

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

### Document Control

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

<b>Distribution (For Information, Review or Approval)</b>	
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<b>Document Approval</b>	
<b>Date</b>	<b>Who</b>

## 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 will now be reported on a monthly basis, with this report

being the second in that series. 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.

<b>Investment</b>	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	4,948	0
Staff Costs	5,697	5,697	0
<b>Total</b>	<b>22,697</b>	<b>22,697</b>	<b>0</b>

<b>Benefits Realisation</b>	Budget	Outturn	Variance
	2020/21	2020/21	
	£000	£000	£000
Business Rates Retention Pilots	2,246	1,630	616
NCC Transformation	12,235	12,612	-377
<b>Total</b>	<b>14,481</b>	<b>14,242</b>	<b>239</b>

The overall variance of £0.239m has increased since the last report by £0.124m. It is still expected that savings not delivered in 20/21 will still be delivered in later years.

### Investment

As can be seen the investment costs are currently projected in line with budget. Whilst recruitment to all positions is still on-going, producing a favourable variance within the period, these savings will be used to further strengthen ICT resources and communications and engagement, related to the shortened implementation period.

### Benefits Realisation

An analysis of the impact of the current health crisis on the realisation of financial benefits was undertaken on each of the Business Rates Retention Pilot schemes and NCC savings on the basis of what was known or assumed during April and May. This was and 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 starts to return to normal and enters into a recovery phase, 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 2, reported in July, there has been an improvement on BRR04 CFN Improving

Fostering, this is due to a refresh in the profiling of forecast carer recruitment following a number of enquiries earlier than originally expected as the covid-19 restrictions begin to ease. With regard to the slightly worse position on adults NCC transformation, there is a forecast delay in savings which are largely driven by an expected 6 month delay in concluding the Shaw contract variation which is now expected in October 2020. This is due to delays in agreeing the final legal terms and conditions of the future variation.

### **Revised Financial Forecast**

There remains considerable financial risk to the above outturn position, which will not be fully understood for some time yet depending on the recovery of the economy and any further 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 £14,365m during 2020/21. This will leave £35.176m to be delivered beyond vesting day.

### **Outturn Position of all Northamptonshire Authorities**

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

	20/21	20/21	20/21			
	Projected	Covid-19	Overall	Mitigations:		
	Adverse	Govt	Adverse	Income Grant		
	Variance	Grant	Variance	Efficiencies	Residual	
	£000	£000	£000	Use of Reserves	Variance	Comments
<b>NCC</b>	35.198	35.370	-0.172	0.172	0.000	
<b>Daventry</b>	2.131	1.027	1.104	-1.104	0.000	Additional costs for Leisure services, homelessness and rough sleeping. Expected losses in planning/building control/investment income.
<b>Northampton</b>	5.376	2.988	2.388	-0.954	1.434	Pressures due to 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.
<b>South Northants</b>	2.273	1.207	1.066	-1.066	0.000	Additional costs for Leisure services, housing and homelessness, environmental services and community support. Expected losses in commercial income.
<b>Corby</b>	2.100	0.908	1.192	-1.192	0.000	Income shortfalls from leisure and property rentals and additional covid related expenditure.
<b>East Northants</b>	1.915	1.125	0.790	-0.790	0.000	Additional costs for Leisure services, homelessness and rough sleeping. Expected losses in planning/building control/investment income.
<b>Kettering</b>	3.025	1.240	1.785	-1.785	0.000	Additional costs for Leisure services, homelessness and rough sleeping. Expected losses in planning, building control, investment, car park and court cost income.
<b>Wellingborough</b>	1.400	0.986	0.414	-0.414	0.000	Additional costs for Leisure services, housing and homelessness, environmental services and community support. Expected losses in commercial income.
<b>Total</b>	<b>53.418</b>	<b>44.851</b>	<b>8.567</b>	<b>-7.133</b>	<b>1.434</b>	

The above table shows that after receiving the government grant of £35.370m, NCC are reporting a small surplus of £0.172m. 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 £8.567m. The mitigations, to bring this overall variance down to £1.434m, include an estimate of the amount to be received by each authority from a further MHCLG grant that covers up to 75% of the loss of fees and charges (after authorities have covered the first 5%) and 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.

These figures will be updated with the actual income grant allocations once they are known. 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.

### **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.

The overall outturn position being reported across each of the district and borough councils will reduce the amounts available in future for both West and North Northamptonshire Councils. The position is expected to improve once the final methodology and allocations for lost income from fees and charges are confirmed by Government.