



**North
Northamptonshire
Council**

Meeting: Executive
Date: Thursday 15th July, 2021
Time: 2.00 pm
Venue: Council Chamber, The Cube, George Street, Parklands Gateway,
Corby, NN17 1QG

Committee Membership:

Councillors Jason Smithers (Chair), Councillor Helen Howell (Vice-Chair), Lloyd Bunday, Scott Edwards, Helen Harrison, David Howes, Graham Lawman, Andy Mercer, Steven North and Harriet Pentland

AGENDA SUPPLEMENT

The following additional report and appendix have now been published which were not available at the time the agenda was published.

This supplementary agenda has been published by Democratic Services.
Contact: democraticservices@northnorthants.gov.uk

Item	Subject	Page no.
06.	Budget Forecast 2021-22 as at Period 2	3 - 22

To set out the material financial issues identified since the 2021/22 budget was set in February 2021.

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Executive 15 July 2021

Report Title	Budget Forecast 2021/22 as at Period 2
Report Authors	Janice Gotts Executive Director of Finance Janice.gotts@northnorthants.gov.uk
Lead Member(s)	Councillor Lloyd Bunday, Portfolio Holder for Finance and Transformation

Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Forward Plan Reference (if yes to Key Decision)	
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there public sector equality duty implications?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Applicable paragraph number for exemption from publication under Schedule 12A Local Government Act 1974	

List of Appendices

Appendix A – Savings Schedule

1. Purpose of Report

- 1.1. The first revenue budgets (2021/22) and Medium-Term Financial Plans for North Northamptonshire Council for the General Fund and the Housing Revenue Account were approved by the Shadow Authority at its meeting on 25 February 2021. The purpose of this report is to set out the forecast outturn position for the Council based on the Period 2 monitoring forecasts for the General Fund and the Housing Revenue Account and is an early assessment of the Council's financial performance against the approved 2021/22 budget.
- 1.2. This is the first monitoring report for the new Council and it sets out on the material financial issues identified since the 2021/22 budget was set in February 2021, and provides an assessment based on the income and expenditure as at end of May 2021 (Period 2).

- 1.3. The report recognises that the forecast outturn position is based on very early indications of spend. Work is continuing to examine both spend and activity data including the staffing forecasts to ensure that the position presented is robust. This will also assist in understanding the longer-term implications as part of the medium-term financial planning.

2. Executive Summary

- 2.1 The report provides commentary on the Council's current forecast financial outturn position for 2021/22 for both the General Fund and the Housing Revenue Account. With the move to a new Unitary Council from 1 April this year and the continuing issues presented by COVID-19, financial forecasting remains challenging. The Council will continue to assess and refine the forecasts on a regular basis. The forecast presented in the report is based on the best available data and information of the operations of the Council and the expected impact of the pandemic. However, it must be recognised that determining the outturn under the current circumstances presents an element of risk which will be closely monitored during the financial year. The current position assumes that the national lockdown will be fully lifted in July.
- 2.2 As a new Unitary Council there are a number of areas which will impact on the forecast outturn that are still to be finalised. Most notably from a finance perspective these include the charging arrangements for the lead/host arrangements between West Northamptonshire Council and North Northamptonshire Council following Local Government Reorganisation and the balances on the reserves which will not be finalised until the accounts of the predecessor Councils are signed off. Officers from North and West Northamptonshire Councils are working closely to complete this work.

3. Revenue Budget

- 3.1 The Council's Revenue Budget was set at the meeting of the Shadow Authority in February. It has been updated to reflect the announcement on 16 March 2021 of the Public Health Grant allocations of which North Northamptonshire will receive £17.6m in 2021/22. The grant is ring fenced to fund Public Health related services and will not impact on the overall net budget for the Council. The table below sets out the latest budgets by each main service area following the confirmation of the grant:

	Children's & Education	Adults, Communities and Wellbeing Services	Place and Economy	Enabling & Support Services	Corporate	Total
	£m	£m	£m	£m	£m	£m
Expenditure	397.4	178.0	92.4	111.8	25.3	804.9
Income	(337.0)	(57.2)	(36.6)	(80.3)	(1.3)	(512.4)
TOTAL	60.4	120.8	55.8	31.5	24.0	292.5

- 3.2 The Council's overall outturn forecast for the General Fund for 2021/22, as at Period 2, is a forecast underspend of £0.139m against the approved budget of £292.5m. This is summarised in the table below:

General Fund Forecast Outturn 2021/22			
	Net Budget	Forecast Position at 31/03/22	P2 Forecast Variance at 31/03/22
	£'000	£'000	£'000
Net Total Available Resources	292,505	292,505	0
Total Corporate Budgets	23,950	23,950	0
Children's & Education	60,351	60,351	0
Adults Communities & Wellbeing Services	120,854	120,804	(50)
Place & Economy	55,783	55,412	(371)
Enabling & Support Services	31,567	31,849	282
Total Directorate Budgets	268,555	268,416	(139)
Total Use of Resources	292,505	292,366	(139)
Net Position 2021/22	0	(139)	(139)

- 3.3 The Council's overall outturn forecast for the Housing Revenue Account – which comprises of two Neighbourhood Accounts for 2021/22, as at Period 2, is a forecast pressure of £108k against the approved budget of £35.2m. This will be managed through seeking mitigation in year or use of the HRA reserves. This is summarised in the table below and further details are set out in Section 9.

Housing Revenue Account Forecast Outturn 2021/22				
Directorate	Expenditure	Income	Net	P2 Forecast Variance at 31/03/22
	£'000	£'000	£'000	£'000
Corby Neighbourhood Account	19,647	(19,647)	0	42
Kettering Neighbourhood Account	15,503	(15,503)	0	66
Net Position 2021/22	35,150	(35,150)	0	108

- 3.4 It is important to note this is an early estimate and subject to continual review. The financial implications on the delivery of the 2021/22 budget are discussed in further detail in Section 9 of this report.

4. Recommendations

- 4.1 It is recommended that the Executive:
- a) Note the Council's forecast outturn position for 2021/22 and the associated risks and considerations.
 - b) Note and approve into the budget the final allocation of Public Health Grant for 2021/22 of £17.6m which was notified to the Council on 16 March 2021 and after the budget was set. See paragraph 3.1 above.
 - c) Note the current deliverability assessment of 2021/22 saving proposals in Appendix A

- d) Approve the transfer of the forecast overachievement of Business Rates against budget to the business rates reserve as referenced in paragraph 7.3.
- e) Note that the Covid Local Support Grant arrangements have now been extended by the Government to cover the period up to 30th September and approve that the final determination of the grant allocation for the voucher scheme is delegated to the Portfolio Holder for Children's Services and Education in consultation with the Director of Children's Services with any grant funding not required to support the voucher scheme to be used to support individuals and families in line with the requirements of the grant being delegated to the Leader of the Council in consultation with the Director of Place and Economy to be used as part of the provision for Emergency Planning. See paragraphs 7.12 to 7.15.
- f) Approve a virement of £50k from contingency to the Place and Economy Directorate in relation to Highways as set out in paragraph 7.49.
- g) Approve a virement of £400k from contingency to enabling and support services to allow budget realignment within overall available resources, as set out in paragraph 7.56.

4.2 *Reason for Recommendations – to note the forecast financial position for 2021/22 as at Period 2 and consider the impact on this year and future years budgets.*

5. Report Background

- 5.1 The Council's General Fund net revenue budget for 2021/22 is £292.505m and was approved by the Shadow Authority at its meeting on 25 February 2021. This included £19.161m of savings. This report sets out the in-year variations to budgeted assumptions.
- 5.2 The Council's Housing Revenue Account budget for 2021/22 is £35.150m and was approved by the Shadow Authority at its meeting on 25 February 2021. This report includes an early analysis of the in-year variations to budgeted assumptions.

6. Budget 2021/22 - Context

General Fund

- 6.1 The 2021/22 General Fund budget was the first budget for the new Unitary Authority for North Northamptonshire, this was set at the Full Shadow Authority meeting on 25 February 2021. The budget was built on the work and resources of the sovereign Councils within North Northamptonshire and provided the platform on which the new Unitary Council could build as it moves forward.
- 6.2 The draft budget was built up through allocating the existing Medium Term Financial Plans to the new organisations. For North Northamptonshire Council this process entailed the aggregation of the budgets for the existing District and

Borough Councils and the disaggregation of the County Council's budget into the new Unitary authorities.

6.3 The disaggregation of the County Council's complex service revenue budgets was undertaken using a number of key overarching disaggregation principles, namely:

- **Ordinary Residence** – Used to split Adult Social Care budgets based upon home postcode of service user, taken from CareFirst system. The allocation of client contributions towards care packages is also split based on ordinary residence.
- **Geographic Location** – Based upon the location used to deliver the service, for example location of Country Parks.
- **Cost drivers** – Underlying cost drivers for service areas, for example the Highways budget has been split by road length.
- **Population** – for demand led services where costs are based upon usage. Using population data from the Office for National Statistics. For adult social care the allocation of grant and other income has been proposed to be split by population.
- **Funding Formula** – Where the split is prescribed within funding terms and conditions. For example, Dedicated Schools Grant (DSG) and Public Health Grant have used specific grant formula / data to allocate the funding.
- **Staff numbers** – Used to pro-rata for support services, where the driver will be based upon the size of each Unitary Authority, for example the cost of Payroll service.

6.4 As the data sets used to calculate the budget were taken at a point in time, there is a risk, particularly with more demand led budgets such as Adults Social Care, there may be variations over the remainder of the financial year when compared to the original data utilised. During the year, and as part of the budget setting for next year, proposals will be put forward to realign the budgets as required.

6.5 When establishing the budget for 2021/22 consideration was given to contract and other inflation, demographic and service demand, full year impacts of previous decisions, technical and legislative changes and any other pressures or efficiencies. The budget also included potential COVID-19 pressures, with the anticipation that the position would improve over the first quarter of the year.

Housing Revenue Account

6.6 The Housing Revenue Account (HRA) is a separate ring-fenced account within the Council for the income and expenditure associated with its housing stock. The HRA does not directly impact on the Council's wider General Fund budget or on the level of council tax. Income to the HRA is primarily received through the rents and other charges paid by tenants and leaseholders.

6.7 Within North Northamptonshire prior to 1 April 2021 there were two HRA accounts, covering the sovereign Councils of Kettering and Corby respectively. As part of the move to a single unitary council for North Northamptonshire, there was a statutory requirement to create a single HRA for the area. Whilst North

Northamptonshire Council must only operate one HRA it will, for a period of time, operate two separate Neighbourhood Accounts, these being:

- the Corby Neighbourhood Account - responsible for the stock that was managed by Corby Borough Council and
- the Kettering Neighbourhood Account - responsible for the stock that was managed by Kettering Borough Council.

7. Overview of Forecast Position 2021/22

Available Resources and Corporate Costs

- 7.1 The Council is responsible for the collection of local taxes (Council Tax and Business Rates). At the end of May 2021, 19.72% of Council Tax had been collected. However, it is too early to predict what the final Council Tax collection will be by the end of the year. The Council has re-introduced debt collection procedures for Council Tax following their suspension during 2020/21.
- 7.2 Business Rates collection is 19.31% at the end of May 2021. The sum of Business Rates collected is particularly impacted by the volatility of appeals and the effect of COVID-19. Currently, a number of businesses are in receipt of business rates relief and other financial support because of COVID-19, and it is unknown how businesses will be affected in the longer term and particularly when this support ceases. This means that the position remains subject to change.
- 7.3 The estimated business rates income for 2021/22 is £4.832m above the original budget. Any change in this funding compared to the estimate will impact in future years, therefore, it is proposed that the sum above the original budget is transferred to the business rates reserves to safeguard against changes to the final outturn figure and smooth any impact on the budget in future years.

	Net Budget	Forecast Position at 31/03/22	P2 Forecast Variance at 31/03/22
	£'000	£'000	£'000
Total Available Resources	292,505	297,337	4,832
Transfer to Earmarked Reserve	-	(4,832)	(4,832)
Net Available Resources	292,505	292,505	0

- 7.4 The total net budget for Corporate Resources is £23.950m which consists of the contingency and budgets for treasury related costs.
- 7.5 The contingency budget of £5.7m is held to meet unforeseen or unplanned/unbudgeted costs. A virement of £450k is requested as part of this report see paragraphs 7.49 and 7.56, leaving a balance of £5.25m for the remainder of the year.

Directorate Budgets

- 7.6 This section of the report provides an analysis of the forecast variations against the 2021/22 General Fund for each of the Directorates. The table below summarises the position.

General Fund Forecast Outturn 2021/22 by Directorate			
Directorate	Net Budget	Forecast Spend at 31/03/22	P2 Forecast Variance at 31/03/22
	£'000	£'000	£'000
Children's & Education	60,351	60,351	0
Adults Communities & Wellbeing Services	120,854	120,804	(50)
Place & Economy	55,783	55,412	(371)
Enabling & Support Services	31,567	31,849	282
Total Directorate Budgets	268,555	268,416	(139)
Corporate Costs	23,950	23,950	0
Net Budget Requirement	292,505	292,366	(139)
Less Funding	(292,505)	(292,505)	0
Net Position 2021/22	0	(139)	(139)

Children's and Education Services – Balanced

- 7.7 The net revenue budget for Children's Services is £60.351m which includes the Northamptonshire Children's Trust and Education Services not funded by the Dedicated Schools Grant.
- 7.8 The budgeted figure for the Children's Trust is £137.18m for 2021/22. This is split £60.57m (44%) to North Northamptonshire Council and £76.61m (56%) to West Northamptonshire Council. The original contract for the services of the Trust will run for 17 months to 31 March 2022. It is currently forecast that the outturn position for the Trust will be within the contract sum.
- 7.9 The Children's and Education Services remaining in the Council include the Intelligent Client Function for the Northamptonshire Children's Trust and the Local Authority statutory education functions as listed below:
- Education Inclusion
 - Education Psychology
 - Support for children with Special Educational Needs and Disabilities (SEND)
 - School Improvement
 - Virtual Schools (lead in the North Northamptonshire Unitary Authority)
 - School admissions and school place planning
 - Early Education and Child Care
 - Northamptonshire Children's Trust Intelligent Client Function (ICF)

- 7.10 The full year effect of prior year savings decisions is £1.7m and includes improving the edge of care support and intervention (£400k), working to minimise the amount of time a child is in care (£300k), step down from high end residential placements to fostering placements (£200k), reduced requirement for inflation (£300k), reducing agency staff (£100k) and capacity building within foster care (£400k). These services and savings are currently being delivered through Northamptonshire Children's Trust. However, this report was written before the Trust had produced its first formal budget monitoring report for 2021/22.
- 7.11 At this early stage the forecast outturn is for a balanced budget across Children's and Education Services which includes the full delivery of the savings target by the Trust. The situation will be kept under review and the Finance Director for the Trust will be meeting regularly with the S151 officers of both North and West Northamptonshire to provide a detailed update on the budget position.

The Covid Local Support Grant

- 7.12 The Covid Local Support Grant (previously known as the Covid Winter Grant Scheme) has enabled Local Authorities in England to support families across the country who are struggling with the cost of food and utility bills as a result of the Coronavirus pandemic. The scheme initially ran from 1st December until 16th April and the council used this funding to support the distribution of free school meal vouchers.
- 7.13 The Government has announced that a further £160m will be made available nationally and that the scheme will now run until the end of September 2021 bringing it in line with the end date for furlough and other COVID-related support. This is beyond the planned ending of restrictions, to help support families as the economy recovers and the vaccine rollout continues.
- 7.14 The allocation for North and West Northamptonshire councils is £1.958m overall. The extended funding will be used to support the distribution of free school meal vouchers during the summer school holidays. The anticipated cost of the scheme for North Northamptonshire is £0.842m which will be supported through the grant. However the final numbers for those eligible is yet to be confirmed and the allocation will be made in line with the outcome of this work. It is therefore requested that final grant allocation is delegated to the Portfolio Holder for Children's Services and Education in consultation with the Director of Children's Services. This will be reported back to Executive as part of a subsequent monitoring report.
- 7.15 Any grant funding not required to support the voucher scheme will be used to support individuals and families in line with the requirements of the grant and it is proposed that this will be delegated to the Leader of the Council in consultation with the Director of Place and Economy as part of the Emergency Planning Service remit.

Adults, Communities and Wellbeing Directorate - Forecast underspend of £0.050m

- 7.16 The net revenue budget covers Adult Social Services, Community Services and Public Health and Wellbeing and totals £120.854m in 2021/22. There is a

forecast underspend of £0.050m against the budget as at Period 2. The details are set out in the paragraphs which follow.

Adult Social Care, Safeguarding & Wellbeing and Commissioning & Performance Services – Forecast Underspend £0.5m

- 7.17 Under the 2014 Care Act, local authority Adults Services have a responsibility to make sure that people over 18 who live in their areas are provided with personal day to day care (helping people get dressed, washed, going to the toilet, eating etc.) where they cannot do things for themselves or access family support. The service also provides other physical or psychological support to people with disabilities in order to help them live a full life. The overriding responsibility is to keep people safe and protect them from harm or neglect.
- 7.18 Care can take in many forms and can be provided directly by the Council, through contracted organisations or families can receive a personal budget to buy suitable care for themselves. Although receiving formal or long-term care is subject to people meeting the Council's eligibility criteria, the service also has a key responsibility for helping people to stay independent and preventing or delaying the need for care.
- 7.19 The service has indicated that an uplift award ranging between 2.2% and 2.65% to care providers for providing care packages on framework rates during 2021/22 will be made, this is expected to cost approximately £1.2m which has been met through additional investment in Adult Social Care as part of the 2021/22 budget setting process.
- 7.20 At this point in the year, whilst there is some capacity for further net growth in care costs there remains a risk to the financial position from the volatility of demand predominantly due to underlying care conditions and the ongoing pressures on the care sector from the pandemic.
- 7.21 Within Adult Social Care there is £1.3m for demographic growth of which £0.3m relates to Mental Health Services; these are driven by the forecast number of additional clients requesting care. The past four years' growth in adult social care costs in Northamptonshire have tended to be driven by two factors, general market inflation (predominately wage related) and acute care needs for existing clients, rather than increased clients due to demographic changes. However, it is too early to confirm whether this trend will continue in Northamptonshire.
- 7.22 COVID-19 has had a significant impact in Adult Care budgets with additional pressures forecast in 2021/22 of £4.6m of which £3.9m relates to CCG discharges in to care facilities as part of the rapid response discharge process from hospital and £0.7m relates to pressures within the Mental Health Pooled Fund. There are budgeted care related savings of £4.4m proposed to be delivered by Adult Social Care in 2021/22. Prior year savings of £2.1m are also assumed to be delivered. The 2020/21 savings were not achieved in full due to the impact of the COVID-19 pandemic, however due to a revised phasing methodology adopted as part of the 2021/22 budget proposals this has partly been mitigated down to £1.1m, it is currently forecast that these will be met in 2021/22. The position will continue to be monitored throughout the year.

- 7.23 The existing savings programme includes saving proposals being delivered over a number of financial years. These include savings proposals that formed part of the Future Northants Transformation Programme covering:
- Admissions Avoidance Service (£1.9m), which is a new service (initially funded by the business rates pilot fund) provided by Adult Social Care with health partners. The Admission Avoidance care model focuses on patients/clients presenting at acute hospitals with relevant conditions who can be rapidly assessed, diagnosed and treated without being admitted to a ward, if clinically safe to do so. Currently the Crises Response Team supports the back door discharges at the acute hospitals, where Admission Avoidance will focus on the significant opportunity to provide care on/at the front door to avoid hospital admissions and care costs increases client outcomes.
 - Strength Based Working Project (£2.2m) which is the Transformation of Adults Services pathways and processes to ensure focus on client outcomes, independence, better decision making, and best practice approaches reduce delays and spend.
- 7.24 Additional savings for 2021/22 total £0.6m and cover Learning Disability Provider Framework efficiencies, Specialist centre for Step down Care Mental Health and Acquired brain injury, Prevention contract cessation/redesign and Sheltered Housing Contracts cessation/redesign.
- 7.25 At this early stage it is assumed that the savings will be delivered in full. This will be reviewed throughout the year as part of the budget monitoring process.
- 7.26 The current forecast is for an underspend of c£0.5m against budget and the details are set out in the paragraphs which follow. However, it should be noted that further work is being undertaken within the service to review the service users assigned from the County to each of the successor Councils (North and West) at vesting day as well as the potential care commitments that are included within the position as both may impact on the forecast.
- 7.27 Specialist and Complex - Mental Health (NCC) - forecast underspend of £2m. This is the result of clients transferring from the Mental Health Pool previously managed by the CCG and which Northamptonshire County Council gave notice to withdraw from the pool arrangements as at 31 March 2021. The disaggregation of the County Council budget was based on an initial analysis of the ordinary residence of 40% of the pool clients which suggested that the mix of pool clients included 45% to North Northamptonshire. However, analysis of the actual clients transferred has resulted in only 30% to North Northamptonshire. There remains 5% of cases to be completed. This has resulted in a projected underspend on the original pool budget disaggregation.
- 7.28 Specialist and Complex - Older People [NCC] - there is a forecast pressure of £2.1m (variance of 3% against budget) against older people services which is related to the mix (costs) of clients and the number of clients, within this financial year compared to the bought forward disaggregated budget from 2020/21.
- 7.29 Specialist and Complex - Mental Health (NCC) - there is a forecast underspend of £0.5m related to underlying Adults only Mental Health clients (non-pool) due

to reduced number of actual clients being provided a service by the Council compared to the disaggregation analysis. The original disaggregation assumed 59% of the Countywide clients would be North Northamptonshire clients but only 46% have actually transferred to the Council.

- 7.30 Other variances across the directorate total a forecast £0.1m underspend.

Public Health – Forecast balanced position.

- 7.31 Public Health and Wellbeing is currently leading Northamptonshire's response to the COVID-19 pandemic. The Gross expenditure budget is primarily funded by Public Health England.
- 7.32 An additional £6.4m has been added to the budget for 2021/22 in relation to forecast grant funding that has been carried forward from 2020/21 to support the activity associated with the Contain Outbreak Management Fund and Test and Trace. As this is a carry forward of grant, the final sum available for this will be dependent on the closing figure to be carried over from 2020/21 as part of the closure of the County Council's accounts.

Housing and Community Services – Forecast pressure £450k

- 7.33 Housing and Community Services includes provision of housing services and support for homeless people. It also includes libraries, cultural facilities (such as museums, theatres, art galleries and heritage sites), sports and leisure facilities (such as swimming pools, tennis courts, golf, playing pitches, indoor courts/sports halls etc), archaeological archiving and activities and access to parks and open spaces for play and recreation. The Service is also responsible for community grants as well as providing education and outreach services and advice and support.
- 7.34 There is a forecast £0.1m pressure related to staffing costs within Housing, Homelessness and Community Leisure services due to the high level of temporary staff currently employed covering permanent posts due to a number of factors such as vacancies, maternity leave, etc. This is being reviewed by the service at present and exploring ways of mitigating costs.
- 7.35 The forecast for period 2 includes a pressure of £0.6m related to a reduction of income for leisure services mainly at the Corby International Pool (£0.3m) and Corby Lodge Park Sports Centre (£0.2m) with a further £0.1m in other areas, due to the current restrictions on visitors numbers. The service will make a claim against COVID-19 funding which is available until the end of June and which, if successful, could reduce the pressure, by around £250k and this has been assumed in the forecast.

Place and Economy

- 7.36 The Place and Economy net budget totals £55.783m and is forecasting an underspend of £371k. Place and Economy covers the following four areas:
- Growth and Regeneration
 - Assets and Environment
 - Highways and Waste

- Regulatory Services

- 7.37 Services with Asset and Capital Management include the management of the Council's corporate assets and capital programmes, together with the effective management of the Council's strategic assets and landholdings.
- 7.38 Other key components within Place and Economy are Waste Management, Highways and Transportation, (including the Streetlighting PFI), Economic Development, Infrastructure and Funding, Trading Standards and Flood and Water Management.
- 7.39 Within Place the key budgets affected by demand/volumes are Home to School Transport, Concessionary Fares and Waste Disposal and Collection.
- 7.40 Additional funding has been provided for contract inflation of £1.1m covering Home to School transport (£300k), Street Lighting PFI (£100k) and general contract inflation (£0.7m). Savings include changes in waste tonnages including recycling, composting and food waste of £2.0m, Recycling credits £0.6m and additional income through fees and charges due to rising demand of £200k.
- 7.41 The Service is currently retendering for the Highways contract, a budget has been set aside to meet the costs associated with the programme. However, there is likely to be some costs associated the demobilisation of the current contract when it comes to an end in March 2022. These costs will depend on the outcome of the procurement of the new contract.
- 7.42 The Service has a forecast underspend of £371k which consists of the following main movements as outlined in the paragraphs below.

Car Parking Income - £419k Pressure

- 7.43 There is a forecast pressure of £158k for Kettering car parking income as there is currently no charging in place and, subject to any further changes being approved, it has been assumed that the earliest this will resume is 1 August and following the planned removal of COVID-19 restrictions. The cost of not re-introducing car parking charges is estimated to be around £40k per month.
- 7.44 There is also a forecast net pressure of £51k for Corby car parking income as, although charging is in place, receipts are lower than would normally be expected. The projection assumes current income levels remain until the end of July and then return to budgeted levels once COVID-19 restrictions are planned to be fully lifted. The Council will also seek support from the Government Scheme to reimburse Local Authorities for lost income which is paid at 75% once the Council has met losses equivalent to 5% of the budget. This funding is only payable in respect of claims for losses in the first quarter of 2021/22 and is not available where Councils have chosen to suspend car parking charges.
- 7.45 There is also a forecast pressure on the number of Fixed Penalty Charges for on-street parking the estimated pressure for 2021/22 is £210k. This is an area we will continue to monitor closely.

Concessionary Fares - £836k Saving

- 7.46 The forecast underspend of £236k on concessionary fares assumes that guaranteed payments to bus operators as a result of the agreed payment mechanism under COVID-19 will continue for the 2021/22 financial year. The payments typically would be based on the actual number of journeys – however as a result of COVID-19 the basis of the calculation changed to the average for the actual number of journeys in the winter months prior to the COVID-19 outbreak (Dec 19 to Feb 20). The number of journeys in the winter months are less and this has resulted in a saving to the Council. Further announcements are awaited regarding the period of time that this will continue to be in place. In addition, following the disaggregation principles applied to the former County Council budget it is estimated that the North will underspend against its assumed budget requirement by around £600k.

Subsidised Bus Services - £30k Pressure

- 7.47 There is a forecast pressure of £30k on subsidised bus services due to the potential difference between the anticipated cost of the service and the funding available from parish councils, S106 developer contributions and Bus Services Ring-Fenced Grant.

Markets - £16k Pressure

- 7.48 The responsibility of the Markets is being transferred to Kettering Town Council (KTC) and the net impact of this is forecast to be around £16k as the costs associated with managing the market will also transfer to the Town Council. A previous decision was taken by Kettering Borough Council in May 2020 not to charge Market Stall Holders rent owing to the pandemic and this arrangement has continued – future decisions relating to Markets will be taken by KTC.

Highways

- 7.49 There is a separate report to this meeting of the Executive relating to Highways Procurement. This report, owing to commercial sensitivity, is being considered as an exempt item. At this stage it is estimated that the procurement of this contract could result in an additional pressure of £50k which will require a virement of £50k from contingency. The forecast outturn included within this report assumes that this virement will be approved. Any further financial decisions from the exempt report will be reflected in future budget reports.

Enabling and Support Services - £282k pressure

- 7.50 Enabling and Support Services consists of the following main grouping of services:
- Finance, Procurement and Revenues and Benefits Service
 - Human Resources, Legal and Democratic Services
 - Transformation, ICT and Customer Services
- 7.51 Overall for these services the net revenue budget is £31.567m in 2021/22. Currently there is a forecast pressure of £282k which is set out in the following paragraphs.

- 7.52 There is a forecast overspend of £40k on the treasury function relating to investment income. The investment income forecast is based on historically low interest rates continuing throughout the year. Work is ongoing to mitigate this pressure through reviewing the council's investment portfolio and seeking further details on investment opportunities.
- 7.53 The Revenues and Benefits Service is forecasting an overspend of £242k relating to the under recovery of court costs (£295k) offset by additional income relating to the business rates cost of collection (£53k). The under recovery of court costs reflects the decision the Council has made in not taking recovery action for Council Tax arrears in the first quarter of the financial year, leaving a shortfall against the budget. Recovery is due to re-commence in quarter two of this year. The additional income for business rates cost of collection reflects the position calculated for the annual estimated return to Government, which was higher than the prior year legacy budgets on which the 2021/22 budget was based.
- 7.54 It is currently forecast that Human Resources, Legal and Democratic Services will remain within budget.
- 7.55 The costs relating to the recent elections held in May are currently being finalised and once complete the relevant sums will be recharged to the appropriate authorities.
- 7.56 The outcome of the independent review of Members allowances was approved by the Shadow Authority at its meeting on 25 February when the budget was set. The cost of the scheme was to be met from within overall council resources which will require a virement of £400k from contingency. The forecast outturn included within this report assumes that this virement will be approved.
- 7.57 North Northamptonshire will have a dedicated transformation team working to deliver the changes required in the North to bring services together effectively in order to move towards single more efficient operating models for services. This will include reviewing how the Council interacts with its customers, residents, partners and other stakeholders and will include contractual arrangements, opportunities to expand and enhance the digital experience and realising property efficiencies, thereby reducing costs and improving services going forward.
- 7.58 As approved within the 2021/22 budget the service is, in the main, funded through a time limited contribution from reserves. Any variance against the £2.3m budget will be met through an adjustment to the movement to or from reserves.
- 7.59 ICT and Customer Services are currently forecast to be within budget.

8. Summary of General Fund Savings Delivery

- 8.1 The Council has a savings requirement of £19.161m (including income proposals) within its 2021/22 budget. The deliverability of these proposals is being monitored by each accountable service lead, budget manager and senior officer up to Service Director level. These are summarised in the following Table and full details are provided in Appendix A.

	Children's & Education	Adults, Communities and Wellbeing Services	Place and Economy	Enabling & Support Services	Total
	£000	£000	£000	£000	£000
Service Savings					
Demographic/ service demand	0	(25)	(2,817)	(750)	(3,592)
Legislative changes	0	0	0	(356)	(356)
Full year effects of previous decisions	(1,706)	(8,637)	(452)	(723)	(11,518)
Pay	(113)	(46)	0	(667)	(826)
Technical changes	(142)	0	(383)	0	(525)
LGR	0	(44)	0	(2,300)	(2,344)
Service Savings	(1,961)	(8,752)	(3,652)	(4,796)	(19,161)

9. Housing Revenue Account

- 9.1 Within North Northamptonshire prior to 1st April 2021 there were two HRA accounts, covering the sovereign Councils of Kettering and Corby respectively. As part of the move to a single unitary council for North Northamptonshire, there was a statutory requirement to create a single HRA for the area. Whilst North Northamptonshire Council must only operate one HRA it will, for a period of time, operate two separate Neighbourhood Accounts, these being.
- 9.2 The Period 2 projections for the Corby Neighbourhood Account show a pressure of £42k this is as a result of the Service Charge income being lower than budget. The costs incurred for service charges in 2020/21 are recovered in 2021/22. The forecasts for the Corby Neighbourhood Account are reflected in the following table.

Corby Neighbourhood Account			
	Original Budget 2021/22	Projection 2021/22	Variance
	£000	£000	£000
INCOME			
Rents - Dwellings Only	18,956	18,956	0
Service Charges	622	580	42
HRA Investment Income	69	69	0
Total Income	19,647	19,605	42
EXPENDITURE			
Repairs and Maintenance	5,550	5,550	0
General Management	5,176	5,176	0
HRA Self Financing	14,663	14,663	0
Revenue Contribution to Capital	3,791	3,791	0
Transfer To / (From) Reserves	(10,646)	(10,646)	0
Special Services	692	692	0
Other	421	421	0
Total Expenditure	19,647	19,647	0
Net Operating Expenditure	0	42	42

- 9.3 The forecast position for the Kettering Neighbourhood Account at the end of Period 2 is a pressure of £66k. Rental income from dwellings is forecast £50k less than budget – this is a result of higher void rates than budgeted and there is also a pressure of £16k from lower service charge income. The forecasts for the Kettering Neighbourhood Account are reflected in the table below.

Kettering Neighbourhood Account			
	Original Budget 2021/22	Projection 2021/22	Variance
	£000	£000	£000
INCOME			
Rents - Dwellings Only	15,066	15,016	50
Service Charges	430	414	16
HRA Investment Income	7	7	0
Total Income	15,503	15,437	66
EXPENDITURE			
Repairs and Maintenance	4,041	4,041	0
General Management	2,784	2,784	0
HRA Self Financing	4,585	4,585	0
Revenue Contribution to Capital	2,555	2,555	0
Transfer To / (From) Reserves	(119)	(119)	0
Special Services	1,111	1,111	0
Other	546	546	0
Total Expenditure	15,503	15,503	0
Net Operating Expenditure	0	66	66

10. Conclusions

- 10.1 The forecast underspend as at Period 2 is £139k.
- 10.2 The key risks will continue to be monitored and mitigations sought as required throughout 2021/22. The achievement of the approved savings targets is also integral to this process and will continue to be closely monitored and reported.
- 10.3 The prior year outturn position and accounts of the predecessor Councils are yet to be reported and formally signed off. The Council may be required to consider any legacy issues arising as a result of the closedown and subsequent audits.

11. Implications (including financial implications)

Resources and Financial

- 11.1 The resource and financial implications of North Northamptonshire Council are set out in this report. The current forecast position is a minor underspend of £0.139m.

Legal

- 11.2 The provisions of the Local Government Finance Act 1992 set out requirements for the Council to set a balanced budget with regard to the advice of its Chief Finance Officer (Section 151 Officer).
- 11.3 The robustness of the budget estimates and the adequacy of the proposed reserves were considered under Section 25 of the Local Government Act 2003 prior to the Shadow Authority agreeing its 2021/22 budget.

Risk

- 11.4 The deliverability of the 2021/22 Revenue Budget is monitored by Budget Managers. However, it is acknowledged that the Council's budget has been arrived at through using a number of disaggregation methodologies from the predecessor County budget rather than being built up over a period of time and as such there are inherent risks in this early forecast position which will require close monitoring.
- 11.5 Where any variances or emerging pressures are identified during the year then mitigating actions will be sought and management interventions undertaken.
- 11.6 Details of pressures, risks and mitigating actions implemented will be provided as part of the finance monitoring reports as the year progresses.
- 11.7 The Council holds a contingency and a number of reserves to help safeguard against the risks inherent within the budget.

Consultation

- 11.8 The 2021/22 budget was subject to consultation prior to approval by the North Northamptonshire Shadow Authority in February 2021.

Climate Impact

- 11.9 Among the new Council's priorities will be putting in place fresh plans to improve the local environment and tackle the ongoing climate emergency.

Community Impact

- 11.10 No distinct community impacts have been identified because of the proposals included in this report.

12. Issues and Choices

- 12.1 The report focuses on the forecast revenue outturn against budget for 2021/22 and makes recommendations regarding approval and actions. There are no specific choices within the report.

13. Background Papers

- 13.1 The following background papers can be considered in relation to this report.

Final Budget 2021-22 and Medium-Term Financial Plans, including the Council Tax Resolution, North Northamptonshire Shadow Authority, 25 February 2021.

Budget Savings

Directorate	Proposal Title	Proposal Description	Ref	Category	2021/22	RAG
Children's Services	Improvement in capacity building in foster care	Ensuring that adolescents are not placed in residential home settings due to lack of in house fostering capacity, skill and abilities through the development of an in house specialist fostering service. Positive impact on children placed in a family setting, and savings will through reduced reliance on residential placements.	20-04-02-02-01	Full year effects of previous decisions	(458)	A
Children's Services	Reducing Reliance on Agency Staff	A proposal to increase the proportion of permanent staffing within the Children's Trust, reducing reliance on agency staff, through a refreshed Workforce Strategy and Quality Assurance Framework that creates a stable and effective workforce.	20-04-02-02-02	Full year effects of previous decisions	(115)	A
Children's Services	Reduction in Residential Care	Step down from high end residential places to Independent Fostering Agencies through reviews and joint working/incentives that drive better outcomes. This will drive reduced placement costs and more children will be cared for in a family setting.	20-04-02-02-03	Full year effects of previous decisions	(179)	A
Children's Services	Improved children's outcomes	Ensuring that only children and young people who need to be in public care are placed, as a result of improved Edge of care support and intervention with families. Working towards minimising the amount of time a child is in care before they are united with their parents.	20-04-02-02-04	Full year effects of previous decisions	(301)	A
Children's Services	Supported Accommodation	A new model of progressive semi-independent accommodation to support the transition for young people to self-supported housing.	20-04-02-02-05	Full year effects of previous decisions	(85)	A
Children's Services	In-House Foster Carers	Increase use of in-house fostering through an improved recruitment and retention strategy for standard carers. This will reduce reliance on agency placement.	20-04-02-02-06	Full year effects of previous decisions	(194)	A
Children's Services	Transport optimisation	Review of transport requirements to reduce costs to ensure an efficient use of service.	20-04-02-02-07	Full year effects of previous decisions	(97)	A
Children's Services	UASC	Changes to the Council subsidy required in addition to Home Office funding of support for Unaccompanied Asylum Seeking Children (UASC) and former UASC (those aged 18 and over). (Ref 04-02-01-02)	20-04-02-02-08	Full year effects of previous decisions	(277)	A
Children's Services	Innovate Team and PIP (Partners in Practice) team	Removal of one off expenditure for additional social worker capacity in the duty and assessment team throughout April-May 2020 to safely manage current demand and stabilise the service, and an extension of the Court Team throughout April-June 2020 as provided by Partners in Practice to ensure skills transfer and an exit strategy are in place.	20-05-02-02-02	Pay	(113)	A
Children's Services	Family Group Conferencing	Removal of one off funding in respect of DfE grant funding for the Supporting Families: investing in practice programme. The DfE are working with a number of local authorities, including NCC, to test a model of Family Group Conferencing to gather robust and usable evidence on the effectiveness in keeping children and parents together.	20-06-02-02-01	Technical changes	(142)	A
Adults, Communities & Wellbeing	Library Book Fund	Reduction in budget spent on book supplies for libraries - reflection of move to on line resources	20-03-01-02-01	Demographic/service demand	(25)	A
Adults, Communities & Wellbeing	Library Agency Staff	Removal of budget only required during transformation period	20-03-01-02-02	Pay	(46)	A
Adults, Communities & Wellbeing	Theatre Interim Mgt Costs	Reduction in Contract Costs relating to the Castle Theatre	20-04-01-02-01	Full year effects of previous decisions	(8)	A
Adults, Communities & Wellbeing	Specialist centre for – Step down Care Mental Health and Acquired brain injury	Moray Lodge development providing specialist and step down supported living for people with an acquired brain Injury and mental health support needs.	20-04-01-02-02	Full year effects of previous decisions	(154)	A
Adults, Communities & Wellbeing	Rapid response falls & admission avoidance service	A new service (initially funded by business rate pilot fund) provided by health, social care and East Midlands Ambulance Service providing support following falls in the home to reduce hospital admissions and likelihood of long term social care.	20-04-01-02-03	Full year effects of previous decisions	(1,918)	A
Adults, Communities & Wellbeing	Strengths based working	Transformation of adult social care pathways and processes to ensure focus on client outcomes, independence, better decision making and best practice approaches to reduce delays and spend.	20-04-01-02-04	Full year effects of previous decisions	(2,153)	A

Budget Savings - Continued

Directorate	Proposal Title	Proposal Description	Ref	Category	2021/22	RAG
Adults, Communities & Wellbeing	Rebaselining	This reduction in care budgets is to realign the base budget to the position reported for 20-21, where the service has seen a reduced demand against original budget.	20-04-01-02-05	Full year effects of previous decisions	(3,209)	A
Adults, Communities & Wellbeing	Prevention contract cessation/redesign	The new adult social care Target Operating Model has resulted in the decision to cease (following their termination dates expiring) a number of contracts. These services will now be delivered through an overarching approach to service delivery.	20-04-01-02-06	Full year effects of previous decisions	(149)	A
Adults, Communities & Wellbeing	Sheltered Housing Contracts cessation/redesign	The adult social care Target Operating Model has resulted in the decision to cease (following their termination dates expiring) a number of sheltered housing contracts. These services will now be delivered through an overarching approach to service delivery.	20-04-01-02-07	Full year effects of previous decisions	(71)	A
Adults, Communities & Wellbeing	Independent Care - Physical Disability	Rebaselining based on latest monitoring position against the Physical Disability cohort budget.	20-04-01-02-08	Full year effects of previous decisions	(762)	A
Adults, Communities & Wellbeing	Learning Disability Provider Framework efficiencies	Review activity to support progression for people with a Learning Disability, including implementation of new provider framework with improved pricing strategy, outcomes and incentivised step down	20-04-01-02-09	Full year effects of previous decisions	(213)	A
Adults, Communities & Wellbeing	Housing Options Saving	Saving relating to the harmonisation of the Housing Options Allocation System	20-08-03-02-03	LGR	(44)	A
Place & Economy	additional income	Additional income from fees and charges relating to additional demand	20-03-06-02-01	Demographic/service demand	(230)	A
Place & Economy	Home to School Transport Demography	Change required reflecting the population trend in the county. Trend analysis has been used to provide a forecast position. (Ref 03-06-01-03)	20-03-06-02-02	Demographic/service demand	(22)	G
Place & Economy	Recycling Credits	Realignment of Recycling Credits Budget	20-03-06-02-03	Demographic/service demand	(565)	G
Place & Economy	Volume changes on Waste Budgets	Forecast based on projections of how much waste will be produced in the area including recycling, composting and food waste tonnages.	20-03-06-02-04	Demographic/service demand	(2,000)	A
Place & Economy	Reduction in Grants	This reflects a reduction due to a one off increase in Grants in 2020/21 returning to the substantive budget.	20-04-06-02-01	Full year effects of previous decisions	(140)	G
Place & Economy	Enterprise Centre Business Case	Increase in income based on appointed operators business case.	20-04-06-02-03	Full year effects of previous decisions	(202)	A
Place & Economy	Concessionary Fares	Removal of surplus budget for Concessionary Fares based on forecast underutilisation of the scheme.	20-04-06-02-05	Full year effects of previous decisions	(95)	G
Place & Economy	Country Parks	Annual revenue benefit of capital investment in Sywell Country Park sewage treatment plant.	20-04-06-02-07	Full year effects of previous decisions	(15)	G
Place & Economy	Fees and Charges	Harmonisation of Prioritised Fees and Charges	20-06-03-02-01	Technical changes	(37)	A
Place & Economy	Fees and Charges	Inflationary Uplift of Fees and Charges owing to a new charging strategy.	20-06-03-02-02	Technical changes	(346)	A
Enabling & Support Services	Insurance Contract	Estimated reduction in the Insurance Contract due to self insuring	20-03-04-02-05	Demographic/service demand	(750)	A
Enabling & Support Services	Removal of ICT, FM & General Risk Budgets	Removal of specific Contingency Budgets owing to the creation of a corporate contingency.	20-04-04-02-01	Full year effects of previous decisions	(493)	G
Enabling & Support Services	Reductions in Technical Finance Budgets	Removal of base budget relating to the cost of Commissioners.	20-04-04-02-02	Full year effects of previous decisions	(230)	G
Enabling & Support Services	Vacancy Factor	Increase in the Council's Vacancy Factor by £250k to £1.6m	20-05-04-02-01	Pay	(250)	A
Enabling & Support Services	Local Elections	Removal of one off increases in budget to cover local elections, subsequently deferred to May 2021.	20-07-05-02-01	Legislative changes	(356)	G
Enabling & Support Services	Pension contributions	Reduction in Council contribution payment to Pension Fund following transfer of staff to Children's Trust (Ref 05-02-01-01)	20-05-04-02-02	Pay	(417)	A
Enabling & Support Services	Staffing Savings	Estimated savings related to the Senior Leadership Structure	20-08-03-02-01	LGR	(2,300)	A
Savings					(19,161)	