

NORTH NORTHAMPTONSHIRE SHADOW AUTHORITY

OVERVIEW AND SCRUTINY COMMITTEE MEETING

28th January 2021

Report Title	Budget Task and Finish Group - Report
Report Author	Paul Goult (NNSA Democratic Services) Paul.goult@northnorthants.gov.uk

List of Appendices

Appendix A – Housing Revenue Account (HRA) Session Notes

Appendix B – Children’s Services Session Notes

Appendix C – Adult Services Session Notes

Appendix D – Fees & Charges Session Notes (TO FOLLOW)

1. Purpose of Report

- 1.1. For the Committee to receive details of the focussed sessions from the Scrutiny Task and Finish Group, established to consider the draft Budget Proposals 2021/22 for North Northamptonshire Council.

2. Executive Summary

- 2.1 The Budget Task and Finish Group at its scoping meeting agreed to receive presentations relating to four key areas of the Budget including the Housing Revenue Account (HRA), Children’s Services, Adult Services and Fees & Charges.

Each session included a presentation by finance officers and colleagues from related service areas.

3. Recommendations

- 3.1 It is recommended that the Overview and Scrutiny Committee:
- a) Note the summary reports from the Budget Task and Finish Group as attached as appendices A – D;
 - b) Agree to forward any comments/issues detailed under section 5 “Issues and Choices” within the report, together with any further comments/issues from this Committee, to the Shadow Executive Committee at its meeting on 10 February.

4 Report Background

- 4.1 The Overview and Scrutiny Committee agreed at its meeting on 10th December 2020 to the formation of a Budget Task and Finish Group to assist in considering the draft Budget Proposals for 2021/22 approved for consultation by the Shadow Executive Committee at its meetings on 7th December 2020 and 7th January 2021.
- 4.2 The Task and Finish Group membership appointed consisted of Councillors Mark Pengelly, Adam Henley, Andy Mercer, Sandra Naden-Horley, Lloyd Bunday, Martyn York, and Ray Beeby (acting as substitute for Mark Pengelly where required). The Group was supported throughout by the Director of Finance, senior finance officers from sovereign councils, and service-specific officers where appropriate.
- 4.3 The Group met at a scoping meeting on the 22nd December 2021, and agreed to focus on four key areas for scrutiny, including three of the most significant areas of expenditure. These included the Housing Revenue Account (Revenue and Capital) on 13th January 2021, Children's and Educational Services on 18th January 2021, Adult Services on 21st January 2021 and Fees and Charges to be held on 26th January 2021 (TO FOLLOW).
- 4.4 Relevant finance officers from sovereign councils and service-specific officers attended each session. Presentations were made to the Group detailing the key elements of expenditure and income within each of the respective service areas. A summary note from each of the sessions is included within the appendices to this report. The summary note from the Fees and Charges session will be circulated separately.

5 Issues and Choices

- 5.1 During the sessions, several questions were asked regarding the detail of the budget proposals. The appendices include the areas of discussion and questioning from each of the sessions. Detailed below are some of the key areas of debate.
- 5.2 Housing Revenue Account (HRA)
- The HRA currently consists of two Neighbourhood Accounts for Corby Borough Council (CBC) and Kettering Borough Council (KBC) and the amalgamation of these accounts is a priority for future years. This could present opportunities for transformation, service improvement and cost efficiencies. It was noted that general management costs for CBC are higher than for KBC.
 - Significant capital funding for development and new build, but currently there is a lack of programme detail regarding the timing of the build and therefore this is not yet reflected in the proposed revenue budget. This will be made clear in the final HRA report.
 - Differential void times between CBC and KBC, due to the type and nature of the units involved. This will continue to be monitored closely.

- Concern over the level of bad debt provision and collection rates with reference to direct and indirect consequences of COVID-19 pandemic.
- CBC and KBC have different strategies for repayment of HRA borrowing. Both systems are working, and no current risks identified. As with any borrowing, the impact of interest rates needs to be monitored.

5.3 Children's Services

- The two new Unitary Councils for North Northamptonshire and West Northamptonshire respectively will need to review and negotiate the contract with the Children's Trust for 2022/23 onwards.
- The impact of COVID-19 on children's services will need to be continually monitored. It was noted that £720k has been retained by the Council as a specific contingency.
- Clear governance structure in place for dispute resolution and consideration of in-year budget changes.
- The importance of training for new Members was emphasised.

5.4 Adult Services

- Through redesign, Adult Services has achieved significant savings over recent years. Within the budget these savings are forecast to continue from 2021/22 under North Northamptonshire Council. This is included within the budget assumptions.
- The opportunity for cross-service/agency working, particularly with Public Health and NHS/CCG, provides opportunities for greater efficiency and service improvements.
- NCC Adult Services scored 25th out of 26th in the Budget Benchmarking Group for 2018/19 with other County Councils relating to spend.
- The impact of COVID-19 was noted. The service continued to monitor impact.
- The Target Operating Model (TOM) has been established and to date has been successful.

5.5 Fees and Charges

This session is being held on Tuesday 26th January 2021. Summary notes TO FOLLOW.

5.6 General Comments

- The impact of COVID-19 during 2020/21 and into the new financial year was noted in all cases. Provision has been made but this needed to be closely monitored and trends identified.
- There are significant challenges in future years to ensure the Council maintains a balanced budget.
- There are significant opportunities for transformation, efficiency, and innovation within services. Opportunities for “joined-up” service delivery exists to maximise value for money and efficiency.
- The need for robust budget monitoring and scrutiny are of utmost importance. Even minor percentage variations in expenditure and/or income can have significant impact, particularly within service areas such as Adult Services and Children’s Services.
- There will be legacy issues i.e. contracts which will need to be considered, and options identified for the future arrangements.
- There is a need to ensure that the Council Members receive appropriate training and information to fulfil their role in the new authority.
- Throughout the year the financial position will be monitored and reported identifying any forecast movements from the budget. Looking ahead there will be a developed, approved budget-setting process for 2022/23, which will include the involvement of the public, Overview and Scrutiny and the wider membership.

6 Implications (including financial implications)

6.1.1 Resources and Financial

- 6.1.1** The review of the budget through Scrutiny enables the financial position to be considered and challenged. Feedback from the Committee will be considered as part of the final budget proposals to be presented to the Authority for approval in February.

6.2 Legal

- 6.2.1 None specific to this report.

6.3 Risk

- 6.3.1 A Risk Register for North Northamptonshire Council is currently being collated. The risks identified in the presentations will be submitted for inclusion.

6.4 Consultation

6.4.1 A public consultation on the Budget Proposals 2021/2020 is currently being undertaken by the Shadow Authority. The consultation closes on 29th January 2021. Responses received will be reported to the Shadow Executive Committee for its consideration.

6.5 Consideration by Overview and Scrutiny

6.5.1 Not applicable.

6.6 Climate Impact

6.6.1 The Overview and Scrutiny Committee has established a Climate Change Task and Finish Group. That Group is looking at the potential for the new unitary council to develop policies to assist in tackling the Climate Change Crisis. The Group will report back to the Committee and the Shadow Executive Committee in due course.

6.7 Community Impact

6.7.1 Any implications relating to Community Impact will be considered by the Shadow Executive Committee when it finalises its final proposals for submission to the Shadow Authority.

7 Background Papers

- Draft Budget Proposals for the General Fund, Capital Programme and Housing Revenue Account (HRA) submitted to the Shadow Executive Committee at its meetings on 7th December 2020 & 7th January 2021.
- Budget Task and Finish Group Presentation Slides