

Document Type	Information Report
Programme	Future Northants
Title	Future Northants Finance Monitoring Report
Audience for this document	
North Northamptonshire Shadow Executive	
Purpose of this document	
The purpose of this report is to provide a summary of the forecast outturn position of the Future Northants Programme.	

Document Control

Version History (please see version control guidance)			
Date	Version	Author	Brief Comments on Changes
27/05/2020	1.0	Audra Satham	Updated LGR and Transformation Budget Changes
13/07/2020	1.0	Audra Satham	Outturn Report
29/10/2020	1.0	Audra Satham	Outturn Report

Distribution (For Information, Review or Approval)	
Name	Resp⁽¹⁾

(1) Responsibility: I=Information, R=Review, A=Approval

Document Approval	
Date	Who

1. Introduction

The programme expenditure and benefits realisable were reviewed, amended and presented to each of the North and West Executive committees in June 2020. Progress against this realigned budget is reported on a monthly basis. The budget monitoring relates to 20/21 only with any resulting slippage for future years being noted.

2. Background

The budget to deliver local government reorganisation and the forecast outturn for 2020/21 is summarised below and in full detail at Appendix 1.

Investment	Budget	Outturn	Variance
	2020/21	2020/21	Under/ (Over)
	£000	£000	£000
Business Rates Retention Pilots	7,802	7,802	0
NCC Transformation	4,250	4,250	0
Other Programme Costs	4,948	4,758	190
Staff Costs	5,697	5,697	0
Total	22,697	22,507	190

Benefits Realisation	Budget	Outturn	Variance
	2020/21	2020/21	
	£000	£000	£000
Business Rates Retention Pilots	2,246	1,630	616
NCC Transformation	12,235	12,303	-68
Total	14,481	13,933	548

Overall Total	8,216	8,442	358
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The overall variance of £0.358m has decreased since the last report by £0.058m. This is an improved position. It is still expected that savings not delivered in 20/21 will be delivered in later years.

Investment

The majority of investments cost projections are in line with the original budget. Recruitment to the statutory positions is now complete and due to the various start dates has produced a favourable variance of £0.190m. If needed in future this can be used to supplement the contingency budget.

Benefits Realisation

An analysis of the impact of the current health crisis on the realisation of financial benefits is undertaken regularly on each of the Business Rates Retention Pilot schemes and NCC savings. This remains a fast moving, dynamic period of time and there are a number of assumptions in the analysis that will require ongoing review as the country enters into another lockdown period, which will be challenging in the lead up to setting budgets for the two unitary councils.

The variances reported above relate mainly to adults and children's services. Since period 5, reported in September, there has been a declining position on the home to school transport income. This is directly as a result of Covid-19. The overall savings impact is a profile issue not an inability to achieve the savings.

Outturn Position of all Northamptonshire Authorities

As was requested, for information, the table overleaf details the current forecast outturn of each of the Northamptonshire authorities.

	20/21 Projected	20/21 Covid-19 Govt Grant	20/21 Overall Adverse Variance	Mitigations: Income Grant Efficiencies Use of Reserves	Residual Variance	Comments
	£000	£000	£000			
NCC	31.770	35.370	-3.600	3.600	0.000	
Daventry	1.480	1.066	0.414	-0.414	0.000	Additional costs for Leisure services, homelessness and rough sleeping. Expected losses in planning/building control/investment income.
Northampton	6.473	4.023	2.450	-2.450	0.000	Main pressures: loss of income for car parks, licensing, planning and estates rental income (all as a result of covid); and additional costs for audit, housing temporary accommodation, and rough sleepers.
South Northants	2.184	1.663	0.521	-0.521	0.000	Additional costs for Leisure services, housing and homelessness, environmental health/services, community support, Expected losses in investment income, planning, building control and licensing.
Corby	2.129	1.400	0.729	-0.729	0.000	Income shortfalls from leisure and property rentals and additional covid related expenditure.
East Northants	1.844	1.125	0.719	-0.719	0.000	Additional costs for Leisure services, housing and homelessness, environmental services and community support. Expected losses in commercial income. Covid Reserve set up as part of 2029/20 closedown.
Kettering	2.662	1.574	1.088	-1.088	0.000	Additional costs for Waste & Recycling, Leisure services, homelessness and rough sleeping. Expected losses in planning, building control, investment, car park and court cost income.
Wellingborough	1.530	1.341	0.189	-0.189	0.000	Additional costs for Leisure services, housing and homelessness, environmental services and community support. Expected losses in commercial and events income.
Total	50.072	47.562	2.510	-2.510	0.000	

The above table shows that after receiving the government grant of £35.370m, NCC are reporting a surplus of £3.6m. There is a common theme amongst all of the district and borough authorities, with many of the pressures on additional costs and reduced income from similar services. Unfortunately, despite receiving government funding, there is still an overall shortfall forecast of approximately £2.510m. The mitigations, to bring this overall variance down to zero, include draw down from general reserves. Each authority will continue to lobby Government to fund these shortfalls as any use of available reserves will mean that each of the two new unitary authorities would have less funds available to invest.

The mitigations put in place ensure that each authority is able to continue to deliver business as usual.

Further funding has been announced that is not reflected in the above figures. The latest lockdown will no doubt come with cost pressures and an updated position will be reported to future meetings. In addition, the above figures do not show the potential losses from reduced Council Tax and Business rates which, owing to the accounting regulations, won't show until later years.

Revised Financial Forecast

There remains considerable financial risk to the above outturn position, which may change on a regular basis depending on the recovery of the economy and the increasing outbreaks of Covid-19.

It is important to note that of the total £84.448m savings, £34.907m has already been delivered in 2019/20 and we are on track to deliver £13,933m during 2020/21. This will leave £35.608m to be delivered beyond vesting day.

3. Conclusion

Overall we are on track to deliver local government reform and transformation within budget, despite the very challenging environment in which we are operating. Risk remains high but by the end of 2020/21 a total of approximately £50m worth of savings will have been delivered.