Secretary of State has provided a means to fund the deficit (still subject to audit) and to establish modest reserves to support current and future operations. The 2018/19 budget has been managed tightly and unaudited draft accounts show a small overall underspending against the approved budget.

However, although significantly improved, it is important to stress that Northamptonshire's financial position remains extremely precarious and continues to compare unfavourably with other County Councils. Delivery of the 2019/20 budget is proving to be challenging and 2020/21 is likely to be more so as the pace of change around reorganisation gathers greater momentum. A particular area of risk will be the Council's ability to retain a relentless management focus on delivering on-target financial results whilst also playing a full role in supporting the planning and preparations for post-reorganisation arrangements. Retaining effective grip and discipline will be critical if the improved financial position is to be maintained and built upon.

Importantly, the Council should also be aware of the risks implicit in the current delays to the audits of its 2017/18 and 2018/19 accounts. Any deterioration in its financial position and/or other adverse developments have the potential to be significant setbacks for the County Council and to disrupt its efforts to manage a smooth transfer of responsibilities to successor bodies.

### **Testing the Soundness and Resilience of the Council's Services**

In its work to date the Board has prioritised the Council's services to vulnerable people - Children's and Adult Services. It has also focused on the Council's strategy and practice in relation to its workforce, recognising that the morale and motivation of staff is a critically important variable not only for the County Council's recovery but also in relation to the health of functions and services which transfer to newly established bodies. Retaining and in due course transferring experienced, competent staff to successor organisations is one of the most tangible ways in which the County Council can play its part in contributing to the stability and resilience of future service arrangements.

Children's Services have been considered in the context of recent adverse OFSTED inspection findings. This is a particularly disappointing position given that Northamptonshire's Children's Services are relatively well resourced compared to other County Councils and have been through the experience of "special measures" previously. Management acknowledges that a number of the good practices put in place in response to previously highlighted shortcomings have simply not been sustained since 2016.

Children's Services are working hard to implement improvement plans to address key areas of weakness highlighted by OFSTED in a difficult context in which the service is struggling to deliver savings in line with its approved 2019/20 budget. In particular assumptions in relation to lead times to reduce the Council's reliance on agency staff have proved to be over optimistic. Delivering and sustaining urgent service performance improvements within Northamptonshire's Children's Services, and agreeing and delivering achievable financial targets for the service, are therefore likely to be top priorities for the remainder of 2019/20 and throughout 2020/21. At this stage they represent significant risks to plans for an orderly winding up of the authority's affairs and the successful transfer of functions to new arrangements.

Adult Services are relatively less well resourced compared to other County Councils. The Board was not surprised to receive a presentation which confirmed that Adult Services in Northamptonshire face many of the well documented challenges affecting County, Metropolitan and Unitary Councils across the country. These include meeting increasing demand pressures; recruiting and retaining appropriately skilled staff; working effectively with partner agencies - especially in Health and Police - to integrate services where appropriate; improving and streamlining business systems and processes; and helping to develop care markets which offer



diversity and quality in provision of services. The detailed service data shared with the Board, including a range of key performance measures, suggests that the County Council is managing current challenges and risks competently and that in overall terms performance is generally good.

The Board has also taken a close interest in the Council's work to develop a new Workforce Strategy. Responding to update presentations at two of its meetings, the Board has offered advice in two key areas. First, the Board believes that the strategy should place greater emphasis on engaging and listening to staff. While some useful initiatives have already been taken to strengthen engagement and improve communications with staff, the Board believes that a more systematic approach should be developed to collect and track the views and concerns of all staff throughout the period running through to local government reorganisation which is bound to be characterised by change and uncertainty. Visible steps to identify and understand staff concerns throughout this period and to take action, where possible, to address them is likely to be well received. Such an approach will also be a positive influence in relation to staff retention, morale and motivation, in turn feeding into increased stability and resilience as services transfer and commence operations in new organisational settings.

Secondly, the Board recommends that the Council should work closely with its partners to help shape the desired culture of successor bodies. The establishment of new authorities and the new Children's Trust provides a break from the past and an opportunity for a fresh start. The Board believes that the County and its partners should work collaboratively to lay plans which make the most of this opportunity. The cultures of the new bodies - how they are led and managed, how they engage and relate to staff, service users, residents, partner agencies, etc - should be a significant strand of preparations and planning and should in turn inform other activities such as staff recruitment and training.

The Board has also received a presentation and discussed the County Council's strategy for delivery of its Transformation Agenda. The Board was impressed by the careful design of the Council's approach including clear arrangements for programme oversight and governance, management, resourcing, effective independent scrutiny, outcome reporting, etc. The ability to roll out these arrangements effectively and implement them consistently throughout the County Council will be a key factor in determining the extent and pace of progress which can be achieved over the next 18 months.

### **Local Government Reorganisation**

The Board has received regular updates on preparations for local government reorganisation including in relation to the development of an integrated programme involving twelve discrete workstreams which the County and District and Borough Councils are implementing with a view to an orderly transition to the new post-reorganisation structure. Each of the Borough and District Chief Executives is taking on the role of Senior Responsible Owner (SRO) for one or two workstreams. The County Council Chief Executive is acting as the Strategic Delivery Director. The eight Chief Executives will work closely together with the intention of ensuring that the programme as a whole is well led and co-ordinated, recognising the large number of interdependencies which will exist between different workstreams and activities.

The Board recognises the importance of senior County Council staff playing a full part in this work alongside their District and Borough Council colleagues. However, it has also stressed the importance of ensuring that commitment of resources to the integrated programme does not impact adversely on the County Council's agenda to strengthen its services and its financial position ahead of reorganisation. The Board has therefore encouraged the Council to consider carefully the need for any consequential staffing adjustments necessary to maintain the momentum and assure the success of its stabilisation and improvement work.

The Board acknowledges that the integrated programme will inevitably need to drill down into the detailed arrangements and practices of the eight existing councils in order to plan for the smooth transfer of responsibilities to new structures. However, it also stresses the need to ensure that the programme maintains an outward-looking focus so that plans are informed by best practice and

innovation from across local government. The Board emphasises that this is critically important if new unitary councils are to be equipped to operate efficiently and effectively from day one.

### **Future Plans**

During the next six months the Board will continue to monitor the Council's financial position closely, and to review the health of services and their state of readiness for local government reorganisation. In the former case - the Council's financial position - the Board hopes to see the early completion of the 2017/18 and 2018/19 audits; progress towards the delivery of 2019/20 outturn results in line with the approved budget; and approval of service plans and a budget for 2020/21 which is both affordable and capable of confident delivery. The Board hopes to revisit Children's Services to test the progress of implementation and embedding of improvements and to review other key services (including Place and internal support services). The Board will also continue to be updated in respect of preparations for local government reorganisation where it hopes to see the development and implementation of robust, jointly-owned plans.

### **Terms of Reference**

The Board's terms of reference have been revised to acknowledge that it has now been operating for a year and to reflect the announcements concerning the nature of the reorganisation of local government in Northamptonshire and its timing. Recognising the pressures facing senior members of staff over the coming period, the terms of reference have also been updated to reflect a request from the authority that the frequency of the Board's meetings be varied from six to three meetings per annum.

Updated Terms of reference incorporating relevant changes are attached at appendix 1 for approval by the County Council.

Steve Freer  
Independent Chair

### **Appendix 1**

**Improvement Board - Terms of Reference** (subject to approval by the County Council)

#### ***Aim***

To work with the County Council, in the public interest, to help place its finances and its services in the best possible position ahead of the transition from April 2021 to a new local government structure in Northamptonshire involving two unitary councils and a new Children's Trust.

#### ***Key objectives***

In the context of the well publicised challenges facing the County Council:

1. To support the Council in making urgent and significant progress towards becoming a well governed, well managed organisation which reflects a positive culture and behaviours;
2. To ensure that it is striving to manage its services and its finances responsibly in the public interest and that effective arrangements are in place to manage performance and to hold responsible officers and members to account;
3. To advise on appropriate strategies, plans, systems and processes and confirm that they are in place to stabilise the organisation and its services and enable rapid improvements to be delivered;
4. To advocate that effective mechanisms are put in place to enable the Council to maintain positive relationships with key stakeholders - including staff, residents, service users and partners - and to engage their support and assistance in relation to the County Council's efforts to improve;

5. To ensure that the Council maintains a wholehearted commitment to placing its finances and its services in the best possible, sustainable position ahead of the transition to a new local government structure in Northamptonshire, playing an active role in the planning for a smooth transition and paying particular attention to the medium and long term sustainability of major services which represent the most significant calls on the County Council's resources.

### ***Reporting***

The independent Chair of the Improvement Board will report to the Cabinet and the Council on the Board's work and the Council's improvement progress at six monthly intervals.

### ***Membership***

Reflecting the importance of engaging wider support and assistance (referred to in objective 4 above), the membership of the Board has been developed to bring together key players from four main constituencies: the County Council itself; the Commissioners appointed by Government; the wider public services economy in Northamptonshire; and the local government community beyond Northamptonshire.

### ***Declaration of interests***

Members of the Board will be invited to declare any relevant interests using the same procedures applicable to NCC members and officers

### ***Frequency of meetings***

Meetings of the Board will take place at intervals of approximately four months. Arrangements will be put in place to keep Board members informed between meetings of any developments which have significant implications in relation to the Board's objectives.

### ***Making information about the Board's work publicly available***

Immediately following each meeting of the Board the Chair will prepare a statement summarising the topics and issues considered by the Board and any conclusions or recommendations arising. The statement will be released to the media and will be available on the NCC website on a dedicated webpage (<https://www3.northamptonshire.gov.uk/councilservices/council-and-democracy/councillors-and-committees/improvement-board/Pages/the-improvement-board.aspx>). The minutes of the Board's meetings will also be made publicly available on the webpage. In the interests of open and frank discussion Board members will respect the confidentiality of exchanges which take place during meetings of the Board and will not comment publicly beyond the approved minutes and agreed statements.

### ***Reviews of ToR and Board effectiveness***

The Board will review these terms of reference and its own effectiveness in terms of meeting key objectives on an annual basis, in each case recommending any necessary adjustments to aid effectiveness.

## **Appendix 2 Improvement Board Membership**

Tim Bishop, Independent Chair, Northamptonshire Safeguarding Adults Board,  
Jessica Crowe, Assistant Director – Customers, Commissioning & Governance, LB Sutton  
Dawn Cummins, Chief Executive, Voluntary Impact, Northamptonshire  
Barry Scarr, Executive Director for Finance & Section 151 Officer, Northamptonshire CC  
Mark Edgell, Principal Adviser, Local Government Association  
Chrissie Farrugia, Adviser & Chief of Staff to Commissioners  
Cllr David Finch, Leader, Essex CC  
Steve Freer, Independent Chair  
Cllr Matt Golby, Leader, Northamptonshire CC  
Theresa Grant, Chief Executive, Northamptonshire CC

Angela Hillery, Chief Executive, Northamptonshire Healthcare NHS Foundation Trust and Northamptonshire Sustainability and Transformation Partnership (STP) Lead  
Keith Makin, Independent Chair, Northamptonshire Safeguarding Children Board  
Tony McArdle, Lead Commissioner  
Stephen Mold, Northamptonshire Police and Crime Commissioner  
Dan Moody, Chief Executive, Northamptonshire County Association of Local Councils  
Malcolm Newsam, Children's Services Commissioner  
Cllr Steve North, Leader, East Northamptonshire DC and representing North Northants Leaders  
Cllr Jonathan Nunn, Leader, Northampton BC and representing West Northants Leaders  
Brian Roberts, Finance Commissioner  
Cllr Bob Scott, Leader, Labour Group, Northamptonshire CC  
Graham Soulsby, Managing Director, Kettering BC and representing North Northants Chief Executives  
Cllr Chis Stanbra, Leader, Liberal Democrat Group, Northamptonshire CC  
Ian Vincent, Chief Executive, Daventry DC and representing West Northants Chief Executives



**CABINET**

**12 NOVEMBER 2019**

**DIRECTOR OF CHILDREN’S SERVICES: CATHI HADLEY**

**CABINET MEMBER WITH RESPONSIBILITY FOR FINANCE: COUNCILLOR LONGLEY**

<b>Subject:</b>	<b>School and Dedicated Schools Grant (DSG) Funding Arrangements for 2020/21</b>
<b>Recommendations:</b>	<ol style="list-style-type: none"> <li>1) Cabinet to note the latest position with the Government’s National Funding Formula for the DSG for 2020/21 and the potential implications on Northamptonshire.</li> <li>2) To delegate authority to the Director for Children’s Services in consultation with the Cabinet Member for Childrens Services, and the Executive Director of Finance (S151 Officer) following consultation with the Schools Forum to determine:             <ol style="list-style-type: none"> <li>a) The 2020/21 school funding formula for Northamptonshire to enable the required submission to the Education and Skills Funding Agency on 21 January 2020;</li> <li>b) Northamptonshire’s funding arrangements for 2020/21 for pupils with high needs in line with Department for Education guidance; and</li> <li>c) Northamptonshire’s funding arrangements for 2020/21 for the Early Years Single Funding Formulae in line with Department for Education guidance.</li> </ol> </li> <li>3) Cabinet to note the work being undertaken in conjunction with Schools Forum, schools and other relevant providers to consult with:             <ol style="list-style-type: none"> <li>a) Primary and secondary schools on:                 <ol style="list-style-type: none"> <li>i. The Northamptonshire local schools formula for 2020/21; and</li> <li>ii. Potentially transferring an amount not greater than 0.5% of the DSG Schools Block to the High Needs Block to cover increasing budget pressures.</li> </ol> </li> <li>b) Early Years providers on:                 <ol style="list-style-type: none"> <li>i. The Early Years Single Funding formula for 2020/21; and</li> <li>ii. Early Years DSG funded central expenditure in 2020/21.</li> </ol> </li> </ol> </li> </ol>

**1. Purpose of Report**

- 1.1 The report provides an update to Cabinet on the Department for Education funding arrangements for 2020/21.
- 1.2 The purpose of the report is to seek delegated authority for the Director for Children’s Services, in consultation with the Cabinet Member for Childrens Services, and supported by the Executive Director of Finance (S151 Officer) to approve the 2020/21 final funding arrangements in respect of the school funding formula, pupils with high needs and the early years single funding formulae.

1.3 A glossary of terms is provided at Section 10 of this report.

## 2. How this decision contributes to the Council Plan

2.1 The Council’s vision is to make Northamptonshire a great place to live and work. This is achieved through increasing the wellbeing of your county’s communities and/or safeguarding the county’s communities.

This initiative specifically delivers increased wellbeing and/or safeguarding by:
<ul style="list-style-type: none"> <li>• Contributing to creating safer communities</li> <li>• Contributing to creating prosperous communities</li> <li>• Provision of the personalisation agenda</li> </ul>
And Through:
<ul style="list-style-type: none"> <li>• Intelligence Led Services</li> <li>• Ambitious Partnerships</li> <li>• Commissioning and Market Developments</li> <li>• Self-Financing</li> </ul>

## 3. The 2020/21 Funding Arrangements

3.1 The Department for Education (DfE) currently operate a 4 block funding model for funding schools and pre-16 education including early years. The blocks are set out in the following diagram.

DEDICATED SCHOOLS GRANT			
SCHOOLS BLOCK	CENTRAL SCHOOLS SERVICES BLOCK	HIGH NEEDS BLOCK	EARLY YEARS BLOCK

3.2 Each of the blocks covers different elements of the education funding with the funding allocations being based on different underlying formulae and data sets within each of the blocks. The blocks in the main cover:

- **Schools Block** – the schools funding formula which funds individual school budgets and the growth fund for new and growing schools under certain criteria;
- **Central Schools Services Block** – funds historic commitments previously agreed between the Schools Forum and the authority and ongoing responsibilities that the authority has in respect of education;
- **High Needs Block** – provides the funding to support pupils with high needs in various high need settings such as special schools, out of county placements, alternative provision, special education needs units and top up funding for pupils in mainstream schools that need additional support. This block also funds teams within the authority that support the high needs sector to meet the needs of high needs pupils; and

- **Early Years Block** – funds all settings providing early years places in respect of 2 years olds, and 3 - 4 year olds with an element of the block funding teams within the authority to manage and administer the early year's arrangements.

3.3 The DSG blocks were funded by National Funding Formulae (NFF) from April 2017 for the early years block and from April 2018 for the other 3 blocks. It should be noted that the NFF is different for each block. The much publicised NFF that has received much attention in the media nationally is the schools NFF. The intention on its introduction was to ensure funding for individual schools was simpler and funded schools with the same characteristics in different parts of the country on the same basis. Despite the intentions there has continued to be a strong lobby for additional investment in the education sector. This lobby has been recognised by central government for 2020/21.

3.4 On 11 October 2019 the DfE published 2020/21 indicative allocations for the Schools Block, Central Schools Services Block and the High Needs Block. Early Years funding is based on pupil counts at different times of the year meaning allocations are published to a different timetable.

3.5 It is important to note that the indicative NFF announcements made by the DfE at individual school level can create confusion for schools in the budget they ultimately get from the authority. The DfE school level data is based on a pure application of the NFF. Schools do not get this funding because there are other costs that need to be met such as the cost of new and growing schools through the Growth Fund and any transfers from the Schools Block to support the cost of educating high needs pupils. The funding therefore has to be adjusted to take account of these which means ultimately the level of funding in schools budgets cannot be directly compared or expected to be at the level published by the DfE.

3.6 The indicative allocations follow the governments announcements in July which included the following headlines:

- Extra funding for schools of £2.6b in 2020/21 (£4.8b in 21/22 and £7.1b in 22/23) – a multi year settlement;
- Based on per pupil minimum funding levels at £3,750 for Primary in 2020/21 and £5,000 for Secondary in 2020/21 (Primary increases to £4,000 in 2021/22);
- A further £1.5b will be allocated to meet the additional Teacher's Pensions costs over a 3 year period – however it is not clear if this is a separate grant that will cease or will be baselined into the DSG;
- Teacher starting salaries to increase to £30,000 by 2022/23;
- An additional £66m to increase hourly rates to early years providers; and
- An extra £700m announced to high needs pupils.

3.7 For Northamptonshire the indicative allocations are set out in the table below and can be considered a positive settlement on the whole. However there are pressures in high needs and a reduction in the Central Schools Services Block which are covered in the following sections.

	2019-20 £M	2020-21 £M Indicative	Change £M	% Increase
<b>Schools Block</b>				
Pupil Led Funding	452.9	478.8	25.9	5.7%
Premises	6.9	11.7	4.8	69.6%
<b>Schools Block Total</b>	<b>459.8</b>	<b>490.5</b>	<b>30.7</b>	<b>6.7%</b>
<b>High Needs Block</b>	<b>78.0</b>	<b>88.4</b>	<b>10.4</b>	<b>13.5%</b>
<b>Central Schools Services Block</b>	<b>11.1</b>	<b>9.6</b>	<b>(1.5)</b>	<b>(13.6%)</b>
<b>Total</b>	<b>548.9</b>	<b>588.5</b>	<b>39.6</b>	<b>7.2%</b>
Note – details of the Early Years Block for 2020-21 have not yet been released				

### Northamptonshire Primary and Secondary School Funding Formula

- 3.8 It should be noted that the schools funding formula applies to all maintained and academy Primary and Secondary schools in Northamptonshire. The difference is that maintained schools receive their main schools funding through the Local Authority (funded from its DSG funding) for the April to March period and academies via the ESFA for the September to August period.
- 3.9 As part of the NFF announcements the DfE have published the NFF formula factors and formula unit rates for 2020/21. This includes NFF funding figures for each school for 2020/21 based on October 2018 pupil numbers and data on each school. It should be noted the allocations published by the DfE are indicative and will be updated to take account of the October 2019 pupil numbers and data sets. The indicative allocations do however include the additional funding announced by the DfE on 11 October 2019.
- 3.10 The ability to transfer 0.5% of the Schools Block allocation to the High Needs Block remains. Any transfer must be approved by the Schools Forum. The 0.5% limit for Northamptonshire equates to £2.4 million in 2020/21 if required. With Schools Forum approval £2.0 million was transferred between these two blocks in 2019/20. There is a requirement for the authority to consult with all schools on this prior to Schools Forum voting on a proposal to transfer funding. The need to undertake such a consultation for 2020/21 is being discussed with the Schools Forum at its meeting on 24 October 2019 in the context of the overall indicative allocations provided.
- 3.11 In 2020/21 the DfE are continuing to apply a 'soft' formula where it remains a local authority decision on the Northamptonshire funding formula for its schools.
- 3.12 Following consultation with all schools and academies, and in discussion with the Schools Forum, the 2019/20 local schools funding formula in Northamptonshire applied the NFF formula elements and rates as closely as possible.



- 3.13 It is a requirement of the school funding regulations that schools are consulted on any change to the local formula and any proposals to transfer money from the Schools Block. The consultation arrangements are being discussed with the Schools Forum on 24 October 2019. The proposals being discussed are to consult with schools on:
- a) The inclusion of the revised Mobility formula factor for Northamptonshire, which is expected to be relatively minor in terms of value;
  - b) The value at which the MFG should be set, for 2020-21 this can be set between +0.5% and +1.84%; and
  - c) Whether Northamptonshire should still operate a funding cap if required to ensure affordability of the overall formula.
- 3.14 The results of the consultation will be presented to, and voted on at, the Schools Forum meeting on the 3 December. However the final Northamptonshire schools funding formula remains a local authority decision.
- 3.15 The DfE will issue the final 2020/21 DSG High Needs and Schools Block funding allocations (updated for October 2019 pupil data) in mid December. This will allow the final Northamptonshire schools formula and school budgets to be calculated and then presented to the Schools Forum meeting on the 21 January. There is also a requirement to submit the formula to the EFSA by their deadline of 21 January 2020.
- 3.16 Due to the timing of the Schools Forum meetings, the final DSG funding settlement and the requirement to submit the formula by the 21 January delegated authority to the Director of Children's Services (DCS), Cabinet Member for Children's Services and the S151 Officer is recommended for approval to meet the 2020/21 school budget requirements.

### **Central Services Schools Block**

- 3.17 The NFF central services schools block comprises two elements. The first being historical commitments and the second ongoing responsibilities funding. The ongoing responsibilities element is funded on a national formula based on pupil numbers. Northamptonshire is due to receive a small increase of £50k in respect of the ongoing responsibilities funding in this block for 2020/21. This largely goes to offset the annual increase in the national copyright license costs charged to the authority.
- 3.18 The 2019/20 central services block funding was £11 million in total. The historic commitments element was £7.7 million which included the following budget areas - Combined budgets (£2.2m), contribution to redundant school teacher's ongoing pension costs (£0.8m) and schools PFI DSG contribution (£4.7m). DfE regulations do not allow these individual budgets to be increased from their historic levels. The £7.7 million is the baseline to which the DfE have applied a 20% reduction to historic commitments to unwind these over time. In 2019/20 the authority funded the schools PFI DSG contribution through the schools funding formula. This moved the DSG funding between blocks and brought Northamptonshire in line with the approach used in other authorities. This has had the impact of already reducing the historic funding element for Northamptonshire from £7.7 million to £3.0 million. Therefore the reduction in the CSSB is already met and provides the ability to use the difference of

£3.1 million between the PFI costs of £4.7 million and the funding reduction of £1.5 million to support the wider DSG.

- 3.19 The ongoing responsibilities element is £3.3 million which includes School Admissions, Schools Forum, Schools Copyright, and Statutory and Regulatory services to schools. The latter is a contribution to the responsibilities local authorities hold for all schools and is the element previously funded from the Education Services Grant that was moved into the DSG in 2017/18.
- 3.20 The Schools Forum are required to vote on the use of the Central Schools Services Block some of which has a direct impact on the budgets for these services in the authority. If the budgets are not approved then the cost of providing these services will fall to the authority. The decision on the central budgets will be taken at the 3 December Schools Forum meeting.

### **Early Years Funding Arrangements**

- 3.21 The DfE NFF arrangements for early years have been in place since April 2017 for 3 and 4 year olds and 2 year olds. One element of the early years NFF is maintaining levels of historical additional funding for Maintained Nursery Schools through a MNS supplement allocation in the new NFF. The DfE had intended the supplement to be time bound with it being removed in 2020/21. The removal of this funding supplement will potentially put the Maintained Nursery Schools in the position of being financially unviable due predominantly to the staffing structures and teacher/ pupil ratios required. At the current time there has been no announcement by the DfE in respect of this funding and therefore the implications for Maintained Nursery Schools is not yet known.
- 3.22 The budget setting for the Early Years Single Funding Formulae for 2 year olds and 3 – 4 years olds was challenging for 2019/20. The latest monitoring report to Schools Forum shows a small overspend on the total Early Years Block of £60k against the overall budget of £46.7 million. The consultation process for the 2020/21 Early Years Funding Formulae is being started with the sector already being engaged well in advance of the budget setting to avoid the issues experienced in setting the budget for 2019/20.

### **High Needs Funding Arrangements**

- 3.23 An important distinction with the High Needs NFF is that the funding formula is used to generate the funding allocation at local authority level, as opposed to individual setting / school indicative allocations. The authority decides within certain parameters how the funding for high needs pupils is used. In reality the vast proportion of the High Needs Block is allocated out to settings that are providing the education for high needs pupils.
- 3.24 The indicative increase in funding of £10.4 million in 2020/21 is good news for Northamptonshire but it does not necessarily go far enough. Part of the issue in common with other areas of the county council funding is that DSG high needs funding is not matching the rate of growth in Northamptonshire of numbers and high needs at a time of higher expectations from both the local authority, schools, OFSTED, the Government, pupils and parents.

3.25 The uplift in funding must be set in the context of the estimated deficit of £3.8 million that will exist at the end of the current financial year. In addition there is the need to meet the ongoing £3.8 million over spend in the base budget and plan for the fact that the £2.0 million transfer from the Schools Block is only one off and may not be provided in 2020/21. The combination of these factors amounts to £9.6 million leaving only £0.8 million thereafter to meet the increasing number and complexity of high needs pupils.

3.26 The uplift in funding therefore enables the authority to largely maintain the status quo rather than invest the additional funding in uplifting the amounts paid to providers or enabling investment to effect change. The high needs settlement alone is therefore unlikely to be sufficient to fully fund the increasing high needs pressure. The wider DSG settlement, including the position on the CSSB, will be considered in order to support the high needs financial position in 2020/21.

3.27 Various options will be considered which include:

- Varying levels of transfers from the Schools Block to the High Needs Block at 0.25% (£1.2m) and 0.5% (£2.4m) as well as no transfer;
- The use of the CSSB funding to avoid the need to transfer funding from the Schools Block and to potentially create some reserves from the one off benefit for future resilience of the DSG; and
- Whether the 2019/20 is paid off in full in 2020/21 or over a 2 year period.

Depending on the combination of the above results in a differing level of the £10.4m uplift that remains to meet the inevitable growth in the high needs budgets that will occur in 2020/21. The Schools Forum and schools will be consulted on these proposals.

3.28 The authority is also progressing work into the sufficiency of in county provision for high needs pupils to avoid expensive out of county placements, and how the cost of exclusions and alternative provision can be reduced.

#### **4. Consultation and Scrutiny**

4.1 The Government have now introduced the National Funding Formula across the 4 DSG blocks. Officers will continue to liaise with the DfE in order to inform the discussions on how these arrangements will apply in subsequent years.

4.2 Officers will be discussing the changes to the school funding arrangements with the Schools Forum on 24 October 2019. Feedback from this meetings will help shape the Council's proposals.

4.3 The local authority will be consulting with Primary and Secondary schools and academies on the possible funding formula changes outlined above during November before finalising the arrangements for 2020/21.

4.4 Further discussions with the Schools Forum will take place at 3 December 2019 meeting in respect of the school funding formula approach for Northamptonshire.

Consultation with the Schools Forum is a requirement of the School Finance and Early Years Regulations. The Schools Forum is required to vote on the schools funding formula proposals although the final decision is with the local authority.

- 4.5 The Authority will decide whether it is proposing a transfer from the Schools Block to the High Needs Block in 2020/21 for the Schools Forum to vote on at the December meeting.
- 4.6 Early Years providers will be consulted on the EYSFF proposals for 2020/21 prior to bringing final proposals on the formula factors to be used in 2020/21 to Schools Forum in January 2019. The final decision on the EYSFF is with the local authority.

## **5. Equality Screening**

- 5.1 If a movement of funds in 2020/21 between the Schools and High Needs Blocks is approved and applied this would mean primary and secondary schools will receive less funding than the indicative allocations the Government has published on their website for each school in 2020/21. However it is expected that the majority of schools will receive some increase in funding in 2020/21 as a result of the governments investment in education.
- 5.2 Schools will be protected by the national Minimum Funding Guarantee which for 2020/21 means all schools will receive an average per pupil funding increase of at least 0.5% compared to the prior year.
- 5.3 Between now and the final announcement detailed school budget modelling will be undertaken to inform the required decisions.
- 5.4 The changes in the early years funding formula could potentially have a significant impact on the funding received by individual providers given a number of factors:
  - a) Northamptonshire has more supplementary factors in its EYSFF formula than other neighbouring local authorities. This both makes the formula more complicated and more difficult to administer. It therefore makes sense to review these supplements. Any change will need to be carefully managed to ensure that the sustainability of the sector is not compromised; and
  - b) The EYSFF and the early year's inclusion fund are currently both overspending so savings need to be made in 2020/21. This could impact on the funding received by providers next financial year.

## **6. Alternative Options Considered**

- 6.1 Alternative options in implementing the proposed Primary and Secondary schools funding formula changes for 2020/21 will be considered at the Schools Forum meetings.
- 6.2 Alternative options in implementing the proposed EYSFF funding formula changes for 2020/21 are being consulted on and will be considered at future Schools Forum meetings.

## **7. Financial Implications**

- 7.1 The financial implications for primary and secondary schools funding will be discussed with Schools Forum and this will continue at the meeting on the 3 December with the Schools Forum voting on the proposals for 2020/21.
- 7.2 In summary the key points to note in respect of the 2020/21 funding arrangements are that:
- a) The DSG will continue to be a ring-fenced grant. In 2020/21 the four blocks within the DSG are not ring-fenced so as to allow transfers between blocks if required;
  - b) The minimum funding guarantee, a form of protecting individual school funding, is being continued within the arrangements for 2020/21. However rather than protecting against funding reductions it is being used in the NFF to ensure schools received an MFG per pupil of +0.5% to +1.84%;
  - c) The information on the Government's website clearly identify the likely financial impact on individual schools of applying the NFF formula and rates from April 2020 but this will not be the final budget for individual schools due to other local decisions required as part of the DSG funding arrangements;
  - d) In respect of those schools gaining under the reformed NFF schools funding formula the use of a funding cap on increases needs to be considered as part of the consultation arrangements to ensure the school budgets are set within the funding available.
- 7.3 The DSG high needs block is currently overspending in 2019/20 by £3.8 million. This report highlights the need to potentially consult with schools on moving funding from the Schools Block in 2020/21 to cover projected over commitments in this area alongside the deficit repayment for the 2019/20 overspend.

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

- 8.1 The financial risks facing schools in recent years are somewhat reduced moving forward given the additional investment in schools by the government. However some schools may still find themselves in difficult financial circumstances, for example where they have a falling number of pupils on roll, and to continue to meet the increasing staff and pension costs. Whilst the risk is reduced it still remains and for those schools under the local authority's control, the authority will continue to work with them and monitor schools in financial difficulty.
- 8.2 Despite the positive uplift in Northamptonshire's High Needs funding allocation from 2020/21 the demands on the high needs budget are likely to continue. This is a national trend which has started to take effect in Northamptonshire in recent years. This requires active management in order to bring the overall high needs budget in to balance. Work is being progressed to look at the high needs system and provision as a whole.
- 8.3 A risk to maintained nursery schools exists as set out in 3.22 due to the uncertainty of whether the early years maintained nursery school supplement will continue. If the funding is ceased or reduced by the DfE this will impact on the potential viability of the maintained nursery schools, which would need to be addressed.

## 9. List of Appendices and additional information

Link to the DfE School Funding announcements and arrangements for 2020/21:  
[DfE website - 2020-21 indicative funding allocations and guidance](#)

Schools Forum papers on the proposed Primary and Secondary schools formula changes:

[24 October 2019 Schools Forum Meeting](#)

## 10. Glossary

<b>Description</b>	<b>Acronym</b>
Age Weighted Pupil Unit	AWPU
Central Schools Services Block	CSSB
Department for Education	DfE
Dedicated Schools Grant	DSG
Early Years Single Funding Formula	EYSFF
Education and Skills Funding Agency	ESFA
English as an Additional Language	EAL
Free School Meals	FSM
Income Deprivation Affecting Children Index	IDACI
Maintained Nursery Schools	MNS
Minimum Funding Guarantee	MFG
National Funding Formula	NFF
Private Finance Initiative	PFI

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Contact details:	Email: <a href="mailto:jolee@northamptonshire.gov.uk">jolee@northamptonshire.gov.uk</a>
Background Papers:	
Does the report propose a key decision is taken?	NO
If yes, is the decision in the Forward Plan?	N/A
Will further decisions be required? If so, please outline the timetable here	NO
Does the report include delegated decisions? If so, please outline the timetable here	If delegated authority is approved by Cabinet the timetable for delegated decisions would be :  Schools formula –January 2020 Early years and high needs blocks – March 2020
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 been cleared by the Capital Investment Board (CIB)	YES Name of SFM: Emily Taylor  N/A
Has the report been cleared by the relevant Director?	YES Name of Director: Sharon Muldoon
Has the relevant Cabinet Member been consulted?	YES Cabinet Member: Fiona Baker
Has the relevant scrutiny committee been consulted?	NO
Has the report been cleared by Legal Services?	YES Cleared by the Monitoring Officer  Solicitor's comments: Susan Zeiss
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?	YES Name of officer: James Wheeler
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