

# Public Document Pack



**Meeting:** Executive

**Date:** Thursday 8th February, 2024

**Time:** 10.00 am

**Venue:** Council Chamber, Corby Cube, George Street, Corby, NN17 1QG

To members of the Executive

Councillors Jason Smithers (Chair), Helen Howell (Vice-Chair), Matt Binley, David Brackenbury, Lloyd Bunday, Scott Edwards, Gill Mercer, David Howes, Harriet Pentland and Mark Rowley

<b>Agenda</b>			
<b>Item</b>	<b>Subject</b>	<b>Lead Member</b>	<b>Page no.</b>
<b>01</b>	Apologies for absence		
<b>02</b>	Minutes of the Meeting Held on 21st December 2023		5 - 30
<b>03</b>	Members' Declarations of Interest		
<b>04</b>	Notifications of requests to address the meeting		
<b>Items Requiring a Decision</b>			
<b>05</b>	Corporate Scrutiny Committee - Budget Consultation Submission 2024/2025	Cllr Lyn Buckingham (Chair of the Corporate Scrutiny Committee)	31 - 72
<b>06</b>	General Fund Draft Budget 2024-25 and Medium-Term Financial Plan	Cllr Lloyd Bunday	73 - 294
<b>07</b>	Housing Revenue Account (HRA) Draft Budget 2024-25 and Medium-Term Financial Plan Proposals	Cllr Lloyd Bunday	295 - 320
<b>08</b>	Capital Programme 2024-2028	Cllr Lloyd Bunday	321 - 362

## Urgent Items

To consider any items of business of which notice has been given to the Proper Officer and the Chair considers to be urgent, pursuant to the Local Government Act 1972.

Sanjit Sull, Monitoring Officer (Interim)  
North Northamptonshire Council



**Proper Officer**  
**Wednesday 31<sup>st</sup> January 2024**

This agenda has been published by Democratic Services.

Committee Administrator: David Pope

Tel: (01536) 535661

Email: david.pope@northnorthants.gov.uk

### Public Participation

The Council has approved procedures for you to request to address meetings of the Council.

ITEM	NARRATIVE	DEADLINE
Members of the Public Agenda Statements	Members of the Public who live or work in the North Northamptonshire council area may make statements in relation to reports on the public part of this agenda. A request to address the Executive must be received 2 clear working days prior to the meeting at <a href="mailto:democraticservices@northnorthants.gov.uk">democraticservices@northnorthants.gov.uk</a> Each Member of the Public has a maximum of 3 minutes to address the committee.	5.00pm Monday 5 <sup>th</sup> February 2024
Member Agenda Statements	Other Members may make statements at meetings in relation to reports on the agenda. A request to address the committee must be received 2 clear working days prior to the meeting. The Member has a maximum of 3 minutes to address the committee. A period of 30 minutes (Chair's Discretion) is allocated for Member Statements.	5.00pm Monday 5 <sup>th</sup> February 2024

If you wish to register to speak, please contact the committee administrator

### Members' Declarations of Interest

Members are reminded of their duty to ensure they abide by the approved Member Code of Conduct whilst undertaking their role as a Councillor. Where a matter arises at a meeting which **relates to** a Disclosable Pecuniary Interest, you must declare the interest, not participate in any discussion or vote on the matter and must not remain in the room unless granted a dispensation.

Where a matter arises at a meeting which **relates to** other Registerable Interests, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but must not take part in any vote on the matter unless you have been granted a dispensation.

Where a matter arises at a meeting which **relates to** your own financial interest (and is not a Disclosable Pecuniary Interest) or **relates to** a financial interest of a relative, friend or close associate, you must disclose the interest and not vote on the matter unless granted a dispensation. You may speak on the matter only if members of the public are also allowed to speak at the meeting.

Members are reminded that they should continue to adhere to the Council's approved rules and protocols during the conduct of meetings. These are contained in the Council's approved Constitution.

If Members have any queries as to whether a Declaration of Interest should be made please contact the Monitoring Officer at – [monitoringofficer@northnorthants.gov.uk](mailto:monitoringofficer@northnorthants.gov.uk)

### **Press & Media Enquiries**

Any press or media enquiries should be directed through the Council's Communications Team to [NNU-Comms-Team@northnorthants.gov.uk](mailto:NNU-Comms-Team@northnorthants.gov.uk)

### **Public Enquiries**

Public enquiries regarding the Authority's meetings can be made to [democraticservices@northnorthants.gov.uk](mailto:democraticservices@northnorthants.gov.uk)

### **Webcasting**

Meetings of the Council will be filmed by the Council for live and/or subsequent broadcast on the Council's website. The whole of the meeting will be filmed, except where there are confidential or exempt items. A copy will be retained in accordance with the Council's data retention policy.

If you make a representation to the meeting, unless you have specifically asked not to appear on the webcast, you are taking positive action to confirm that you consent to being filmed. You have been made aware of the broadcast and entering the Council Chamber you are consenting to be filmed by North Northamptonshire Council and to the possible use of those images and sound recordings for webcasting.

If you do not wish to have your image captured, you should sit in the public gallery area that overlooks the Chamber. The Council is obliged by law to allow members of the public to take photographs, film, audio-record, blog or tweet the proceedings at public meetings.

The Council will only seek to prevent this should it be undertaken in a disruptive or otherwise inappropriate manner. The Council intends to webcast all of its public meetings held at the Corby Cube, but if it is unable to do so, for the avoidance of doubt, the meeting will continue as scheduled and decisions and minutes made available on the Council's website in the normal manner. If you have any queries regarding webcasting or the recording of meetings by the public, please contact [democraticservices@northnorthants.gov.uk](mailto:democraticservices@northnorthants.gov.uk)

This page is intentionally left blank

## Minutes of a meeting of the Executive

At 10.00 am on Thursday 21st December, 2023 in the Council Chamber, Corby Cube, George Street, Corby, NN17 1QG

### Present:-

#### Members

Councillor Helen Howell (Deputy Leader of the Council)

Councillor Matt Binley

Councillor David Brackenbury

Councillor Lloyd Bunday

Councillor Scott Edwards

Councillor Helen Harrison

Councillor David Howes

Councillor Harriet Pentland

Councillor Mark Rowley

Also in attendance – Councillors Anne Lee, Jim Hakewill, Joseph Smyth, Lyn Buckingham and Matt Keane

### 547 Apologies for absence

Apologies for absence were received on behalf of the Leader of the Council, Cllr Jason Smithers. Apologies were also received from the Interim Executive Director for Place and Economy, Graeme Kane and Assistant Chief Executive, Guy Holloway.

### 548 Minutes of the Meeting Held on 16th November 2023

**RESOLVED** that the Executive agreed the minutes of the meeting held on 16th November 2023 as a true and accurate record of the meeting.

### 549 Members' Declarations of Interest

No declarations were received.

### 550 Notifications of requests to address the meeting

The Chair, Councillor Helen Howell reported that there were requests to address the meeting as set out below:

Agenda Item	Speakers
Item 5 - Performance Indicator Report 2023/24 (Period 7 – October 2023)	Cllr Mark Pengelly, Cllr Anne Lee, Cllr Lyn Buckingham
Item 6 - Amendment to Adult Social Care Charging Policy	Cllr Matt Keane, Cllr Dorothy Maxwell
Item 7 – Travellers Temporary Stopping Site Land at Junction 3 of the A14, Rothwell	Cllr Jim Hakewill, Cllr Matt Keane, Mr Michael Blissett, Cllr Dorothy Maxwell

Item 8 - Approval of Department for Transport (DfT) Additional Highway Maintenance Funding 2023/24 and 2024/25	Cllr Lyn Buckingham, Cllr Dorothy Maxwell, Cllr Jim Hakewill
Item 9 – Northamptonshire Safeguarding Children Partnership Annual Report 2022-23	Cllr Anne Lee, Cllr Dorothy Maxwell
Item 10 – Draft Budget 2024-25 and Medium-Term Financial Plan	Cllr Lyn Buckingham, Cllr Jim Hakewill
Item 11 – Housing Revenue Account Draft Budget (HRA) 2024- 25 and Medium-Term Financial Plan Proposals	Cllr Lyn Buckingham
Item 12 – Capital Programme 2024-2028	Cllr Jim Hakewill
Item 13 – Capital Programme Update 2023/24	Cllr Anne Lee, Cllr Jim Hakewill
Item 14 – Budget Forecast 2023-24 at Period 7	Cllr Lyn Buckingham, Cllr Jim Hakewill

Cllr Mark Pengelly was not in attendance and consequently did not speak in relation to agenda item 5.

Cllr Lyn Buckingham opted not to speak in relation to agenda item 5.

Cllr Anne Lee had departed the meeting at the point agenda item 13 was considered and consequently did not speak on this item.

#### **551 Performance Indicator Report 2023/24 (Period 7 - October 2023)**

The Chair invited Cllr Anne Lee to address the meeting. Cllr Lee made reference to improved performance of the indicator relating to breastfeeding. Reference was also made to the slight drop in the number of babies receiving their 6-8 week before the eighth week as well as the lack of available data relating to substance misuse clients waiting more than three weeks for their first intervention. Cllr Lee raised concerns regarding the significant underperformance in regard to initial child protection conferences being held within 15 days of a strategy discussion being initiated.

The Chair then invited the Executive Member for Finance and Transformation, Cllr Lloyd Bunday to introduce a report that sought to provide an update on the performance of the Council across a range of services as measured by performance indicators (PIs), as well as setting out the progress that was being made in the development of the Council's performance monitoring arrangements.

It was heard that the Period 7 report contained just under half of the total PIs for the Council. Of those 66 indicators, 52 were reported in-month, two were reported a month in arrears and 12 were quarterly figures. Of the 39 PIs with established targets, 23 indicators were on or exceeding their target, with nine inside tolerance levels and seven performing below target levels. It was noted that of the 56 PIs that had a determined polarity for direction of travel, performance had improved for 21, with 13 deteriorating since the previous reporting period.

Cllr Bunday referred to the Council's Corporate Priorities, noting that the Better, Brighter Futures commitment had performed well with over 70% of its PIs exceeding target with just one missing its target. The Safe and Thriving Places commitment was also performing well with 63% of PIs exceeding their targets.

Cllr Helen Harrison responded to Cllr Anne Lee's comments noting that it was positive to see an increase in breastfeeding rates and that breastfeeding was a better option for both mother and child. New birth visits and 6–8-week reviews were on target and these targets and the quality of visits would be examined as part of the recommissioning of the Council's 0-19 years' service. Health Checks performance had also started to move in a positive direction. It was noted that with regard to the substance misuse performance, this was a new measure for rapid response, a new Combatting Drugs Partnership had been created as one step towards offering an excellent substance misuse service.

Cllr Scott Edwards referred to the breastfeeding programme launched at the new Wellingborough Family Hub, providing details of a new app for mothers and breast pump availability from Kettering General Hospital. Cllr Edwards noted the Council's limited powers to intervene regarding children being home-schooled, although children on the At-Risk Register would still be monitored. With reference to child protection conferences, it was heard that most of the incidences where conferences took place outside of the target duration were only a couple of days late, however a plan was in place across the agencies involved to improve performance in relation to this target.

Cllr David Brackenbury spoke to note the slightly disappointing performance figures for the planning service, although it remained within tolerance. Work was underway to recruit new officers, with a further piece of work underway to tackle the backlog of applications that impacted performance figures.

## **RESOLVED**

That the Executive noted the performance of the Council as measured by the available indicators at Period 7 (October) 2023/24, set out in **Appendix A** to this report.

Reason for Recommendations – to better understand the Council's performance as measured by Key Performance Indicators as at Period 7 (October) 2023/24.

Alternative Options Considered: Reporting performance data on a less frequent basis is an option but monthly reporting is considered useful at this stage of the Council's existence, reporting alongside budget information.

### **552 Amendment to Adult Social Care Charging Policy**

The Chair invited Cllr Matt Keane to address the Executive. Cllr Keane noted cancelled government plans to reform Adult Social Care nationally and charging reform plans that had been delayed for a further two years. Cllr Keane queried what care packages the Council was looking at and raised concerns that government was delaying much needed reform and leaving councils to pick up the cost of inadequate national reform.

The Chair thanked Cllr Keane for his comments before inviting Cllr Dorothy Maxwell to address the meeting. Cllr Maxwell sought assurances that care paid for was being

received and queried monitoring of nursing homes and whether patients were treated fairly and received value for money for services provided.

The Chair then invited Cllr Helen Harrison, Executive Member for Adults, Health and Wellbeing to present a report that sought agreement to amend the Adult Social Care (ASC) Fees and Charges Policy to remove reference to exemption from charging for community-based care services for people who were in receipt of a Department of Work and Pensions (DWP) DS1500 fast track benefit claim form.

Responding to the speakers, Cllr Harrison stated that potential social care reform was a very important element of future service provision, with some of the delays to government plans to date being unfortunate, but noting that had plans progressed, there would have been significant cost implications for the Council. The Council continued to strive for the best possible care for its residents and the Adult Social Care (ASC) team worked diligently to provide this, with care assessments, annual reviews and quality monitoring of services undertaken to ensure people were receiving the right care.

It was noted that the Council's ASC Fees and Charges Policy currently contained an exemption to charging for community-based care services if a person was in receipt of a DWP DS1500 fast track benefit claim form. This policy stipulation was not based on legislation, or the Charging Regulations as set out in the Care Act 2014 and was a legacy from the former county council. It was heard that the DS1500 form had now been discontinued by the DWP and replaced by a new form (SR1) that had altered the scope and processes involved. The report before members therefore proposed that reference to the DS1500 form be removed from the ASC Fees and Charges Policy and not be extended to the new SR1 form.

It was heard that there was currently no review process in place for people on a DS1500 exemption from charges, so they would continue to be exempt from charges for community-based care services indefinitely.

## **RESOLVED**

### **KEY DECISION**

That the Executive approved the proposal to remove reference to Department of Work and Pensions DS1500 Certificates from the Adult Social Care Fees and Charges Policy and not extend the exemption to charging to the SR1 Form.

Reasons for Recommendation: This recommendation is the preferred option as it provides an equitable policy on charging for all people with an eligible need for community-based services, in line with charging regulations and statutory guidance.

Alternative Options Considered: Other options have been considered;

- a) Do nothing – this would mean that NNC's Adult Social Care Charging policy does not reflect current practice in relation to Department Work and Pensions assessments and provision for extending benefits to people assessed as approaching the end of their life.



Extend the exemption on charges to the SR1 form - this option is not recommended as it would result in inequitable financial contributions for people in receipt of community-based care and support.

### **553 Travellers Temporary Stopping Site Land at Junction 3 of the A14, Rothwell**

The Chair invited Cllr Jim Hakewill to address the meeting. Cllr Hakewill suggested that the proposal before members should be considered within the emerging Gypsy and Traveller Local Plan process and made reference to the public consultation on the scope and options of the proposal and associated Sustainability Appraisal Scoping Report that had taken place between 5<sup>th</sup> April and 31<sup>st</sup> May 2023, noting that the projected timescale for the North Northamptonshire Gypsy and Traveller Local Plan proposed consultation on the draft in Spring 2024.

Cllr Hakewill expressed the view that local communities should be confident of the processes involved in decision making and be aware when major policy decisions such as provision for the Gypsy and Traveller community would be scrutinised. Cllr Hakewill made reference to negative public perception of the site being used as proposed, effectively destroying a valuable green space.

Reference was made to the proposed cost of the project and whether it would provide value for money given the anticipated usage of the facility once complete in light of financial pressures affecting the Council's budget. Cllr Hakewill concluded by requesting that the item be withdrawn and considered as part of the consultation process for the North Northamptonshire Gypsy and Traveller Local Plan.

The Chair thanked Cllr Hakewill for his comments before inviting Cllr Matt Keane to address the Executive. Cllr Keane noted that there was a need for a facility such as that proposed, but queried which other locations had been considered and what would happen should the facility be over-subscribed if opened. Cllr Keane also sought feedback on the Council's unsuccessful bid for the government's Traveller Site Fund.

The Chair thanked Cllr Keane for his contribution and invited Mr Mike Blissett to speak to the Executive. Mr Blissett called for a decision on the proposal to be delayed until a site feasibility investigation had been completed and for it to be considered alongside the development of the Gypsy and Traveller Local Plan.

Mr Blissett contended that the site in question was not suitable for the proposed development, with issues relating to construction costs, loss of significant wildlife interest and local road congestion, suggesting alternative sites in the area that could be easier to convert, with lower potential running costs.

Mr Blissett noted the opposition to the proposal from Rothwell Town Council, the potential costs of the facility being above those detail in the report, including ongoing operating costs being a liability on taxpayers and the potential lack of use of the site once constructed.

The Chair thanked Mr Blissett for attending and speaking and invited Cllr Dorothy Maxwell to address the Executive. Cllr Maxwell spoke to note that the proposal would be of great benefit in reducing the number of unauthorised encampments in the area. Cllr Maxwell queried the cost implications for operating and maintenance costs and enforcement at the site, if required.

The Chair thanked all the speakers for their comments and invited Cllr David Howes, Executive Member for Rural Communities and Localism to introduce a report that detailed the rationale, work required, methodology and estimated costs to provide a Travellers Temporary Stopping Site on land in Council ownership adjacent to Junction 3 of the A14, Rothwell. The report also sought approval to add £1.3m to the Council's capital programme for 2024/25 and approve that borrowing in order to fund the project. Approval was also sought to procure and contract the delivery of the project to be delivered within the next two financial years.

Cllr Howes made reference to comments made by the speakers in regard to alternative sites, the intended use for the site at the point of purchase and the potential costs for development of the site. It was heard that the government's Travellers Site Fund had been heavily oversubscribed, with further funding bids possible should the government make available any future pots of funding.

Cllr Howes noted that there remained a strategic need for temporary stopping place provision within the Council area, as demonstrated by the 2019 Gypsy and Traveller Accommodation Assessment, with such provision providing a safe and secure place with suitable welfare facilities for groups of travellers passing through the Council's area to stop for a period of up to 28 days.

Details were provided to the meeting of the positive location of the site in terms of connectivity and reference was made to the additional powers that provision of such a site would allow the police in regard to unauthorised encampments, directing Traveller groups to go to the temporary stopping place or leave the Council area.

Cllr Helen Harrison spoke to welcome the movement towards provision of a stopping site in the Council area, noting that the facilities available at the site would have a beneficial impact on the welfare of Travellers and need for such a facility from a Public Health perspective.

Cllr David Brackenbury welcomed the report and the concept behind it, noting that there was a genuine need for the site as a means of preventing unauthorised encampments in the Council area.

Cllr Lloyd Bunday noted the additional controls over unauthorised encampments that provision of a stopping site would provide. The meeting heard that the site in question had previously been purchased by the former Kettering Borough Council with a view to commercial development.

Cllr Mark Rowley spoke to note that provision of a stopping site had been requested for some time by the Rural Forum and that the report, if approved, would recommend the project to Full Council for further consideration.

Cllr Matt Binley spoke to note that creation of a stopping site would provide support to travellers entering the Council's area as well as providing the Council and police with a useful tool in preventing unauthorised encampments. Cllr Binley noted the sensitivity of the issue but noted that there remained a strategic need for temporary stopping place provision in North Northamptonshire.

The Chair spoke to state the report before members was the simply the beginning of the process for creating temporary stopping provision, the proposal would need to go

through the usual planning processes including consultation that all interested stakeholders could engage with.

Cllr Howes concluded debate by noting that there was potential to generate income to offset the running costs of the proposed site by charging occupiers a weekly rental fee per pitch in addition to a refundable damage deposit. A number of potential sites had been considered, with officers recommending the proposal before members as the most suitable.

## **RESOLVED**

### **KEY DECISION**

That the Executive:

- a) Recommended to Full Council the approval of the project being added to the 2024/25 Capital Programme to deliver the Travellers Temporary Stopping site and establish a budget of £1,300,000 to be funded through borrowing.
- b) Delegated authority to the Executive Member for Rural Communities and Localism in consultation with the Executive Director for Place and Economy to submit an application for planning permission for the project and procure the necessary works to provide the Travellers Temporary Stopping site, and undertake any other actions required to deliver the project within the approved financial envelope.

Reason for Recommendations :

- To procure and undertake the required works in line with the Council's constitution and financial regulations in relation to governance.
- There is a strategic need to make provision for temporary stopping places to serve the North Northamptonshire area, as demonstrated by the 2019 Gypsy and Traveller Accommodation Assessment (GTAA).
- Currently there are no temporary stopping places for transient travellers passing through the NNC area to use which would provide safe and secure places to stop with suitable facilities.
- Provision of a temporary stopping place within the Council's area would enable the Council and the Police to better manage UEs within the Council's area and limit the adverse impacts of UEs on settled communities.

Alternative Options Considered

- The only other option available is to do nothing, however this would not address the strategic need for a temporary stopping place within the Council area, which provides a safe and secure place to stop with suitable facilities and would not allow the Council and the Police working together to exercise 'direction' powers available to them in

law to better manage UEs and their impact on settled communities.

- Alternative locations for temporary stopping places on land in the ownership of the Council were considered prior to submitting the DHLUC Traveller Site Fund bid and disregarded as being unsuitable.

**554 Approval of Department for Transport (DfT) Additional Highway Maintenance Funding 2023/24 and 2024/25**

The Chair invited Cllr Lyn Buckingham to speak on this item. Cllr Buckingham welcomed the additional funding, albeit on the back of the cancellation of HS2. Cllr Buckingham suggested that the funding should not be added to the general highways' maintenance budget, but allocated to specific projects where it would have the maximum impact.

The Chair thanked Cllr Buckingham for her contribution and invited Cllr Dorothy Maxwell to address the meeting. Cllr Maxwell stated that current maintenance of highways locally was unacceptable and queried when repairs would start and who would decide which roads would benefit from the additional funding.

The Chair thanked Cllr Maxwell for her comments and invited Cllr Jim Hakewill to speak. Cllr Hakewill welcomed the additional funding and referenced the reporting requirements outlined by the DfT that would allow local people to see for themselves how the money was being spent. Cllr Hakewill stated that scrutiny was needed to understand how funding was being spent, referring to additional funding of £1.5m received in the previous financial year and queried the specifics of its utilisation.

The Chair thanked Cllr Hakewill for his contribution and invited Cllr Matt Binley, Executive Member for Highways, Travel and Assets to introduce a report that sought approval for the addition to the capital programme of £1.069m of additional highway maintenance capital funding for each of the financial years 2023/24 and 2024/25 as announced by the Department for Transport (DfT).

Cllr Binley, responding to the speakers, stated that the Council would publish a work programme to detail exactly how taxpayers' money was being spent and subsequently provide progress reports on the work undertaken. In response to Cllr Hakewill's query regarding £1.5m of additional funding received in the previous financial year, Cllr Binley noted that a schedule of works for that funding had been provided and discussed at Full Council. It was noted that the performance of the current highways contract had been considered by the Place & Environment Scrutiny Committee at its meeting on 19<sup>th</sup> December and was therefore being scrutinised, with further opportunities for discussion at future meetings of the committee.

Cllr Binley noted that the additional funding received was derived from the cancellation of northern phase of HS2 and part of an 11-year government investment plan into the road network. It was reported that the current list of works would be assessed to determine which would be delivered based on current priorities in the list of identified schemes, in accordance with the Northamptonshire Asset Management Plan and the Network Management Plan.

The meeting heard that DfT had stipulated that by March 2024 the Council should publish a summary of the additional resurfacing works to be delivered from the funding

over the next two years, with quarterly update reports detailing works completed and which roads had been resurfaced. Later in the 2024/25 financial year, the Council was required to publish a long-term plan detailing the usage of the full 11-year funding programme that could be used for resurfacing schemes, in-laid patching and permanent repairs to potholes.

Cllr David Brackenbury spoke to welcome both the additional funding but also the reporting requirements for its use. Cllr Brackenbury noted that the current highways contractor, Kier and the Director of Place and Economy had attended the Place & Economy Scrutiny Committee on 19<sup>th</sup> December with lengthy, informative debate underpinning the notion that scrutiny of highways activity was indeed welcome.

The Chair closed debate by noting that it was positive to receive additional funding that could be used for the benefit of all North Northamptonshire residents.

## **RESOLVED**

### **KEY DECISION**

That the Executive accepted and noted the addition of £1.069m of new funding from the Department for Transport to the capital programme for 2023/24 and 2024/25 to be used to deliver the current priorities in the list of identified maintenance schemes.

Reason for Recommendation: This additional funding will add to the existing capital budgets for highway maintenance and enable more maintenance schemes to be completed.

Alternative Options Considered: The Council could choose to not accept the additional funding from government which would result in a real terms reduction in funding for highway maintenance as current allocations for this year and next year make no provision for inflation.

## **555 Northamptonshire Safeguarding Children Partnership Annual Report 2022-23**

The Chair invited Cllr Anne Lee to speak in relation to the Northamptonshire Safeguarding Children Partnership (NSCP) Annual Report 2022-23. Cllr Lee welcomed the report but noted that certain figures contained within it were outdated and made reference to child protection conferences, income received from strategic partner agencies towards the work of the NSCP and the number of people employed as part of the partnership.

Cllr Dorothy Maxwell was then invited to speak. Cllr Maxwell welcomed the report, noting that the work of the partnership supported children and ensured they would be protected and offered a voice. Cllr Maxwell also queried whether finances were in place to carry out the proposed work and whether it would be assist in preventing children becoming involved with the police or partaking in undesirable behaviours such as carrying knives.

The Chair then invited Cllr Scott Edwards, Executive Member for Children, Families, Education and Skills to present the Northamptonshire Safeguarding Children

Partnership (NSCP) Annual Report 2022-23, which outlined the partnership's achievements during the reporting period.

In response to comments from speakers, Cllr Edwards noted that by virtue of the report being an annual iteration, some of the figures contained within data sets would be less than current. It was heard that safety of children was paramount, with early intervention crucial in building better outcomes for vulnerable children. It was noted that a definitive number of employees within the partnership could not be provided, as all employees had a safeguarding responsibility. Cllr Edwards stated that the voice of the children was reflected within the report and that two school link officers were employed to liaise with local schools on the subject of safeguarding, while work was ongoing to educate young people on the danger of knife crime.

Cllr Edwards informed the meeting that Council was one of five strategic leads representing the multi-agency Northamptonshire Safeguarding Children's Partnership, a statutory requirement of Working Together to Safeguard Children 2018 guidance, the purpose of which was to safeguard and promote the welfare of children in the county by coordinating the work of those involved to ensure that it was effective. It was noted that there was a requirement to produce an annual report that provided an overview of the partnership's achievements against the NSCP Business Plan.

Cllr Edwards provided details of the work undertaken during the previous year and the three main priorities set out in the NSCP Business Plan; referencing the introduction of Family Hubs, the priority of tackling knife crime and the development of a Child Exploitation hub. Cllr Edwards noted that neglect was the main abuse category facing children and the main reason children entered the care system.

The meeting heard that the report had been considered by the Health and Wellbeing Board at its meeting on 5<sup>th</sup> December 2023, where it had been welcomed as being of higher quality than the edition published the previous year and offered greater levels of assurance regarding work undertaken. A number of case studies had been added to the report and it was felt that this added greater depth and understanding of the experiences of children and young people.

## **RESOLVED**

That the Executive received the Northamptonshire Safeguarding Children Partnership's Annual Report 2022-23 attached as **Appendix A** to this report and noted the findings.

Reason for Recommendations – To accord with legislation or the policy of the Council; under the statutory guidance 'Working Together to Safeguard Children 2018', the five key strategic lead agencies are accountable for safeguarding children and young people, including the Local Authority, who in turn are required to publish an annual report. (see Section 8 of the report Background papers)

Alternative Options Considered: There is a requirement to publish this annual report, as such there are not alternative options available.

## 556 Draft Budget 2024/25 and Medium-Term Financial Plan

The Chair invited Cllr Lyn Buckingham to address the Executive. Cllr Buckingham welcomed the budget but noted with disappointment the single year government grant that made planning outside the short-term difficult. Cllr Buckingham also made reference to difference in Service Grant noting the smoothing reserve being used to mitigate this.

Cllr Jim Hakewill was then invited by the Chair to address the meeting. Cllr Hakewill questioned when the Executive would be holding face-to-face meetings in local towns to explain the budget to residents. Cllr Hakewill referred to fees and charges, noting that income derived from these was important to support Council services, however, he considered that these significant costs were being raised behind closed doors and asked what involvement Executive Members had in agreeing revised fees and charges. Cllr Hakewill also queried when the Executive would request that the Council's scrutiny function examine the implications of these charges for residents and businesses for 2024/25.

The Chair then invited Cllr Lloyd Bunday, Executive Member for Finance and Transformation to introduce the draft revenue budget 2024-25 and the indicative Medium-Term Financial Plan for North Northamptonshire Council, including the addendum published on 20<sup>th</sup> December 2023 following the publication of the provisional Local Government Finance Settlement on 18<sup>th</sup> December.

Responding to the speakers, Cllr Bunday concurred with Cllr Buckingham's frustrations regarding a single year financial settlement. In response to Cllr Hakewill's comments, Cllr Bunday detailed the array of public meeting opportunities and online access to the budget scrutiny process for those interested in the Council's draft budget. Cllr Bunday also noted that in-line with the Council's Constitution, Executive Members did have reference to decisions made relating to fees and charges.

Cllr Bunday stated that the report before members set out the Draft Budget for 2024/25 and the Medium-Term Financial Plan to 2028. It was noted that should the recommendations in the report be approved, the draft budget would form the basis for a consultation process offering residents, local partners and other stakeholders the opportunity to review and provide comment on the proposed budget until 26<sup>th</sup> January 2024. The budget would also be presented to the Corporate Scrutiny Committee on 23<sup>rd</sup> January, with feedback from this meeting and the wider consultation response presented to the Executive at its meeting on 8<sup>th</sup> February. The Executive would, at this meeting, consider the final draft budget proposals and Council Tax Levels for 2024-25 with a view to recommending these to Full Council for approval at its meeting on 22<sup>nd</sup> February 2024. Full Council would also receive the final information from all the precepting authorities required to propose the Council Tax for all areas of North Northamptonshire.

Cllr Bunday urged all those who held an opinion regarding the draft budget to use the time of consultation to share their thoughts, before providing details of the wide range of services the Council provided to its residents, with the budget underpinning the priorities contained within the Council's Corporate Plan.

It was noted that when the draft budget before members was published, details of the Local Government Finance Settlement from central government were awaited. Given

the financial pressures, risks and uncertainties faced by local government over the short and medium-term, it was considered that the failure of central government to provide a forecasted settlement over several years had added to this uncertainty. In addition, it was reported that the government financial policy issued on 5<sup>th</sup> December 2023 as the precursor to the settlement had made it clear that the settlement would be one of funding by growth and not new or increased grant funding.

The meeting was advised that the provisional Local Government Finance Settlement had been published on 18<sup>th</sup> December. Following this, an addendum to the main budget report had been published setting out the revised financial position for the Council and comparing the settlement to the assumptions made within the draft budget report before the Executive.

It was noted that while the settlement represented a 6.5% (£4bn) increase nationally in Core Spending Power, high levels of inflation and service demand growth had resulted in significant pressures to Council services, outstripping this increase and required further savings to be found. As per the addendum to the main report, additional recommendations were required requesting the Executive note the changes to the draft budget arising from the provisional Local Government Finance Settlement.

Cllr Bunday outlined the unprecedented financial challenges faced by the Council in recent years, predominantly resulting from external factors such as the longer-term impact of the Covid pandemic and sustained high inflation. Although the draft budget before members was balanced, the Council's Medium-Term Financial position remained very challenging, with further transformation opportunities requiring delivery to help create a strong and modern authority delivering quality, cost-effective services for the benefit of its residents.

It was reported that the budget outlined an estimated net revenue of £759.6m including a Designated Schools Grant of £388.1m. Although a balanced budget had been proposed for 2024/25, it was recognised that there was a funding gap of £36m for 2025/26, rising to £83.6m by the end of the 2028 financial year.

Approximately half of the growth in the Core Spending Power in the government settlement would come from local taxpayers through Council Tax increases, with the budget assuming that Full Council would increase Council Tax by 4.99%; 2.99% for the "core" Council Tax and 2% for the Adult Social Care precept. Cllr Bunday stated that the proposed Council Tax for a Band D property would be £1740.22, an increase of £82.71 per year or £1.59 per week. A property in Band A would see an increase in Council Tax of £1.06 per week, and Band B £1.23 per week.

It was noted that Full Council had previously accepted the recommendation to maintain the Local Council Tax Support Scheme at 25% for 2024/25.

Cllr Bunday made reference to Business Rates as the second largest income source for the Council amounting to £110.5m annually. It was heard that the Council had benefitted from the present Business Rates Retention system due to an above average increase in business growth across the area, however the way the scheme operated in future years could have major financial implications for the Council.

The meeting was advised that the Dedicated Schools Grant that formed part of the budget was a ringfenced grant allocated to support a range of education related



services. It was forecasted that the High Needs Block of the grant would overspend at the end of 2023-24 with discussions ongoing as to how this could be mitigated.

In reference to directorate budgets, it was noted that demand-led services were the most volatile and carried the highest risk. During the current financial year significant overspends had been witnessed for both Children's and Adults Social Care Services. It was recognised that safeguarding and care of the most vulnerable in society was important in all that the Council did, however, it must work to stay within available resources so that all services were protected. It was heard that tackling overspends and implementing change took time, but it was necessary that services reviewed operations and sought greater efficiencies to ensure long term financial sustainability and the ability to continue to deliver the services residents valued.

Cllr Bunday referenced Northamptonshire Children's Trust, the organisation delivering children's social care and targeted early help on behalf of North and West Northamptonshire Councils and funded predominantly from the two unitary authorities by means of an agreed contract sum. It was heard that as part of delivering the contract sum for 2024-25, a Transformation and Efficiency Board had been created between the two unitary authorities and the Trust to create systemic improvement in services for children in Northamptonshire, whilst driving value for money to ensure that resources were used effectively to support and improve outcomes.

The contract sum for the Children's Trust was agreed at £177.4m, of which the Council's share was £78.6m. In negotiating the contract sum for the Children's Trust it was felt that stronger governance arrangements could be put in place in order to consider and approve transformation business cases.

The Children's Directorate draft budget, including the Children's Trust, reflected a net pressure of £15.231m, of which £14.373m relates to the Children's Trust and £858,000 to the Children's Service delivered within the Council.

The Adult Social Care draft budget reflected a net pressure of £15.730m. The main pressures included contractual inflation and other increases for independent care placements, incorporating the National Living Wage pressures for social care providers. The projected inflation requirements of £3.988m included the provision for the national living wage in line with announcements by government, and other overheads as well as general fee movements in line with market factors. Within Adult Social Care there was a provision for demographic growth of £11.015m, North Northamptonshire having seen a significant increase in the number of clients requiring care.

It was reported that additional costs of £1.498m for the ringfenced grant funding to meet Social Care-related demand in respect of discharge and capacity funding were included within the budget and a further £1.078m in support of discharge.

It was recognised that risk remained in the budget assumptions for Adult Social Care due to the influence of service demand, with a reserve set aside to help underwrite such risk and to smooth any impact over the longer term whilst alternative mitigations were sought.

The main savings within Adult Social Care were the reduction in the number of residential placements made in the independent sector of £695,000 and demand management efficiencies of £2.6m.

Pressures and savings were outlined to the meeting in relation to the following service areas:

- Strategic Housing, Development and Property Services
- Public Health and Communities
- Communities and Leisure
- Place and Economy
- Planning and Development Services
- Enabling and Support Services

Cllr Bunday reported that investment income of £4.697m reflected the increase in the Bank of England base rate on future investments and was based on an average cash balance of £157m at a weighted average rate of 5.01% for a full year.

It was heard that the Corporate Resources revenue budget for 2024/25 was £34.397m. Amongst other items this held a corporate contingency of around 1% of the revenue budget, MRP required to fund borrowing on maturity and contingency for future pay awards. It also reflected the uncertainty of future insurance costs.

The Council's Treasury Management Debt Portfolio and other associated Treasury Management costs were reported as being £12.5m.

Cllr Bunday stated that there continued to be risks around the overall cash and loan position for North Northamptonshire, not only from a volatile marketplace, but also due to the outstanding legacy audits for 2020/21 and the disaggregation of the opening position from Northamptonshire County Council.

When announcing the Settlement, the Secretary of State had highlighted that the Government continued to encourage local authorities to consider the use of their reserves to maintain services in the face of service pressures.

Cllr Bunday noted that in terms of reserves, most were earmarked for specific purposes or ringfenced, the Council holding just over £24m of general reserves which provided a working balance to help cushion the impact of unexpected events or emergencies. Members were reminded that once reserves were spent, they were gone and therefore a strategy for replenishing any reserve that was to be used must be in place.

Cllr Bunday noted that the second recommendation as set out in the addendum to the main budget report was to approve the use of the Budget Delivery Smoothing Reserve to meet the net shortfall in funding of £0.748m arising, predominantly, from a reduction to the Services Grant. Members noted that further work would be undertaken to look at options to meet this shortfall on a recurring basis.

The Reserves Strategy included a range for the level of general fund balances to be at a minimum of 5% and a maximum of 10% of the net revenue budget. The level of reserves included in the budget were £24.2m, approximately 6.5% of the proposed net revenue budget of £371.5m.

Cllr David Brackenbury thanked Cllr Bunday for his comprehensive overview of the draft budget, noting the hard work of the Finance team and service directorates to achieve a balanced budget position. Cllr Brackenbury echoed concerns in relation to the single year financial settlement from Government and welcomed the forthcoming consultation period as an opportunity for interested stakeholders to contribute.

Cllr Matt Binley spoke to note the amount of time that had gone into production of the draft budget and stated that there had been a number of challenging conversations in the course of its development. Cllr Binley also stated his frustration at the single year financial settlement but welcomed the balanced draft budget when set against a challenging financial environment. Cllr Binley noted that the public were welcome to attend any of the budget-related Council meetings and that significant time had gone into the setting of fees and charges from an Executive Member perspective.

The Chair concluded debate by noting the challenging environment to achieve a balanced budget and offered thanks to all those involved in its production for their hard work in pushing each and every department to make savings to allow for the draft before members to be considered.

## **RESOLVED**

### **KEY DECISION**

That the Executive:

- a) Approved for consultation the 2024-25 Draft Revenue Budget, which includes:
  - i. an estimated net revenue budget of £371.5m (£759.6m including the Dedicated Schools Grant) as set out in Appendix A, noting that this is subject to further update and change following the publication of the provisional Local Government Finance Settlement.
  - ii. a Band D Equivalent Council Tax of £1,740.22 for North Northamptonshire Council, representing an increase of 2.99% in the 'core' Council Tax and a further 2% for the Adult Social Care Precept.
  - iii. pressures of £53.4m, including adjustments for the reversal of one-off funding in 2023-24, and savings, efficiencies and income proposals of £18.5m as detailed in Appendix B.
  - iv. the provisional Dedicated Schools Grant budget of £388.1m for 2024-25, pending the final settlement, as detailed in Appendix C.
  - v. the draft planned use of, contribution to, and movement in, reserves as identified in paragraph 5.52, section 9 and Appendix D of the report, noting the reserves will be reviewed again after the Finance Settlement and prior to the final budget proposals, to consider the risk applying at that time.
  - vi. corporate budget requirements as set out in paragraph 8.1, including a contingency sum of £4.1m as set out in paragraph 8.2.
- b) For the Dedicated Schools Grant (DSG):

- i. Noted the provisional allocations of the funding for the Schools Block, High Needs Block, Early Years Block and the Central School Services Block.
  - ii Following consultation with the Schools Forum, delegated authority to the Executive Member for Children, Families, Education and Skills in consultation with the Executive Member for Finance and Transformation, Executive Director for Adults, Health Partnerships and Housing (and Children's Services – Interim), and the Executive Director of Finance and Performance (S151 Officer) to determine the DSG 2024-25 schools funding formula, high needs funding arrangements and the early years funding formula in line with Department for Education guidance.
- c) Noted the decision making principles of the Transformation and Efficiency Board for Children's Services (Northamptonshire Children's Trust) as set out in paragraphs 7.17 to 7.20 and delegates authority to the Executive Member for Children, Families, Education and Skills in consultation with the Executive Member for Finance and Transformation, the Executive Director for Adults, Health Partnerships and Housing (and Children's Services - Interim) and the Executive Director of Finance and Performance (S151 Officer) to approve allocations from the Transformation and Efficiency funding held within the Children's Trust budget in support of change programmes. Investment decisions will be subject to approval following the submission of detailed business cases.
  - d) Endorsed the budget consultation process as outlined at paragraphs 13.16 to 13.20 which commences following the approval of the recommendations in this report.
  - e) Noted that the funding allocations are estimates only at this stage and will not be confirmed until the publication of the provisional Local Government Finance Settlement.
  - f) Delegated authority to the Executive Member for Finance and Transformation in consultation with the Executive Director of Finance and Performance (S151 Officer) to amend the draft budget following the publication of the provisional Local Government Finance Settlement.

The Executive also:

- a) Noted the changes to the draft budget arising from the Provisional Local Government Finance Settlement.
- b) Approved the use of the Budget Delivery Smoothing Reserve to meet the net shortfall in funding of £0.748m arising, predominantly, from a reduction to the Services Grant. Noting that further work will now be undertaken to look at options to meet this shortfall on a recurring basis.

Reason for Recommendations: To ensure that the Council complies with its Constitution and legislative requirements in setting the budget for North Northamptonshire Council from 2024-25.

Alternative Options Considered – This is the start of the formal budget consultation for the General Fund and any comments from the consultation, together with any changes from the Finance Settlement, will be considered as part of this process to inform the need for alternative options.

## **557 Housing Revenue Account Draft Budget 2024-25 and Medium-Term Financial Plan Proposals**

The Chair invited Cllr Lyn Buckingham to address the meeting. Cllr Buckingham spoke to query the proposed rent increase of 7.7% and the potential impact this could have on Council tenants.

The Chair thanked Cllr Buckingham for her contribution before inviting Cllr Lloyd Bunday, Executive Member for Finance and Transformation to introduce a report that presented the draft Housing Revenue Account (HRA) budget and Medium-Term Financial Plan and set out the proposals for a rent increase in 2024/25

In response to Cllr Buckingham's comments, Cllr Bunday noted that in setting rent levels, consideration had to be given as to how collectable rents were. Any rent increase was ring-fenced for use to improve the Council's housing stock and therefore benefitted those living in Council accommodation.

Cllr Bunday noted that the HRA did not directly impact on the Council's wider General Fund budget or on the level of Council Tax, with income to the HRA primarily received through the rents and other charges paid by tenants and leaseholders. The Council was required to run a single HRA, but for a short period continued to operate two neighbourhood accounts to reflect stock holding from the two legacy councils of Kettering and Corby. The Council had commenced work on consolidating these two accounts, however this required a 30-year business plan that would be informed by the Housing Strategy for North Northamptonshire that was currently in development.

The draft HRA budget had been presented to the Tenants Advisory Panel on 16<sup>th</sup> November 2023, with a further meeting on 18<sup>th</sup> January 2024 ahead of the panel making formal recommendations pertaining to rent levels and the budget itself to the Executive for its meeting on 8<sup>th</sup> February 2024. It was noted that the Corporate Scrutiny Committee would also consider the draft at its meeting on 23<sup>rd</sup> January.

Following the 8<sup>th</sup> February meeting of Executive, recommendations would be made to Full Council at its meeting on 22<sup>nd</sup> February where it would be invited to approve the 2024/25 HRA Budgets consisting of the Corby and Kettering Neighbourhood Accounts, and an increase in dwelling rents for 2024/25 for both the Corby and Kettering accounts. Full Council would also consider the HRA Medium Term Financial Plan for 2025/26 to 2028/29.

It was noted that the two neighbourhood accounts comprised 8132 properties, consisting of flats, houses and bungalows. The former councils of East Northants and

Wellingborough had no housing stock, having made the decision to sell their stock many years prior to unitarisation.

Cllr Bunday stated that the Council was required by law to avoid budgeting for a deficit on the HRA, therefore the budget must not be based on total HRA revenue reserves falling below zero. In practice the Council was expected to maintain a reasonable balance of HRA reserves to cover contingencies.

The Chief Finance Officer had reviewed the level of balances required to support the HRA spend annually as part of their risk assessment of the budget, and, taking all known risks into account, these should remain unchanged at £800,000 for the Corby Neighbourhood Account and £650,000 for the Kettering Neighbourhood Account. The minimum balances for the two Neighbourhood Accounts were around 3.5% of the total budget.

Numbers of Right to Buy (RTB) properties and the number of empty properties must also be taken into account in the budget setting process. The number of RTB sales assumed during 2024/25 and the medium term for the Corby Neighbourhood Account was 40 and for the Kettering account was 20.

It was further assumed that 0.9% of the Corby housing stock and 2% of the Kettering housing stock would be void at any one time and therefore rent could not be charged on these properties, reducing the total income expected to be achieved by £205,000 for the Corby Neighbourhood Account and £375,000 for Kettering.

Acquisition and new-build programmes would increase housing stock numbers for the HRA. It was anticipated that within Kettering a further eight homes would be delivered at The Grange during 2024/25 and the part-year effect had been reflected into the revenue account for 2024/25. Further schemes would be reflected in the Medium-Term Financial Plan when there was more certainty around the timed delivery of these.

The HRA budget for 2024/25 showed a balanced position for both Corby and Kettering neighbourhood accounts separately, amounting to a total overall budget of £42.425m.

The Corby Neighbourhood Account indicated a deficit over the period of the Medium-Term Financial Plan to the end of the 2028 financial year of £736,000 whilst over the same period the Kettering account showed a surplus of just over £2m. The main reason for this difference was a result of how loans for self-financing were structured. The Corby account was increasing its contribution for the repayment of the loans whereas the Kettering account was reducing.

To achieve a balanced state, the proposal was for an average rent increase of 7.7%, in line with the recommendations from central government and amounting to an average increase of £6.68 and £7.05 per week for Corby and Kettering respectively.

Cllr Mark Rowley spoke to welcome the balanced budget and noted that even a 1% rent reduction would have an impact of £11m across the 30-year HRA business plan resulting in reduce maintenance. Tenants would be provided with the opportunity to consider the increase, but the proposal was inline with the Government formula.

Cllr Matt Binley also spoke to make reference to the formula for rent setting, noting that a reduction in the level of the increase would impact the level of service that could be offered to tenants.

## **RESOLVED**

### **KEY DECISION**

That the Executive:

- a. Noted the draft 2024/25 Housing Revenue Account Budgets consisting of the Corby Neighbourhood Account and the Kettering Neighbourhood Account as set out in **Appendix A**, which will be consulted upon with Tenants, which includes:
  - i) an increase in dwelling rents for 2024/25 of 7.7% which adheres to the Department for Levelling Up, Housing and Communities (DLUHC) rent setting formula.
- b. Noted the draft Housing Revenue Account Medium Term Financial Plan beyond 2024/25 consisting of the Corby Neighbourhood Account and the Kettering Neighbourhood Account, for 2025/26 to 2028/29 as set out in **Appendix B**.
- c. Noted the forecast reserves for the Corby Neighbourhood Account and the Kettering Neighbourhood Account up to 2028/29 as set out in **Appendix C**.

Reason for Recommendations: To ensure that the Council complies with its Constitution in setting the budget for North Northamptonshire.

Alternative Options Considered – This is the start of the formal budget consultation for the HRA and any comments from the consultation will be considered as part of this process.

## **558 Draft Capital Programme 2024-28**

The Chair invited Cllr Hakewill to address the meeting. Cllr Hakewill made reference to the section of the report that detailed risks associated with the draft Capital Programme 2024-2028 and stated that he felt it was unreasonable to herald future delivery of plans as part of the programme only for these to remain undelivered, questioning how the Executive would deliver the draft programme given the significant underspend on capital projects to date.

The Chair then invited Cllr Lloyd Bunday, Executive Member for Finance and Transformation to introduce a report that presented the Draft General Fund Capital Programme for 2024-28, the Baseline Development Pool and the Housing Revenue Account (HRA) Capital Programme 2024-28. It was noted that, if approved, the programme as set out above would follow the same consultation route as the General Fund Budget before returning to Executive on 8<sup>th</sup> February for recommendation to Full Council for approval.

In response to Cllr Hakewill's comments, Cllr Bunday noted that a number of previous schemes had been put forward by the legacy authorities prior to unitarisation, a number of which had required reprofiling with yet other schemes being more aspirational. Cllr Bunday noted that the influence of external factors including the Covid pandemic, high inflation and global conflict had resulted in certain historic schemes no longer being viable for delivery.

Cllr Bunday reported that the Capital Programme assumed various sources of funding including capital receipts and grants supported by external and internal borrowing that was at the discretion of the Council for essential capital expenditure. The current Capital Strategy demonstrated how the Council would make expenditure and investment decisions in line with service objectives and take account of stewardship, value for money, prudence, sustainability, and affordability. It was noted that the final Capital Strategy and the Treasury Management Strategy would be presented to Full Council for approval in February.

The meeting heard that the total capital programme totalled £163.5m, consisting of the General Fund baseline programme of £104.8m and Housing Revenue Account (HRA) baseline programme of £58.7m. The Development Pool, that included schemes awaiting satisfactory business cases prior to Executive approval and inclusion within the formal programme, totalled £171.2m.

Cllr Bunday stated that the General Fund baseline programme included key projects such as highways, disabled adaptations, school improvements and extensions, and various property and environmental projects across North Northamptonshire, together with significant investment in the highway infrastructure network over and above the integrated transport grant funding.

It was noted that the HRA Baseline programme covered the Kettering and Corby housing stock, together with significant investment of £20.2m proposed for the Housing Development and New Build Programmes.

Cllr Bunday outlined the following new investments that had been put forward as part of the revised main programme from 2024-25 for approval by Council:

- £9m over the period 2024-2027 (£3m each year) funded from borrowing for investment into highway infrastructure across North Northants.
- £1.3m across 2024-25 (£164,000) and 2025-26 (£1.136m) to develop a Traveller's Temporary Stopping Site funded from borrowing.
- £123,000 investment into play facilities at Sywell Country Park during 2024-25 funded through Capital Receipts.
- £749,300 investment into Alfred Street/Tennyson School. This had been moved from the Development Pool to the Main Programme, to be funded through DfE Basic Needs grant.
- £125,000 to support the upgrading of the public Library network, met from Capital Receipts.

It was reported that the Minimum Revenue Provision as detailed in the report reflected the minimum amount a Council must charge to the revenue budget each year to set aside a provision for repaying external borrowing. The increase in this provision of £1.735m was to ensure that the provision was aligned to our policy moving into the



medium term. This would form part of the Treasury Management Strategy presented to the February 2024 Executive.

Concluding, Cllr Bunday reported that the disaggregation of the capital assets, balances and debt were still to be finalised and subject to the final certification audit of the 2020-21 financial accounts for Northamptonshire County Council and Corby Borough Council, noting this may have implications for the current assumptions.

## **RESOLVED**

### **KEY DECISION**

That the Executive:

- a) Approved for consultation the General Fund Capital Programme 2024-28 and HRA Capital Programme 2024-28.
- b) Noted the Development Pool 2024-28 and that schemes within the pool will be subject to further approval prior to inclusion in the programme.

Reason for Recommendations: To ensure that the Council complies with its Constitution and legislative requirements in setting the budget for North Northamptonshire Council for 2024-25.

Alternative Options Considered - This is the start of the formal budget consultation for the Capital Programme and any comments from the consultation will be considered as part of this process.

## **559 Capital Programme Update 2023-24**

The Chair invited Cllr Jim Hakewill to address the meeting. Cllr Hakewill welcomed the funding for Montsaye Academy but queried its source. Cllr Hakewill also queried the reasoning for the timing of approval for an increase in the capital programme for Isham Bypass to be funded from Department for Transport (DfT) grant.

The Chair then invited Cllr Lloyd Bunday, Executive Member for Finance and Transformation to introduce a report that requested approval for capital schemes that had come forward for inclusion in the Council's Capital Programme. Approval of the funding would allow the schemes to move forward to procurement and delivery. Three schemes were highlighted as per the report and recommendation below.

The Executive was also requested to note a change of purpose to an existing capital programme scheme and a budget virement approved by Full Council at its meeting on 7<sup>th</sup> December 2023.

In response to Cllr Hakewill, Cllr Bunday stated the Montsaye Academy funding was coming from the Higher Needs Dedicated Schools Grant. Regarding Isham Bypass, a governmental announcement had required an urgent decision to be taken.

Cllr Matt Binley spoke on the subject of Isham Bypass, noting that the matter and timings thereof had previously been subject to discussion at Full Council. Due to an unexpected Government announcement that the project would be fully funded, further work and documentation required submission that, if delayed, had the potential to further delay, or even mothball, the project, hence the requirement for an urgent decision.

The Chair spoke to note that the Council had constitutional processes in place to allow urgent decisions to be taken expeditiously.

Cllr Scott Edwards made reference to the funding for the Montsaye Academy to allow for a multi-use games area and also welcomed the funding for Burton Latimer Multi Wheeled Sports Facility, stating that he would be writing to the two boys who put forward the proposal to congratulate them.

Cllr Harriet Pentland spoke to welcome the changes to the Local Authority Treescape Fund, external grant funding that would allow the Council to continue its significant scheme of tree planting with the local community that formed part of a multi-faceted approach to tackling climate change.

## **RESOLVED**

### **KEY DECISION**

That the Executive:

- i) Approved the following changes into the capital programme:
  - a. Local Authority Treescape Fund (LATF) – budget approval for £261.5k which will be profiled as £96.5k in 2023/24, £55k in 2024/25, £55k in 2025/26 and £55k in 2026/27. The scheme is to be funded from external grant.
  - b. Burton Latimer Multi Wheeled Sports Facility – budget approval for £46.3k in 2023/24, £41.8k to be funded from external grant and £4.5k to be funded from S106 contributions/a virement from the Property Minor Works Budget.
  - c. Local Highways Maintenance additional funding – budget approval for an increase in the capital programme of £2.138m, £1.069m in 2023/24 and £1.069m in 2024/25, to be funded from Department for Transport (DfT) grant.
- ii) Noted the following change of purpose to an existing capital programme scheme:
  - a. Montsaye Academy – amendment of scope of the approved scheme with £135k originally approved for yard and lift improvements to be re-purposed to fund a multi-use games area.
- iii) Noted the following budget virement approved by Council on 7<sup>th</sup> December:

- a. Isham Bypass – virement of budget of £0.790m from Integrated Transport Block to facilitate the next stage of the planning application process approved on 27th November by the Leader of the Council, in consultation with the Executive Member for Highways, Travel and Assets.

Reasons for Recommendations: These are set out in greater detail within section 5 of the report, but can be summarised as helping to meet the Council's corporate plan objectives:

- Active, fulfilled lives
- Safe and Thriving Places
- Green sustainable environment
- Connected Communities

Alternative Options Considered:

- For those schemes which are grant funded, they are undertaken in accordance with the requirements of the grant conditions and, therefore, there is no alternative option proposed in this report.
- The budget virement in support of the ICT equipment could have been released, however, the replacement of end user devices is an important element of ensuring that the Council has the appropriate equipment to support and deliver services and further investment is required in this area.
- Where individual schemes are over £0.5m, separate reports are included elsewhere on this agenda, and these set out the wider options that were considered before reaching the proposals put forward.

## **560 Budget Forecast Update 2023-24 - Period 7**

The Chair invited Cllr Lyn Buckingham to speak on this item. Cllr Buckingham raised concerns regarding the forecast pressures for the Dedicated School Grant (DSG) and the recent increase in these figures.

Cllr Jim Hakewill then spoke to ask the Executive Member what in-year efficiencies had, and would, be utilised to avoid using contingency and reserves funds to mitigate overspending.

The Chair thanked both speakers for their contributions before inviting Cllr Lloyd Bunday, Executive Member for Finance and Transformation to introduce a report that set out the forecast outturn position for the Council based on the Period 7 monitoring forecasts for the General Fund and the Housing Revenue Account (HRA).

In response to Cllr Buckingham's comments, Cllr Bunday echoed concern regarding the pressures affecting the Dedicated Schools Grant and stated that conversations with the Department for Education and Schools Forum were ongoing to try and mitigate the situation. Cllr Bunday also commended all services areas for their efforts to deliver savings to mitigate the pressures of the Council's demand-led services.

The meeting heard that the overall outturn forecast for the General Fund for 2023/24, as at Period 7 was a forecast overspend of £6.198m against the approved budget, a favourable movement of £1.377m since the last reporting period.

It was heard that to safeguard the financial position of the Council, officers would continue to seek efficiencies in year to offset the forecast overspend. Whilst there was a contingency budget and reserves available to call on to help fund in year pressures, the Council would look to alternative mitigations before these were applied.

Cllr Bunday reported that the NJC pay award, applicable to the majority of Council staff had been agreed and resulted in a pressure of £2.222m, to be funded by utilising the Council's contingency budget, reducing the balance from £3.746m to £1.524m.

Against favourable movements for the Place, Enabling and Corporate directorates, there was again an adverse impact from Children's Services and an added pressure from Adult Social Services. It was reported that the Children's Trust was now forecasting an overspend of £23.509m, with additional staffing pressures of £605,000 within Children's Services. Third party payments, independent care spend, and staffing pressures had resulted in an additional pressure of £3.459m for Adult Services.

Details of favourable budgetary movements were outlined to the meeting, with Executive noting that the Council had set aside £5.708m in 2023/24 for a pay contingency to allow for annual increments and potential pay increases of 4%.

It was estimated that Business Rates income for the Council was £2.666m above the original budget.

The Council's overall outturn forecast for the Housing Revenue Account was reported as being an overspend of £185,000.

It was also reported that the Dedicated Schools Grant (DSG) had a forecast pressure of £8.598m, with pressures relating to the high needs funding block that supported SEND provision. Discussions were ongoing to mitigate these pressures.

Cllr Scott Edwards spoke to note the huge increase in Education, Health and Care plans as a driving factor for the DSG pressures, noting it was a national issue and not localised to North Northamptonshire. A request for the Department of Education to review the current funding mechanism as well as other mitigation measures were being discussed.

Cllr Helen Harrison spoke to note the unprecedented level of service demand impacting Adult Services. It was reported that rapid and extensive work was being undertaken to ensure financial forecasting was as accurate as possible and that for the next financial year pressures could be identified and mitigated in advance. High-cost care packages was one area for review as well as examining other contracts to ensure best value was being obtained.

## **RESOLVED**

That the Executive:

- a) Noted the Council's forecast outturn position for 2023/24 as summarised in Section 4, alongside the further analysis, risks and other considerations as set out in Section 5 to Section 7 of the report.

- b) Noted the release of the contingency budget, totalling £2.222m, to fund the pay award pressures.
- c) Noted the assessment of the current deliverability of the 2023/24 savings proposals in **Appendix A**.

Reason for Recommendations – to note the forecast financial position for 2023/24 as at Period 7 and consider the impact on this year and future years budgets.

Alternative Options Considered: The report focuses on the forecast revenue outturn against budget for 2023/24 and makes recommendations for the Executive to note the current budgetary position as such there are no specific choices within the report.

### **561 Urgent Decision Taken by the Leader of the Council**

The Chair reported that on 29<sup>th</sup> November 2023, Cllr Jason Smithers, as Leader of the Council took an urgent decision to approve an increase to the capital budget for the A509 Isham Bypass of £0.79m. Full Council, at its meeting on 7<sup>th</sup> December 2023, subsequently approved the virement of £0.79m of capital budget from the 2023/24 Integrated Transport Block allocation and 2024/25 Integrated Transport Block allocation to the A509 Isham Bypass. Details of the decision could be found on the Council's website via the link detailed on agenda pack.

---

Chair

---

Date

The meeting closed at 12.58 pm

This page is intentionally left blank

# Agenda Item 5

## Corporate Scrutiny Committee – Budget Consultation Submission 2024-25

### Recommendations for Consideration by the Executive on 8th February 2024.

- a) That the Executive note and support the Budget Scrutiny process undertaken for 2024;
- b) That the Executive considers and responds to the issues raised within the Budget Scrutiny Submission at Appendix A (and the notes of the seven Budget Scrutiny Panel meetings held during December 2023 and January 2024 at Appendices 1-7);
- c) That Corporate Scrutiny Committee would draw to the attention of the Executive in particular:-
  - 1) That the Committee supports:-
    - (i) The efficacy of the 2024 Budget and Capital Programme, following detailed department by department scrutiny and questioning of officer and executive member assumptions and projections for the next and future years;
    - (ii) The raising of Council tax by 4.99% (inclusive of 2% adult social care precept). Whilst noting the impact of a rise in precepts on the cost of living, it is considered important to protect services and especially vulnerable people as much as possible in the face of continued challenges of balancing budgets across the local government sector in this and future years;
    - (iii) That officers of the Council, particularly those based in finance, be thanked for all their hard work in putting together the 2024 budget over recent months.
  - 2) That the Committee considers:-
    - (i) That Children's Services' remains one of the budget areas of greatest concern, especially as the deficit on the High Needs Block continues to grow each year, appreciating that the aftermath of COVID has generated a significant backlog in cases and development issues in younger children.
    - (ii) There is also significant concern in relation to Adults, Health Partnerships and Housing service pressures of £19.947m in 2024/25, particularly in Adult Services of £18.648m, against

savings of £4.217m. This will need to be monitored carefully in terms of maintaining a balanced budget for 2024/25.

- (iii) Whilst noting the excellent progress made by the Council following its formation in difficult circumstances and during a global pandemic, to achieve best value, savings and equality of service availability for taxpayers across North Northamptonshire, it would be helpful for the Council to set clear defined goals and milestones for the transformation and harmonisation of the remaining prior Borough and District based service areas.
- (iv) That, to ensure effective scrutiny of the NCT, Scrutiny should undertake a further review of the NCT's transformation work and its progress around the end of the second quarter of 2024.
- (v) That the budget scrutiny process around NCT commence earlier moving forward, so that recommendations may be put forward before contracts are agreed.
- (vi) That for future budget scrutiny sessions, Equality Impact Assessments be provided to enable effective consideration of the impact of proposals on our vulnerable residents.





# **Budget Consultation 2024/25 Budget and Medium-Term Financial Plan -Report of the Budget Scrutiny Panel**

# January 2024

## Foreword from the Chair of Corporate Scrutiny Committee

On behalf of the Corporate Scrutiny Committee, in completing this year's Budget Scrutiny, I would like to take this opportunity to thank the Leader of the Council, Executive Portfolio Holders, Directors and Officers for giving up their valuable time to take us through the budget scrutiny sessions and provide information and evidence to test the robustness of this year's budget proposals. I would also like to extend a personal thanks to my fellow members of the Corporate Scrutiny Team for their time, dedication and work to fully embrace this important task. I would also like to thank our Statutory Scrutiny Officer and support team for their organisation, advice and help throughout this process.

As a young unitary authority, this year again brings major challenges. Programmes of Disaggregation, Transformation, Departmental Reviews and Harmonisation, continue to take North Northamptonshire Council forward. We are also living in unprecedented times, with post-Covid economic recovery, the volatility of interest rates, rising energy costs, global conflicts all having an impact on how we live and work, all putting pressure on how the LA recruits, delivers and procures services, alongside one year Government funding settlements aimed towards future self-sufficiency. The Members of the Corporate Scrutiny Committee acknowledge the challenges and sheer hard work, that has gone into delivering a 'Living Budget'.

There do however remain significant areas of risks around increasing inflationary and rising energy costs as well as demand-led costs for outsourced services and getting transformation right. There are also risks around potential income sources for commercial and investment revenue, tax collections and service charges; however there are also opportunities through vision, innovation, collaborative working and looking at different ways of doing business, especially around rationalising some of our properties that could bring benefits to the authority.

The Corporate Scrutiny Committee understands the need for a careful balance between the council having the funds to deliver critical services and impact on residents' lives and incomes. The Corporate Scrutiny Committee is assured that the finance team led by the authority's Section 151 officer shall continue to strive to keep that balance.



**Cllr Lyn Buckingham**  
**Chair of Corporate Scrutiny Committee**

## **Draft Scrutiny Submission to the Executive on 8<sup>th</sup> February 2024 - Budget 2024/25**

*Note:- Corporate Scrutiny Committee will consider the contents of this submission at its budget scrutiny meeting on 23 January 2024 and agree which comments, questions, and/or recommendations the Committee wishes to submit to the Executive, prior to its budget meeting taking place on 8 February 2024.*

### **Purpose of Submission**

1. To recommend to Corporate Scrutiny Committee a draft submission arising from the discussions held at the seven Budget Scrutiny Panel sessions, held during December 2023 and January 2024, and to assist the Committee in formulating any recommendations it wishes to make to the Executive as part of the 2024/25 budget consultation process.

### **Executive Summary**

2. The Budget Scrutiny Panel, formed by the whole membership of the Corporate Scrutiny Committee, met for a series of meetings centred around individual departments between November 2023 and January 2024 to consider the budget proposals in two phases:-

#### **Phase 1**

Consideration of budget monitoring information for 2023/24 with the current outturn projections for 2023/24, as well as an early indication of key issues to be taken into account in the formulation of the draft 2024/25 budget proposals.

<b>Service Area</b>	<b>Budget Sessions</b>
---------------------	------------------------

Enabling Services	26 <sup>th</sup> October 2023
Children's Services (Children's Trust)	30 <sup>th</sup> October 2023
Children's Services (NNC provided)	30 <sup>th</sup> October 2023
Public Health and Wellbeing	10 <sup>th</sup> November 2023
Adults, Health Partnerships and Housing	13 <sup>th</sup> November 2023
Place and Economy	14 <sup>th</sup> November 2023

## Phase 2

Detailed scrutiny of the proposed 2024/25 budget (notes attached as Appendices 1-7) which forms the basis of this report submission.

## Background

### **Children's Trust Contract Sum 2024/25 and its Medium-Term Financial Plan** (Meeting notes of 4 December 2023 attached at Appendix 1)

3. The contractual agreements between Northamptonshire Children's Trust and West Northamptonshire Council and North Northamptonshire Council provides for a deadline of 30<sup>th</sup> November in each year to agree a provisional contract sum for the following financial year and its subsequent incorporation into both Council's draft budgets for 2024/25.
4. The Budget Scrutiny Panel considered the draft Children's Trust Contract Sum 2024/25 and its Medium-Term Financial Plan on 4 December 2024. It noted that the movement in the total contract sum between 2023-24 (£150.938m) and 2024/25 (£183.300m) is £32.362m; North Northamptonshire Council's budget share increasing for 2024/25 by £14.291m.
5. It is noted that the increase is indicative of the national picture of rising costs of children's social care, and a position that has been informed by the forecast outturn for the 2023/24 financial year.
6. The Panel is concerned about the rising costs of the contract sum for 2023/24 and considers that stronger governance arrangements are needed. It is therefore pleased to note that a Transformation and Efficiency Board has been created between North Northamptonshire Council, West Northamptonshire Council and Northamptonshire Children's Trust. The Budget Scrutiny Panel hopes the Board will achieve its aims of creating a systematic improvement in services for children in Northamptonshire, whilst driving value for money to ensure that resources are used effectively to support and improve outcomes.

## North Northamptonshire Council Draft Budget 2024-25 and Medium-Term Financial Plan.

7. Following publication and launch on 21 December 2023 by the Executive on the Draft Budget 2024-25 and Medium-Term Financial Plan, the following phase 2 Budget Scrutiny Panel meetings took place during January 2024.

<b>Service Area</b>	<b>Budget Sessions</b>
Enabling Services	8 <sup>th</sup> January 2024
Public Health and Wellbeing	12 <sup>th</sup> January 2024
Children's Services (NNC provided services)	15 <sup>th</sup> January 2024
Place and Economy	19 <sup>th</sup> January 2024
Adults, Health Partnerships and Housing	19 <sup>th</sup> January 2024

8. Present at each meeting were members of the Budget Scrutiny Panel, relevant Executive portfolio holders, key departmental senior officers, key senior finance officers and the statutory scrutiny officer, supported by democratic services.
9. Key information on the budget proposals provided to each Panel meeting from the directorates was based around the following areas:-
- Departmental Budget Overview
  - Directorate Main Risks
  - 2024/25 Budget Summary
  - 2024/25 Medium Term Financial Plan
  - 2024/25 Capital Programme
10. Members of the Budget Scrutiny Panel then interrogated the budget and asked questions of officers and Executive Portfolio holders, the notes of which are attached at Appendices 1-6 of this report.

### Key Directorate Considerations

#### ***Enabling Services***

*(Meeting notes of 8 January 2024 attached at Appendix 2)*

11. Enabling Services encompasses the key functional areas of Chief Executive &, ICT, Finance and Performance, Customer and Governance, and Corporate Services with a total of 418 FTE staff.
12. The draft budget for 2024/25 is £30.693m for Enabling and Support Services and £34.397m for Corporate Services.

13. It is noted this is a balanced budget for 2024/25, however there will be pressures in future years. It is further noted that the total spend across the Capital Programme 2024/25 to 2027/28 is £9.075m for Enabling Services.

#### Customer and Governance

14. There is some concern about the impact of the £157k savings in 2024/25 and 2025/26 which will come from data driven changes to how customers may interact with Customer Services. It is considered important that capacity and resilience to respond to customer contacts remains sufficient following any savings to be made.

15. There is a saving of £30k for occupational health which the Executive Director confirmed reflected consistent actual spend over previous years and that it would not result in a drop in the level of provision offered currently to employees.

#### ICT

16. Investment in ICT is considered one of the biggest areas of risk for the Council with the reliance on technology and the impact that cyber security breaches could have on the operation of the Council. It is comforting to note that a revised strategy is in place, however, there remain concerns around value for money and the pace of disaggregation from a shared ICT service with West Northamptonshire Council, and ensuring access to key sovereign council information is not lost.

#### **Public Health and Wellbeing**

*(Meeting notes of 12 January 2024 attached at Appendix 3)*

17. Public Health and Wellbeing contains two key functional areas of Public Health and Communities & Leisure.

18. The two areas the draft budget for 2024/25 encompasses £8.553m, rising to £8.636m in 2027/28. It is also noted that the draft capital programme total spend from 2024/25 to 2027/28 is £1.285m.

#### Public Health

19. The progress being made in the area of Public Health is welcomed, as is the development of a Health and Wellbeing Strategy to meet local needs - noting that North Northamptonshire Council's needs do not always align with that of central government.

20. It is recognised that the Public Health relationship with West Northamptonshire is excellent and that disaggregation does not always provide best value should it

cost more for each constituent council to deliver a disaggregated service. Whilst disaggregation can lead to a greater control of and targeting of services it remains that it is about getting the best service for residents and that it is recognised this is not always about money.

#### Communities and Leisure

21. It is noted that the proposed pressure of £692k in 2025/26 for domestic abuse funding is a result of not knowing if government grant funding will continue and it is hoped that the funding announcement to be made shortly is positive.
22. For the refugee resettlement programme, it is noted that separate funding is received from the government and in terms of moving refugees from temporary to settled accommodation would not be a draw on the General Fund.
23. It is noted that each venue within Culture, Tourism and Heritage has been brought together to maximise efficiencies, and into a single service wide plan. It is noted that the Chester House Estate has been subsidising the other venues and that assurance has been provided that following five years of investment into Chester House, in two years it will become self-sustainable, with no further subsidy. This will benefit the Council, its residents and tourism. Plans to increase the commerciality of other parts of the service is also noted.

#### **Children's Services**

*(Meeting notes of 16<sup>th</sup> and 19<sup>th</sup> January attached at Appendices 4 and 5)*

24. The directorate is split into two areas: Education Services and Commissioning and Partnerships (inclusive of the client role for the Children's Trust), with 282 full time staff.
25. The draft budget for 2024/25 is £85.4m for Children and Education, rising to £98.2m in 2027/28 and Dedicated Schools Grant of £388.4m in 2024/25 rising to £388.4m in 2027/28.
26. It is noted that there are significant budgetary pressures within the directorate, with the medium-term financial plan opening to closing budget expectations having risen from £70.2m to £85.4m for 2024/25 and to £98.2m in 2027/28.

#### Education

27. In considering education budgetary pressures and savings, the Budget Scrutiny Panel draws attention to the following specific areas:-

- i. The inclusion of a saving of £59k for attendance fines is accepted as a prudent measure, officers having confirmed that there is enough evidence from previous years that this is expected to be recurrent year on year, though the objective is for all children to attend school regularly. This inclusion reflects what actually happens and is not a target;
- ii. Disaggregation should not be based on ideology but on funding, best value and the best outcomes for service users;
- iii. Appropriate service levels should be at the heart of scrutiny's budget discussions during 2024/25 by ensuring that there are sufficient funds to deliver statutory services but also by considering what can be done around other areas to reduce spending on statutory services;
- iv. Support is given to the need for the Household Support Fund to continue and scrutiny is also happy to support any lobbying by the Council nationally for this to continue;
- v. Whilst the clearing of the backlog of the carrying out of Education Health and Care Plans is to be welcomed, there is concern that this is putting pressure on the high needs block of the dedicated schools grant.

#### Commissioning and Partnerships

28. It is noted with concern that the majority of the pressures within Commissioning and Partnerships is the investment required into the Children's Trust Contract Sum, managed by the Northamptonshire Children's Trust.
29. Whilst demand for services continues to increase, it is, however, welcomed that the Children's Trust budget appears to be starting to be managed, that the contract sum was agreed on time and that a Transformation and Efficiency Board has also been established to address cost pressures.

#### Dedicated Schools Grant

30. In respect of the High Needs Block, the cost of out of area placements is high, and support is given to the bid being made to the government for a new alternative provision school in North Northamptonshire, which the government would fund. It is noted that the Council could choose to build a facility itself, but this would be a significant investment in the face of scarce resources.
31. The Panel expresses its supportive of the following requirements identified by the Directorate for the High Needs Block as part of budget planning, as follows:-

#### Revenue

- Recognition that post LGR DSG / HNB does not reflect needs in NNC



- Agreement to transfer more than 0.5% of SB to HNB in 2024/25
- Access to additional revenue resources to deliver focussed developments around inclusion and SEND

#### Capital

- Successful outcome of bid to DfE for new AP School in NNC
- Opportunity to bid for new Special School provision in NNC – SEMH highest priority
- Additional capital resources to continue creation and expansion of new SEND provision to meet needs

#### Schools

- Focus, support and challenge on inclusion in all schools and academies  
School funding reviewed and increased to reflect expectations and demand

#### Local Authority

- Sharing of best practice around all aspects of SEND and identification of Peer to Peer support opportunities
- Effective SEND support from DfE advisors focussed on pragmatic solutions to immediate and medium-term challenges
- Clarity around expectations in relation to management of budget position
- Confirmation that arrangements for managing DSG deficit within Council accounts will be maintained in the medium-term – Statutory Override beyond March 2026
- Medium term funding allocations that allow more accurate forecasting of available resources to support strategic planning

#### OFSTED

- Focus on inclusion and identification of poor practice as part of school inspection process
- Targeted inspections where schools are seen not to be acting in an inclusive way
- SEND inspection outcomes that reflect increasing need and pressures

32. The Panel is also pleased to note that there are currently no childminder vacancies, with enough spaces available to satisfy demand. This having been helped by the Government provision of start-up grants for newly registering childminders (£600 through registering with OFSTED and £1200 in two instalments through a childminder agency).

#### ***Place and Economy***

*(Meeting notes of 19<sup>th</sup> January attached at Appendix 6)*

33. Place and Economy encompasses the key functional areas of Assets and Environment, Growth and Regeneration, Highways and Waste and Regulatory Services.

34. The combined draft budget for 2024/25 is £70.485m with a split of £2.473m for Assets and Environment, £3.535m for Growth and Regeneration, £60.916m for Highways and Waste, £2.896m for Regulatory Services and £0.665m for Directorate Management.
35. It is noted this is a balanced budget for 2024/25, however that there will be pressures in future years, particularly within Highways and Waste. It is further noted that the draft capital programme encompasses £79.964m from 2024/25 to 2027/28 and the development pool £114.180m also from 2024/25 to 2027/28.  
Assets and Environment
36. The Panel notes that due to inflationary pressures and the need to protect budgets, some fees and charges were increased from 1 January 2023. It is noted there will be further reviews of fees and charges in the coming years to consider inflationary pressures, benchmarking with other authorities and demand in the market. It was noted that not all charges within Place and Economy have been the subject of harmonisation across the former sovereign council areas and work is on-going to review how best to harmonise fees.

#### Growth and Regeneration

37. Concern is raised at the cost pressures around the Flood and Water Management Service of £56k in 2024/25. The increased instances of flooding in recent and current years are a matter of concern, but it is reassuring to note that there is a wide pool of specialists available to be called upon for advice within the Kier provided Flood and Water Management Service, as an extension of its wider contract with the Council, with several specialists available to be called upon within the wider organisation for advice, over and above previous arrangements.
38. The Panel notes that planning application fees set by the Government are rising for the first time in several years having fallen significantly behind inflation. The number of applications received and dealt with in the set performance period of 13 weeks has increased which is welcomed. It is however difficult to estimate if the current financial climate will result in the receipt of fewer applications.
39. The Panel is pleased to note there will soon be one IT platform available across the whole of North Northamptonshire to deal with the planning process.

#### Highways and Waste

40. The Panel considers there would be benefit in like for like comparisons in relation to pothole issues to be carried out between neighbouring councils and hopes the Department of Transport will issue guidance on this shortly. It is hoped this will contribute to improved repair rates and efficiencies.

41. It is of concern that the timescale for action in respect of Isham Bypass is getting very close and it is also of concern that funding could be lost to what is an important project.
42. The Panel has some concerns about the reduction in funding for local cycling and walking infrastructure plans (LCWIPs) and the number of schemes to be developed each year, with a reduction in funding of £215k in 2024/25. It is noted that work will continue on the approved LCWIPs in Corby and Kettering and the Wellingborough and Rushden LCWIPs exercise will continue. The Panel encourages the Council to continue to seek government funding wherever this may be available.

## **Adults, Health Partnerships and Housing**

*(Meeting notes of 19<sup>th</sup> January attached at Appendix 7)*

43. Adults, Health Partnerships and Housing encompasses the key functional areas of Commissioning and Performance, Adult Services, Safeguarding and Wellbeing and Housing.
44. The combined draft budget for 2024/25 is £146.009m with a split of £12.464m for Commissioning and Performance, £121.067m for Adult Services, £9.646m for Safeguarding and Wellbeing, and £2.832m for Housing. The draft budget rises to £200.232m in 2027/28.
45. The Panel notes there will be significant service pressures of £29.152m in 2024/25, particularly in Adult Services where the pressures are £27.853m, against savings of £9.326m. This will need to be monitored carefully in terms of maintaining a balanced budget for 2024/25. It is further noted that the draft capital programme encompasses £2.16m from 2024/25 to 2027/28.
46. In terms of the Housing Revenue Account (HRA), it is noted that the overall draft budget for 2024/25 is £42.425m encompassing the Corby Neighbourhood Account of £23.582m, and the Kettering Neighbourhood Account of £18.843m. It is further noted the HRA draft capital programme across 2024/25 to 2027/28 will be £58.76m, encompassing £37.93m for the Corby Neighbourhood Account and £20.83m for the Kettering Neighbourhood Account.

### Adult Social Care

47. The Panel is concerned that sufficient provision is built into the budget to ensure that services will not be adversely impacted if unforeseen expenditure and demand led growth should result in a significant deficit position.
48. It is acknowledged that the model of adult social care has led to an increased reliance on independent providers of services. It is a concern whether this is sustainable to address the increased levels of need arising from demographic growth.
49. There is reassurance that through commissioning, several contracts have been secured with independent providers and the maintenance of sufficient capacity for home care; also that the vacancy rate within the independent care market has also decreased during the course of the previous year.

## Health Partnerships

50. It is important to maintain and develop strategic partnerships in order to reduce cost and maximise efficiency of service delivery.

## Housing Revenue Account

51. The Panel notes that bad debts provision has been maintained at the same rates and will be re-assessed on an annual basis. It is welcomed that the local authority engages tenants to address any concerns relating to rental charges. It is also pleasing to note that agreement has been reached with tenants on rent increases to help fund the HRA capital programme in line with the government formula (CPI inflation plus 1%).

52. The Panel is pleased to note the creation of new dedicated in-house stores that provides for quicker and efficient repairs for our housing stock. It also notes that the slippages on some programmes have been reduced due to the backlog of housing repairs being addressed, which is a welcome sign.

53. The energy efficiency programme for the housing stock is considered important , especially in respect of cost of living and the Panel considers this should be prioritised.

**End of Budget Scrutiny Submission**

This page is intentionally left blank

## **Notes from the meeting of the Budget Scrutiny Panel Phase 2 – Children’s Services (Northamptonshire Children’s Trust) – 4<sup>th</sup> December 2023**

### **Present**

#### **Budget Scrutiny Panel Members**

Cllr Lyn Buckingham (Chair)  
Cllr Lora Lawman (Vice-Chair)  
Cllr Russell Roberts  
Cllr Paul Marks  
Cllr Jim Hakewill

#### **Executive Members**

Cllr Scott Edwards (Children’s Services)  
Cllr Lloyd Bunday (Finance and Transformation)

#### **Observers**

Cllr Gill Mercer

#### **Northamptonshire Children’s Trust Officers**

Colin Foster (Chief Executive of Northamptonshire Children’s Trust)  
Andrew Tagg (Director of Finance and Resources)

#### **Children’s Services Officers**

David Watts (Exec Director for Children’s Services)  
Neil Goddard (Assistant Director of Education)  
Susan Tanner (AD)

#### **Finance Officers**

Mark Dickenson (AD for Finance and Strategy)  
Janice Gotts (Executive Director for Finance and Performance)  
Claire Edwards (AD for Finance Accountancy)

#### **Democratic Services Officers**

Ben Smith (Head of Democratic Services/Statutory Scrutiny Officer)  
Raj Sohal (Democratic Services Officer)

## **Northamptonshire Children's Trust Contract Sum 2024/25**

The Committee considered a presentation by the Chief Executive of The Northamptonshire Children's Trust (NCT), which outlined its 2024/25 Contract Sum submission.

During discussion, the principal points were noted:

- Members queried what transformation work was being undertaken to mitigate any potential unforeseen budget pressures.
- Members queried whether additional provision had been built into the NCT's budget to address potential future pressures.
- Members requested a timeline of planned transformation work for scrutiny to assess progress.
- Members queried how confident officers of the NCT were that it would secure sufficient staffing to deliver its proposed transformation projects and whether a heavier reliance would be placed on agency or full-time staff.
- Members queried what investment the NCT had received from North Northamptonshire Council for its IT systems and how transformation work in this area was progressing.
- One member suggested that the local authority and NCT fund voluntary sector organisations, such as 'Home Start', to assist in service delivery and relieve internal pressures.
- Members queried what impact the living wage would have on wages within the budgetary year.
- Members queried which services the NCT considered transferring back to North Northamptonshire Council.

In response, the Chief Executive of the NCT clarified that:

- The recruitment of social workers on a permanent basis and the cost of placements for children were both significant and challenging pressures. The NCT sought to mitigate further pressures in this area.
- The NCT had built inflation provision in to its budget of over £5M, with an additional £2.7M allocated for potential future growth pressures of an increasing care population. Projections of growth had been accurate to date however, placement costs were modelled based upon averages rates of growth. The NCT had also built uplifts into contracts with independent sector service providers.



- A series of business cases would go to the Transformation and Efficiencies Board and would include timelines for planned work.
- The budget for children's homes was £3.7M and the NCT did not seek to create savings that would place financial burden on the Council. These services would be funded through transformation work and service provision would be transferred from the Trust back to North Northamptonshire Council.
- The actual contract sum for transformation was £177.9M, under 'Block 1' core funding. The local authority had, in principal, agreed to fund 'Block 2' transformation work of £2.58M.
- There had been a delay in recruitment and officers of the NCT desired to carry out effective investment in staffing. £2.58M was allocated for short-term measures, which the Chief Executive suggested would create £4M in savings, with a further reduction of costs as soon as caseloads reached a manageable level. The medium-term financial plan set out detailed staffing costs and other 'demand and inflationary' pressures.
- There was an agreement for 'Eclipse' IT system implementation for the NCT. Procurement for a new children's social care IT system had also progressed and the deadline for submission of contracts was two weeks prior to the meeting. Officers of the Trust were testing potential providers' systems and would decide by February 2024. The NCT intended for its new IT system to be live by Easter 2025.
- Additional support for service provision and funding for voluntary sector organisations existed through early help activity within the contract sum. Family hub work also tied in with the voluntary sector.
- The NCT had mirrored the Council's 4% increase relating to pay. The national living wage had increased by 9.83%.
- The NCT would consider transferring children's homes and non-statutory services back to North Northamptonshire Council.
- The medium-term financial plan would be made available by Friday 8th December.

**End of Meeting**

## **Notes from the meeting of the Budget Scrutiny Panel Phase 2 – Enabling Services – 8<sup>th</sup> January 2024**

### **Present**

#### **Budget Scrutiny Panel Members**

Cllr Lyn Buckingham (Chair)  
Cllr Lora Lawman (Vice-Chair)  
Cllr Jim Hakewill  
Cllr Richard Levell  
Cllr Anne Lee  
Cllr Paul Marks  
Cllr Russell Roberts

Apologies were received from Cllr Zoe McGhee (Cllr Lee substituting)

#### **Executive Members**

Cllr Lloyd Bunday (Finance and Transformation)

#### **Enabling Services Officers**

Guy Holloway (Assistant Chief Executive)  
Adele Wylie (Executive Director of Customer and Governance)  
Simon Mills (Assistant Director of Customer Experience)  
Jeandre Hunter (Head of Procurement)  
Lucy Hogston (Assistant Director of Revenue and Benefits)  
Rachel Ashley-Caunt (Chief Internal Auditor)  
Sanjit Sull (Assistant Director of Legal and Governance)  
Sadie Nightingale (Head of Registrations and Coroners)  
Heather Jackson (Head of Elections)

#### **Finance Officers**

Janice Gotts (Executive Director for Finance and Performance)  
Mark Dickenson (Assistant Director for Finance and Strategy)  
Claire Edwards (Assistant Director for Finance Accountancy)  
Jeff Abbott (Strategic Finance Business Partner)  
Niall Blowfield (Senior Finance Business Partner)

#### **Democratic Services Officers**

Louise Tyers (Senior Democratic Services Officer)

The Committee considered a presentation by the officers of Enabling Services, which outlined the proposed 2024/25 directorate budget and the key risks relating to services the directorate delivered.

During discussion, the principal points were noted:

### **Overview**

- i) There would be a balanced budget for 2024/25, however there would be significant pressures in future years. Acknowledging that a balanced budget was a necessity, but some members felt that services which mattered to residents were being taken out of the budget to support the demand-led budgets.
- ii) In response to a question as to how many of the FTE posts within the department were funded, officers confirmed that all posts were budgeted for however, a vacancy factor was also included to allow for turnover. A question was also asked on how many people were actually in post.

**Action:** The Executive Director of Customer and Governance undertook to speak to HR colleagues about how the information can be obtained whilst ERP Gold was unavailable.

### **Finance and Performance**

- iii) It would be helpful for next year that along with a figure for pressures/savings, it was also shown as a percentage of the budget.
- iv) It was the additional income of £4.6m from rises in interest rates guaranteed or would it be affected by changes in the rates over the year? Officers advised that it was a fixed rate of return and would not fluctuate.

### **Customer and Governance**

- v) The Council was looking at alternative ways to fund the Wellbeing Advisor post which was shown as a saving. It was a vacant post so there would be no redundancy.
- vi) Officers explained that the additional income for legal services commercialisation was around looking to support town and parish councils with their legal requirements. There would also be additional income around the school admissions process.
- vii) The proposed service plan objective of developing a business case for legal delivery of children's services was in the early stages and would be looking at bringing those legal services for the Children's Trust in-house.
- viii) Concern was raised at possible changes to customer contacts. In response, officers advised that the Council would be reviewing how customers interact with the Council and the best way of engaging in the future. Multiple outreach sessions had been inherited and it was a matter of understanding them and analysing customer needs. Any changes would be data driven.

- ix) Concern was raised that a proposed saving of £157k had been put into the budget before Members had been consulted about the potential impact on communities.
- x) There was concern that the proposed savings on changes in levels of occupational health provision could have a significant impact with longer waiting times for assessments. It was queried if the possible impacts had been considered?

**Action:** The Executive Director undertook to respond outside of the meeting on whether the possible impacts on the level of occupational health provision had been considered.

## ICT

- xi) ICT was one of the biggest risk areas for the Council and investment was needed. The Plan B if the systems failed, possibly due to a cyber-breach, was queried? Officers agreed that cyber breaches can have a significant effect on the Council. The strategy had been developed over the past 18 months and it was important that good virus protection was in place. Staff attitudes and behaviours were also very important around cyber-security.
- xii) The Silver Level Programme was queried as being necessary and whether it had received the correct challenge? It was confirmed that it had been discussed at a high level and appropriate business cases would be needed to draw down funding.
- xiii) It was queried if the Council received value for money for our ICT and what protection there was in the contract with West Northamptonshire Council to enable full disaggregation. Officers confirmed that comparisons on the North Northamptonshire Council's spend with other authorities had been drawn and that it was not above average, however the Council was less mature than some authorities. Disaggregation of ICT was being discussed with members and officers and a number of governance decisions still needed to be made.
- xiv) It was also queried whether the Council was making best use of economies of scale in ICT. It was confirmed that the biggest economy of scale would be a move from multiple systems across former sovereign council areas to single systems.
- xv) The Education Case Management System contract was a significant pressure. Officers clarified that this was required to extend the existing contract until a new NNC system was implemented.
- xvi) Concern was expressed at shutting down the four legacy websites as they held a large amount of information, which was often needed for analysing decisions. The cost of maintaining those sites for a number of years compared to turning them off was queried. Officers advised that whilst they were keen to get as much onto the new website, they did not wish to lose information.

Information around reports and minutes would remain available, similar to what had happened to the previous County Council information.

### **Chief Executive's Office**

No budget changes were proposed.

### **Corporate Services**

- xvii) LOBO loans – there was a potential for £17m to be called in over the next 12 months and this had been projected in our treasury forecasting.
- xviii) Pay contingency had been included as the pay award for 2023/24 had been slightly higher than had been budgeted for and the difference had come out of general contingency. If anything came out of general contingency, it was topped up if used.
- xix) Following the financial issues at Birmingham City Council around equal pay, it was queried whether this was a risk for NNC? Officers confirmed that work was being done to ensure that we were not in that position.

**End of Meeting**

## **Notes from the meeting of the Budget Scrutiny Panel Phase 2 – Public Health & Wellbeing – 12 January 2024**

### **Present:**

#### **Corporate Scrutiny Committee Members**

Cllr Lyn Buckingham (Chair)  
Cllr Lora Lawman (Vice-Chair)  
Cllr Jim Hakewill  
Cllr Anne Lee  
Cllr Paul Marks  
Cllr Steven North  
Cllr Russell Roberts

Apologies were received from Cllr Levell and Cllr Zoe McGhee (Cllr Lee substituting)

#### **Executive Members**

Cllr Lloyd Bunday (Finance and Transformation)  
Cllr Jason Smithers (Leader of the Council)  
Cllr Helen Howell (Deputy Leader of the Council and Executive Member for Sport, Leisure, Culture & Tourism)

#### **Observers**

Cllr Emily Fedorowycz

#### **Public Health & Wellbeing Officers**

Jane Bethea (Director of Public Health)  
Shirley Plenderleith (Assistant Director of Public Health)  
Kerry Purnell (Assistant Director Communities & Leisure)

#### **Finance Officers**

Janice Gotts (Executive Director for Finance and Performance)  
Mark Dickenson (Assistant Director for Finance and Strategy)  
Claire Edwards (Assistant Director for Finance Accountancy)  
Maria Idoine (Strategic Finance Business Partner)

#### **Democratic Services Officers**

Ben Smith (Head of Democratic Services/Statutory Scrutiny Officer)  
Louise Tyers (Senior Democratic Services Officer)

The Committee considered a presentation by the officers of Public Health and Wellbeing, which outlined the proposed 2024/25 directorate budget and the key risks relating to services the directorate delivered.

During discussion, the principal points were noted:

## **Public Health**

- i) Members welcomed the progress that was being made with public health.
- ii) Mental health in schools was a very significant issue as it could affect the whole family and the school. It was queried how were they being supported? In response, the Director of Public Health confirmed that since the pandemic, increasing levels of anxiety with young people had been seen, along with increases in self-harm. Public health was delivering a Schools Resilience Programme which included building resilience, providing CAMHS funding and Reach, a youth counselling offer.
- iii) With mental health for young people, schools had indicated that there were long waiting lists to access services, it was asked how waiting times were being monitored? Officers advised that a mental health collaborative oversaw mental health. The ICB commissioned services and public health identified gaps and saw its role to fill those gaps. There was a national problem accessing mental health services and public health had a role in identifying issues and using funding in an innovative way.
- iv) At the request of Members, the Director explained how the funding for drug and alcohol treatment was allocated, with three areas covered – children's, families and adult treatment. Members asked how decisions were made about deciding that funding was spent in these areas rather than mental health for children and young people. The Director explained that all programmes were subject to review. There were some mandatory functions, for example 0-19 services, substance treatment and there were other funding bodies for children's mental health.
- v) It was acknowledged that our needs did not always align with the priorities of central government. It was accepted that there was often tension in meeting priorities, but that the Council undertook needs assessments to understand what our priorities were. A Health and Wellbeing Strategy was being developed to meet local needs.
- vi) Part of public health's role was supporting the NHS in identifying where there was a gap in provision. We had a key role in influencing the system and working in an integrated way with the NHS was a good opportunity to integrate services around people, for example substance abuse and mental health.
- vii) In response to questions around recommissioning of services, officers advised that when a service was looking to be recommissioned, a health needs assessment was undertaken and there would also be engagement with the market. One of the biggest increases in the costs of recommissioned in the NHS was Agenda for Change, where there had been salary increases which needed to be covered.

- viii) Disaggregation was not always best value when it cost more for each council to deliver a service. The Director confirmed that there was an excellent relationship with WNC and disaggregation led to greater control of services but there was a need to keep within budget. If it was thought that disaggregation would put the Council at risk, officers would argue against it. The Leader affirmed that disaggregation was about getting the best service for residents and it was not always about money, but it needed to be remembered that our needs were different to the West.

## **Communities and Leisure**

- (xi) In response as to what was happening with the Kettering Art Gallery, the Assistant Director of Communities and Leisure confirmed that the library had recently moved into the Cornerstone building. There was an issue with the ground floor of the building, particularly with rain, and those issues could not be fully mitigated until the roof was watertight.
- (xii) Officers were asked to explain the proposed pressure of £692k in 2025/26 for domestic abuse funding. Officers explained that if the government did not continue with grant funding then it would become a pressure on our budget and decisions would need to be made. A funding announcement was expected to be made shortly.
- (xiii) With regards to the refugee resettlement programme, once a person was granted asylum it was queried what impact that had on the Council? Officers confirmed that there were different funding streams for each programme. It was accepted that there was some strain around housing when a person was granted asylum as they had 28 days to vacate the temporary accommodation they were provided with. For NNC, there had been three cases and it was working with housing around the options for their transfer to settled accommodation. There was no intention to use the general fund as there was separate funding received from the government.
- (xv) The Kettering Leisure Village had been on the Executive Forward Plan for January but had not come forward. Officers confirmed that the business plan, with a full assessment of the options, would be considered by the Executive in March and prior to that by the Place and Economy Scrutiny Committee in February.
- (xvi) It was queried whether each venue within the Culture, Tourism and Heritage Business Plan should be separated and each have their own profit and loss accounts. The Assistant Director confirmed that each venue had been brought together to maximise efficiencies, but each venue had its own separate accounts. The Deputy Leader advised that Chester House, and the other venues, had been brought together in a single service wide plan. The Chester House Estate had been subsidising the other venues. There had been five years of investment into Chester House and in two years it would become self-sustainable, which would benefit the Council.



**Action:** The separate profit and loss accounts for each venue to be provided (noting they may be commercially sensitive and not for publication).

(xvii) It was questioned what Chester House was costing as the Council was giving a subsidy to a venue which was competing against other private venues and whether the proposed replacement of the greenhouse was value for money? Officers advised that the Council's contribution to Chester House was expected to be zero, by 2027/28 and that they would also be looking to increase commerciality of other parts of the service. There was an ambition to refurbish the greenhouse and develop its use and appropriate funding sources would be examined.

(xviii) Officers were asked to look at the Business Plan as there appeared to be some minor inconsistencies through the document.

**Action:** Officers to look at the figures in the Business Plan and to share the outcome with the Committee.

**End of Meeting**

## **Notes from the meeting of the Budget Scrutiny Panel Phase 2 – Children’s Services (except SEND) – 16 January 2024**

### **Present**

#### **Corporate Scrutiny Committee Members**

Cllr Lyn Buckingham (Chair)  
Cllr Lora Lawman (Vice-Chair)  
Cllr Jim Hakewill  
Cllr Richard Levell  
Cllr Anne Lee  
Cllr Paul Marks  
Cllr Russell Roberts

Apologies for absence received from Cllr Zoe McGhee (Cllr Lee substituting)

#### **Executive Members**

Cllr Lloyd Bunday (Finance and Transformation)  
Cllr Scott Edwards (Children, Families, Education & Skills)

#### **Observers**

Cllr Keli Watts

#### **Children’s Services Officers**

David Watts (Director of Children’s Services)  
Neil Goddard (Assistant Director of Education)  
Richard Woodward (Head of Business and Performance)

#### **Finance Officers**

Janice Gotts (Executive Director for Finance and Performance)  
Mark Dickenson (Assistant Director for Finance and Strategy)  
Claire Edwards (Assistant Director for Finance Accountancy)  
Yoke O’Brien (Strategic Finance Business Partner)  
David Akinsanya (Senior Finance Business Partner)

#### **Democratic Services Officers**

Ben Smith (Head of Democratic Services/Statutory Scrutiny Officer)  
Louise Tyers (Senior Democratic Services Officer)

The Committee considered a presentation by the officers of Children’s Services, which outlined the proposed 2024/25 directorate budget and the key risks relating to services the directorate delivered.

During discussion, the principal points were noted:

## **Education**

- (i) Clarification was sought as to what the pressure of £112k was for income not practically chargeable following disaggregation. Officers explained that this was the element West Northamptonshire Council would have contributed to costs but now would not due to disaggregation.
- (ii) The inclusion of a saving of £59k for attendance fines was accepted as a prudent measure. Officers confirmed that there was enough evidence from previous years that this was recurrent year on year, though the objective was for all children to attend school regularly. This inclusion reflected what actually happened and was not a target.
- (iii) It was stated that disaggregation should not be based on an ideology but on funding. Officers advised that disaggregation enabled better management of the risks and reduced the Council's exposure to changes by our external partners.
- (iv) With the announced establishment of a Spending Board, it was queried how this would work alongside scrutiny? The Executive Director advised that the two were distinct pieces of work with scrutiny looking at the strategic side and the Spending Board looking operationally. The Executive Director of Finance clarified that it was everyone's responsibility to ensure prudent financial management and ensure spending was undertaken in the most appropriate way.
- (v) It was considered that appropriate service levels should be at the heart of scrutiny's budget discussions during 2024/25 by ensuring that there were sufficient funds to deliver statutory services but also by considering what could be done around other areas to reduce spending on statutory services.
- (vi) It was noted that free school meals were funded through the Household Support Fund. The Executive Director advised that questions had been raised about the Household Support fund nationally and councils were waiting for clarification. The Council could not assume that it would continue but was ready if it did so. Members supported the need for the Household Support Fund to continue and that there should be multiple years settlements.
- (vii) Officers advised that in respect of the implications for the schools support block from government being reduced year on year there would be a need in the future to undertake a review of what services could be provided to schools.
- (viii) In respect of funding of improvement recommendations arising from the Ofsted inspection an improvement programme would be developed, along with consideration of how to prioritise funding.

- (ix) Some schools were charging parents for additional curriculum support and these hidden fees and charges were a concern. Officers advised that the underlying principle was that education was free. Schools were able to charge curriculum supplements due to their financial positions. The alternative would be not to offer any additional support at all. Most schools would support disadvantaged families where they could.
- (x) It was noted that the SEND Accountability Board had recently considered a report on Educational Health and Care Plans and a request was made for the Corporate Scrutiny Committee to see that report.

**Action:** The Assistant Director of Education to circulate the presentation.

- (xi) Members requested an update on the backlog of EHCP reports. Officers confirmed that the statutory target was 20 weeks for the preparation of an EHCP. Performance was now just over 70%, whereas in the former County Council, it had fallen as low as 7%. Significant moves had been made to clear the backlog, but that had led to an unintended consequence of putting pressure on the dedicated schools grant to deliver the Plans.

### **Commissioning and Partnerships**

- (xii) The majority of the pressures within Commissioning and Partnerships was the investment into the Children's Trust Contract Sum.
- (xiii) Clarification was sought on what the one-off investment in the Children's Trust was. Officers advised that it included social worker capacity. There was a pressure on the workforce nationally when recruiting social workers. The Trust currently used a mixture of permanent, agency and managed teams. There were particular pressures on front-end social work teams including vacancies and rising caseloads. The use of agency staff changed on a daily basis and rather than include these costs in the contract sum, a one-off payment was made.

**Action:** Officers to provide a breakdown of the workforce between permanent, agency and managed teams.

- (xiv) Members sought an explanation as to why there was an increase in demand for services. The Executive Director explained that there were a number of parts including an element of risk aversion when partners referred cases. About 50% of referrals resulted in no further action and the Trust was looking to provide partners with the tools to help with referrals. Also, whilst there was early help, it was often not as early as would be liked.
- (xv) It was welcomed that the Children's Trust budget appeared to be starting to be managed. Officers confirmed that the Trust and both councils had managed to agree the contract sum on time. A Transformation and Efficiency Board had also been established.

**Action:** Officers to provide details of the projects turned down at the Transformation and Efficiency Board, once known.

### **Dedicated Schools Grant**

- (xvi) A recent report had stated that some of the alternative provision the Council used had been rated as inadequate. Officers confirmed that two of the larger providers the Council sent children to have been rated inadequate and it had precluded from any new pupils being sent to them. Both had now improved, and the Council was happy to send pupils to them again.
- (xvii) The cost of out of area placements was high, and it was queried whether everything was being done to provide more places in North Northamptonshire? Officers explained that a bid had been made to the government for a new alternative provision school in North Northamptonshire, which the government would fund. The Council could choose to build a facility itself, but it would be a significant investment. It was also looking at developing ways to educate pupils as close to home as possible.
- (xviii) How the further academisation of schools may affect the budget was also discussed. Officers confirmed that there would be an impact as some of the services were based on the number of schools.
- (xix) Regarding the impact be on the budget for funding for 2 year olds, officers advised that it was difficult to say at this stage but take up had been assumed, and would be adjusted through the year.
- (xx) The amount of children who did not have a school place due to SEND numbered around 100 children awaiting places.
- (xxi) The requirement slides in the presentation pack should be included in the response to the Executive as it succinctly puts down what is required.
- (xxii) When academy schools excluded a pupil, it put pressure on the authority as it had to support those pupils. It was queried if officers believed that academies were too quick to exclude pupils? In response, officers advised that they worked with all schools to minimise exclusions. However, nationally there was evidence to suggest that academies were quick to exclude. This put pressure on authorities as alternative provision was expensive.
- (xxiii) It was queried whether post-16 provision, particularly for SEND, had improved? It was responded that within North Northamptonshire there was limited Post-16 provision. The breadth of curriculum was an issue as it was very academic with a limited vocational offer.

(xxiv) It was noted that officers supporting early years were not present at this meeting, it was suggested that the Early Years Strategic Advisor could provide a briefing note/presentation on early years and answer any subsequent questions.

**Action:** Officers to examine the possibility of a briefing note/presentation on early years from the Early Years Strategic Advisor.

**End of Meeting**

## **Notes of the meeting of the Budget Scrutiny Panel Phase 2 – Children’s Services (Early Year’s Block) – 19 January 2024**

### **Present**

#### **Budget Scrutiny Panel Members**

Cllr Lyn Buckingham (Chair)  
Cllr Lora Lawman (Vice-Chair)  
Cllr Anne Lee  
Cllr Paul Marks  
Cllr Steven North  
Cllr Russell Roberts

An apology was received from Councillor Level and Councillor Zoe McGhee (Cllr Lee substituting).

#### **Executive Members**

Cllr Lloyd Bunday (Finance and Transformation)

#### **Observer**

Cllr John McGhee and Cllr Keli Watts

#### **Children’s Services Officers**

David Watts (Director of Children’s Services)  
Kelly Mills (Information and Support Team Manager)

#### **Finance Officers**

Janice Gotts (Executive Director for Finance and Performance)  
Mark Dickenson (Assistant Director for Finance and Strategy)  
Claire Edwards (Assistant Director for Finance Accountancy)  
Yoke O’Brien (Strategic Finance Business Partner - Children Services)

#### **Democratic Services Officers**

Ben Smith (Head of Democratic Services/Statutory Scrutiny Officer)  
Raj Sohal (Democratic Services Officer)

The Budget Scrutiny Panel considered a presentation by Kelly Mills and Yoke O’Brien, which outlined the allocation and spend of Early Years Block funding of the Dedicated Schools Grant (DSG) and in relation to Special Educational Needs and Disabilities (SEND).

During discussion, the principal points were noted:

## **Early Needs Block**

- (i) If not enough people were to access SEND funding would it be handed back to the Department for Education and was funding sufficient to address issues? Officers explained that funding was an issue and that of the SEND funding 5% was retained centrally and 95% passported on to providers through the Early Years Funding Formula;
- (ii) It was queried what could be done to improve SEND provision for Early Years? Officers responded that there was a SEND and inclusion fund to support children with low level and emerging needs in early years settings to support them with resources; this has been in place for over a year. SEN Inclusion Funding was also available for children with high level and complex needs and requiring an EHCP;
- (iii) It was pleasing to note that there were currently no childminder vacancies with enough spaces available to satisfy demand. This had been helped by the Government provision of start-up grants for newly registering childminders (£600 through registering with OFSTED and £1200 in two instalments through a childminder agency).

**End of Meeting**



## **Budget Scrutiny Phase 2 – Place and Environment – 19<sup>th</sup> January 2024**

### **Present:**

#### **Budget Scrutiny Panel Members**

Cllr Lyn Buckingham (Chair)  
Cllr Lora Lawman (Vice-Chair)  
Cllr Anne Lee  
Cllr Paul Marks  
Cllr Steven North  
Cllr Russell Roberts

An apology was received from Councillor Hakewill, Councillor Level and Councillor Zoe McGhee (Cllr Lee substituting).

#### **Executive Members**

Cllr Lloyd Bunday (Finance and Transformation)  
Cllr Matt Binley (Highways, Travel and Assets)  
Cllr David Howes (Rural Communities and Localism)  
Cllr David Brackenbury (Growth and Regeneration)  
Cllr Harriett Pentland (Climate and Green Environment)

Apologies were received from Councillor Mark Rowley.

#### **Observers**

Cllr Keli Watts

#### **Place and Environment Officers**

Graeme Kane (Interim Executive Director of Place and Economy)  
Rob Harbour (AD Growth and Regeneration)  
Jonathan Waterworth (AD Assets and Environment)  
Steve Smith (AD Highways and Waste)  
Iain Smith (AD Regulatory Services)

#### **Finance Officers**

Janice Gotts (Executive Director for Finance and Performance)  
Mark Dickenson (Assistant Director for Finance and Strategy)  
Claire Edwards (Assistant Director for Finance Accountancy)  
Sundeep Sangha (Strategic Finance Business Partner)

#### **Democratic Services Officers**

Ben Smith (Head of Democratic Services/Statutory Scrutiny Officer)  
Carol Mundy (Senior Democratic Services Officer)

The Panel considered a presentation by the officers of the Place and Economy Directorate, which outlined the proposed 2024/25 directorate budget and the key risks relating to services the directorate delivered.

During discussion, the following principal points were noted:

### **Assets and Environment**

- (i) Members asked about the budget realignment of income in relation to the Children's Trust. It was confirmed that this was a saving and reflected the levels of support service provided.
- (ii) A question about the differing dates for each review of fees and charges was raised, as it was thought that these were all reviewed as at 1 April each year. Officers clarified that fees and charges can be increased at any time within the year. Due to inflationary pressures and the need to protect budgets a business decision was made in 2023 to increase some charges from 1 January 2023. This did not relate to every charge and for example any increases in the Garden Waste charge are intended to apply from 1 April in each year.
- (iii) Reference was made to car parking fees and charges and the harmonisation of these across North Northamptonshire. It was noted that there remained in place different costs. One member recalled that parking charges had been welcomed in town centres at one time to encourage turn-over of vehicles, rather than someone parking all day. Officers clarified that the fees and charges would be incorporated in the Parking Strategy. It was noted that parking charges for the country parks would increase to £3.50.
- (iv) In relation to the garden waste collection officers were asked if the direct debit system was in place yet and whether users could pay by instalments. Officers confirmed that the direct debit system was on track, but it would not allow instalment payments. The payment had to be taken as a one-off.

### **Growth and Regeneration**

- (v) Members noted that the restructure was still in the process of being completed and that the aim was to have it in place by summer 2024. There had been some delays due to the corporate pay and grading review also taking place at the same time and the need to align job evaluations for new posts with that of the new pay structure for the Council.
- (vi) Flood Management and Climate Change - Members raised their concern over climate change and the high risk of flooding which was of concern and asked about the cost pressures in the Flood and Water Management Service of £56k for 2024/25 and number of officers who worked in this area. Reference was also made to natural springs and whether this issue was known to the authority.

- (vii) It was confirmed that this area fell within the Kier contract who provided the Flood and Water Management Service as an extension of its wider contract with the Council, with several specialists available to be called upon within the wider organisation for advice, thus ensuring resilience and additional resources which was more beneficial than the previous flood and water management arrangements. Details of natural springs where there were issues would also be useful to be aware of.
- (viii) There was ongoing work in relation to the Section 106 process and officers clarified that harmonisation work was ongoing to ensure that the legacy councils' information was available on a full database on a single IT platform.
- (ix) Vacant Posts and Contract Employees.  
Officers clarified that there was ongoing work to ensure that planning officers were recruited to the vacant positions, rather than contractors being engaged.
- (x) Subscriptions, which were non-essential would no longer be subscribed to.
- (xi) Planning Process – Members were pleased that there would soon be one IT platform available across the whole of North Northamptonshire to deal with the planning process. Officers were asked about the current planning income and how this fluctuated.
- (xii) Officers confirmed that fees were charged for a planning application and had been set by the government, with fees recently being increased for the first time in several years. The number of applications received and dealt within the set performance period of 13 weeks was increasing. It was difficult to estimate if the current financial climate would result in the receipt of fewer applications.

### **Regulatory Services**

- (xiii) Members asked about dangerous dogs and whether this fell under regulatory services. Officers clarified that the enforcement would fall under the Police. However, regulatory services would be involved regarding animal welfare.
- (xiv) Thanks were extended to the team for ongoing work undertaken in the Wellingborough area.

### **Highways and Waste**

- (xv) The following issues were raised by members of being of high importance to the public:
  - Missed bins;
  - Fly-tipping;
  - Bulky Waste
  - The future of the Household Waste and Recycling Centres;
  - Potholes

- Highway repairs

Officers clarified the current position and reported on the work being progressed on each subject matter.

- (xvi) Members asked if like for like comparisons in relation to pothole issues were carried out between neighbouring councils. This did not happen currently, but the Department of Transport was in the process of issuing guidance on this.
- (xvii) The Isham Bypass was raised, with frustration expressed that the timescale for action was getting very close and the concern that funding could be lost. It was confirmed that there was ongoing work taking place to update traffic figures following the Covid pandemic.
- (xviii) Changes were taking place to the Bulky waste service with the number of items per collection being increased. Fly-tipping remained an issue and would continue to be monitored.
- (xix) Pothole repairs – officers were asked for their opinion on the use of the Thermal and Roadmaster equipment. It was confirmed that both were used successfully. Ongoing work was taking place with Kier about quality control, but target figures exceeded what had been agreed.
- (xx) Home to School transportation was referenced and it was confirmed that following disaggregation that the budget pressures had slightly reduced for the coming year. The impact of the cutting back of bus services would be carefully monitored.
- (xxi) Concern was raised about the reduction in funding for local cycling and walking infrastructure plans (LCWIPs) particularly as two had recently been approved. It was confirmed that work would continue on the approved LCWIPs in Corby and Kettering. Government funding would continue to be sought. The Wellingborough and Rushden LCWIPs exercise would continue.
- (xxii) Requests for double yellow lines and the timescale for these to be implemented was raised. Officers clarified that the cost and timescale for making an order was considerable and as such several would be worked on at the same time to save costs. Each had to be advertised and consulted on and on average cost over £4,000 per request and considerable officer time.

### **Draft Capital Programme**

- (xxiii) No questions were raised on the draft capital programme.

**End of Meeting**

## **Notes from the meeting of the Budget Scrutiny Panel Phase 2 - Adults, Health Partnerships, Housing - 19th January 2024**

### **Present**

#### **Budget Scrutiny Panel Members**

Cllr Lyn Buckingham (Chair)  
Cllr Lora Lawman (Vice-Chair)  
Cllr Anne Lee  
Cllr Paul Marks  
Cllr Steven North  
Cllr Russell Roberts

Apologies were received from Councillor Hakewill, Councillor Levell and Councillor Zoe McGhee (Cllr Lee substituting).

#### **Adults, Communities and Health Officers**

David Watts (Executive Director of Adult Social Care)  
Sam Fitzgerald (Assistant Director of Adult Services)  
Matthew Jenkins (Assistant Director of Commissioning and Performance)  
Zakia Loughead (Assistant Director of Safeguarding and Wellbeing)  
Evonne Coleman-Thomas (Assistant Director of Housing)

#### **Executive Members**

Cllr Lloyd Bunday (Finance and Transformation)  
Cllr Mark Rowley (Housing, Communities and Levelling Up)

#### **Observers**

Cllr John McGhee and Cllr Keli Watts

#### **Finance Officers**

Janice Gotts (Executive Director for Finance and Performance)  
Mark Dickenson (Assistant Director for Finance and Strategy)  
Claire Edwards (Assistant Director for Finance Accountancy)  
Maria Idione (Strategic Finance Business Partner)

The Committee considered a presentation by the officers of Adults, Health Partnerships and Housing, which outlined the proposed 2024/25 directorate budget and the key risks relating to services the directorate delivered.

During discussion, the principal points were noted:

## **Adult Social Care**

- (i) The service presented an updated position since the draft budget was published. There was an underlying pressure of £9.2m of which this has been partially mitigated by savings / efficiencies of £5.1m – resulting in a net pressure of £4.1m. Clarification was given that for 2024/25 the £4.1m would be funded through smoothing reserves.
- (ii) A detailed overview of the pressures and savings, including descriptions of the programme of works were shared with Members.
- (iii) One member emphasised that the budget must be ‘dynamic’, due to the demand-led nature of need affecting service provision.
- (iv) Members queried whether provision had been built into the budget to ensure that services would not be adversely impacted if unforeseen expenditure should result in a significant deficit position.
- (v) One member queried whether issues of hospital capacity and demographic growth would increase the budget pressure relating to adult social care services and whether this pressure fell on the local authority, rather than the NHS Foundation Trust.
- (vi) Members acknowledged that the model of adult social care had led to an increased reliance on independent providers of services. They queried whether this was sustainable to address the increased levels of need arising from demographic growth.
- (vii) The eligibility criteria was nationally-set, to determine requirement of service provision.
- (viii) Demand for adult social care services had increased as a result of demographic growth in this area. The local authority aimed to reduce need, through providing alternative pathways to care. This included meeting with patients earlier during the process of being discharged from hospital, to best determine subsequent care needs and improve early help.
- (ix) Through commissioning, the local authority had secured several contracts with independent providers and maintained sufficient capacity for home care. Officers were confident that payment rates to service providers were sustainable. The vacancy rate within the independent care market had also decreased during the course of the previous year.

## **Strategic Partnerships**

- (x) One member emphasised the importance of maintaining strategic partnerships, to reduce the cost and maximise efficiency of service delivery.

## **Housing Revenue Account**

- (xi) Members queried how many accommodation properties the local authority owned across North Northamptonshire.
- (xii) Members queried the rates of bad debt provision.
- (xiii) Members queried whether energy efficiency measures had been established for Council properties.

In response, officers clarified that:

- (xiv) The local authority owned around 8,000 properties across North Northamptonshire.
- (xv) Bad debts provision was maintained at the same rates and would be re-assessed on an annual basis.
- (xvi) Energy efficiencies were determined when contracts with energy providers were secured, and regular reviews of these contracts were undertaken.

**End of Meeting**

This page is intentionally left blank





## EXECUTIVE 8<sup>th</sup> February 2024

<b>Report Title</b>	<b>Budget 2024-25 and Medium-Term Financial Plan</b>
<b>Report Author</b>	Janice Gotts, Executive Director of Finance and Performance
<b>Lead Member</b>	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

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

### List of Appendices

- Appendix A** – Budget Summary
- Appendix B** – Budget Change Proposals Listing
- Appendix C** – Dedicated Schools Grant
- Appendix D** – Reserves Strategy
- Appendix E** – Consultation Feedback Summary
- Appendix F** – Equality Impact Screening Summary
- Appendix G** – Corporate Scrutiny Committee – Budget Scrutiny
- Appendix H** – Treasury Management Strategy 2024-25
- Appendix I** – Legal Background to Setting the Budget and Council Tax
- Appendix J** – Flexible Use of Capital Receipts Strategy

### **1. Purpose of Report**

---

- 1.1 This report sets out the final revenue budget for 2024-25 and the Medium-Term Financial Plan for North Northamptonshire Council. The draft budget proposals were considered by the Executive on 21<sup>st</sup> December 2023 along with an Addendum to the main budget report which provided an update to Members following the provisional Local Government Finance Settlement, which was published on 18<sup>th</sup> December 2023, following a written statement from the Secretary of State of Levelling Up, Housing and Communities.

- 1.2 Further to the Provisional Financial Settlement on 18<sup>th</sup> December 2023, the Secretary of State announced a further c£600m of funding for Local Government to increase support for Social Care (£500m), increase the Rural Services Delivery Grant (£15m) and improve the Core Spending Power protection from 3% to 4% (£87m) alongside other smaller funding changes. The impact on North Northamptonshire Council of these recent changes is reflected in this report.
- 1.3 The budget consultation period for the draft budget commenced on 21<sup>st</sup> December 2023 and ended on 26<sup>th</sup> January 2024. The draft budgets have also been subject to scrutiny by the Corporate Scrutiny Committee. The consultation provided residents, local partners, and other stakeholders the opportunity to review the budget proposals and provide feedback during the five-week consultation period.
- 1.4 This report builds on the draft budget report and reiterates the key points from that report to ensure that this is a complete document when setting out the revenue budget for 2024-25 and the Medium-Term Financial Plan for North Northamptonshire Council, including the proposed Council Tax level for 2024-25.
- 1.5 The Revenue Budget 2024-25 and Medium-Term Financial Plan forms part of a full suite of budget reports being presented to the Executive at this meeting. These include the Housing Revenue Account Budget 2024-25, the Capital Strategy, Capital Programme 2024-25 to 2027-28 and the Treasury Management Strategy. These reports when taken together will provide a framework for the Council's financial planning for 2024-25 and into the medium term. The aforementioned suite of budget reports, including the Council Tax Resolution will be considered by Council on 22<sup>nd</sup> February 2024.

## **2. Executive Summary**

---

- 2.1 The report presents the final draft of the Revenue Budget and Medium-Term Financial Plan for North Northamptonshire Council prior to its submission to Council at its meeting on 22<sup>nd</sup> February 2024. The report includes the outcomes of the budget consultation undertaken between 21<sup>st</sup> December 2023 to 26<sup>th</sup> January 2024 and builds on the draft budget proposals taken to Executive on 21<sup>st</sup> December 2023 together with the changes in the Addendum to the budget reports also presented to that meeting.
- 2.2 Since the draft budget was presented the budget assumptions have continued to be reviewed in line with the latest monitoring position and other changes. This has resulted in a net budget increase of £3.875m consisting of an additional pressure of £4.096m for Adult Social Care Services, which has been partially offset by £221k relating to a change in the income forecast for Garden Waste based on the proposed charge. The main areas of spend driving the increase in Adult Services relates to independent care provision including residential and nursing care for individuals aged 18-64 years old and those aged 65 years and

over. The service has seen a significant and persistent increase in service demand during 2023-24 as well as higher costs, often due to acuity of need.

- 2.3 The 2024-25 Adult Social Care draft budget presented to the December Executive had been based on the numbers available at the time and the assumption that the increase in demand had peaked. It also had a number of planned mitigations built in that were intended to reduce the ongoing pressure from the independent care budgets. These assumptions have continued to be reviewed and following the Period 8 forecast outturn position for 2023-24 it has been necessary to revise the forecast into 2024-25 and also to identify options to offset this position.
- 2.4 Therefore, the draft budget assumptions have been reviewed and revised to reflect an updated demographic and inflationary position, which has required further growth of £9.205m. This has been partially offset by additional management actions of £5.109m reducing the cost pressure to £4.096m for Adult Social Care. Taken together with an increase in fees and charges income for Garden Waste of £0.221m, this has resulted in a net pressure of £3.875m to be met.
- 2.5 This table below summarises the remaining net pressure and associated funding:

<b>Changes in Budget</b>	<b>2024/25 £m</b>
Increased net pressure in Adult Social Care	4.096
Increase in Fees and Charges	(0.221)
<b>Change in Net Budget</b>	<b>3.875</b>
Funded By:	
Forecast additional Adult Social Care Grant (additional funding announcement on 24 <sup>th</sup> January)	2.629
Adult Social Care Reserve	1.467
Additional Rural Services Delivery Grant	0.006
Smoothing Reserve movement	(0.227)
<b>Change in Funding</b>	<b>3.875</b>

- 2.6 The Local Government Provisional Finance Settlement published on 18<sup>th</sup> December 2023 was a one-year settlement only. It assumed an increase of 6.5% in the Core Spending Power for Local Authorities to meet demand and cost pressures and contains the expectation that each Council will increase its Council Tax precept by the maximum amount allowable, i.e., 4.99%, inclusive of a 2% precept for Adult Social Care. The additional funding announced on 24<sup>th</sup> January of £600m has further increased the average Core Spending Power for Local Authorities to 7.5%.

- 2.7 Whilst the funding provided within the Settlement and subsequent grant is welcome, this alone is insufficient to address the pressures and funding risks facing local authorities during a time of high inflation and increasing demand. Further service efficiencies and an increase in the level of Council Tax and the necessary use of reserves will enable a balanced budget to be set for 2024-25 as well as supporting the medium-term position where relevant.
- 2.8 The proposed budget for North Northamptonshire Council includes a core Council Tax increase of 2.99% and applies the maximum allowable social care precept increase of 2%. This represents a Band D level of Council Tax for North Northamptonshire Council of £1,740.22 in 2024-25 an increase of £82.71 equivalent to £1.59 per week from 2023-24. The majority of properties in North Northamptonshire are in Bands A and B which would see an increase of £55.14 a year (£1.06 per week) and £64.33 per year (£1.24 per week) respectively. These figures do not include the Council Tax for individual town and parish councils or the Council Tax set by the Northamptonshire Police, Fire and Crime Commissioner.
- 2.9 The Final Settlement is expected to be laid before Parliament, for approval, in early February.
- 2.10 The Council's Medium-Term Financial Plan has been updated to reflect the 2023-24 budget position and latest forecasts which will impact in future years as well as further expected changes from 2024-25.
- 2.11 The budget proposals support a wide range of services to residents and businesses across the area including care to vulnerable adults and children, education, the disposal and collection of waste, household waste recycling, economic development, housing and support for the homeless. The budget will underpin the priorities contained within the Council's Corporate Plan which was approved by Council at its meeting on 1<sup>st</sup> December 2021 and has the following six key thematic policy areas:
- **Helping people to lead active, fulfilled lives** – helping people be more active, independent, and fulfilled.
  - **Building better, brighter futures** – caring for young people, providing them with a high-quality education and opportunities to help them flourish.
  - **Developing safe and thriving places** – enabling a thriving and successful economy that shapes great places to live, learn, work and visit.
  - **Creating a green, sustainable environment** – taking a lead on improving the green environment, making the area more sustainable for generations to come.
  - **Building connected communities** – ensuring communities are connected with one another so they are able to shape their lives and areas where they live.

- **Developing modern public services** – proving efficient, effective and affordable services that make a real difference to all our local communities.
- 2.12 The budget is set in the context of continuing uncertainty around the economic picture for the Country as a whole. Increasing demands and higher than forecast inflation has resulted in significant changes to the Council’s Medium-Term Financial Plan compared to the position modelled just less than a year ago.
- 2.13 North Northamptonshire Council is a comparatively new Authority. It commenced operations on 1<sup>st</sup> April 2021 following the Local Government Reorganisation (LGR) programme in Northamptonshire. LGR committed to deliver significant savings of £85.9m; some of which were to be achieved across the County Council and District and Borough Councils prior to vesting day with the remainder to be realised once the two new unitary councils were in place.
- 2.14 Of this total, £49.4m was delivered prior to vesting day and these were included in the eight predecessor councils’ budgets as at 2020-21. These savings included a range of service initiatives, cost reductions and additional income targets to be made in the final year of operation alongside wider service transformation savings, for example, from the implementation of a new single Finance and HR system replacing the eight systems used by the previous councils, a new website and automated customer service technology. All of these were delivered by the year end 2020-21.
- 2.15 When the two new Unitary Councils were formed the remaining savings to be delivered were the responsibility of each Council. This included savings such as the reduction in senior staff costs following the amalgamation of the Councils and the rapid response service in Adult Social Care amongst others.
- 2.16 Inevitably some of the remaining savings were more challenging and subsequently a number were considered as no longer achievable, however, other savings have been identified. To date since 2021-22 and including the savings proposed for 2024-25, the Council has targeted further efficiencies and cost reductions of over £60m.
- 2.17 The past couple of years has seen unprecedented financial challenges predominantly through external factors such as the longer-term impact of the pandemic on resident needs and sustained high inflation. The medium-term financial position remains very challenging, and the Council must continue to develop and deliver further transformation programmes to help create a strong and modern Council delivering quality, cost effective services for the benefit of its residents.
- 2.18 The draft Medium-Term Financial Plan (MTFP) set out in this report incorporates a number of assumptions regarding the pressures, savings and investment plans for the Council. It also includes assumptions based on the announcements in the Autumn Budget 2023 which was presented to Parliament on 22<sup>nd</sup> November 2023, alongside the subsequent Finance Policy Statement issued on 5<sup>th</sup> December. These documents set out the overall funding available for Local Government as well as other key economic indicators. The detail of the

individual allocations to each Council were announced as part of the Provisional Local Government Finance Settlement which was announced on 18<sup>th</sup> December 2023. At the time of writing the Final Settlement had yet to be published.

- 2.19 The report also includes a summary of the financial position for the Dedicated Schools Grant (DSG). The DSG is a ring-fenced grant from Government to support education related services. The allocation is driven by a number of factors, but predominantly relates to pupil numbers. For 2024-25 the indicative settlement is £388.4m covering the schools block, high needs block, early years block and the central schools' services block. Councils across the country are generally seeing significant pressures within services funded through the High Needs Block, which supports children and young people with Special Educational Needs and Disabilities from 0 to 24 years of age.
- 2.20 The full details of the Council's revenue budget and Dedicated Schools Grant is set out in this report. Elsewhere on the agenda are reports for the Housing Revenue Account (HRA) and the Capital Programme.

### **2024-25 Budget Approach and Headlines**

- 2.21 The main headline assumptions within the draft budget proposals are:
- A balanced general fund budget for 2024-25, with funding supporting net spend requirements of £375.3m (excluding the DSG).
  - Further investment of circa £62.6m to both protect vital services and invest in service change and improvement. This allows for demand and cost increases in services, most notably investment in Adult Social Care (£28.7m) and Children's Services (£15.1m).
  - Cost pressures and service investment are, in part, offset by savings, efficiencies and income generation of £23.8m, this includes the continuation of savings already included as part of the 2024-25 medium term financial plan and which remain deliverable, with the remainder being met through improved business rates income, council tax income and Government grants.
  - An investment in Social Care which recognises a 9.8% increase in the National Living Wage from 1 April 2024 to £11.44 per hour.
  - An increase in Council Tax consisting of 2.99% for the "core" council tax and 2% for the Adult Social Care precept, which results in a new Band D equivalent Council Tax of £1,740.22, an average weekly increase of £1.59 (based on Band D equivalent).
  - No change to the Local Council Tax Support Scheme which will continue at 25%.
  - Inclusion of a contingency to mitigate against unforeseen cost pressures totalling £4.1m. This is equivalent to over 1% of the Council's net budget and recognises the risks posed by the wider economy and rising demand.
  - The use and retention of reserves to support investment in service improvement, fund time limited projects, pump-prime schemes and help manage risk and associated cost pressures both in-year and across years.
  - Officers will continue to seek efficiencies in order to help address the budget requirement from 2025-26 and into future years.

- A DSG settlement of £388.4m – see also Appendix C for further detail.
- 2.22 **Appendix A** sets out a summary position for 2024-25 and the indicative forecast for 2025-26 to 2027-28.
- 2.23 Work has been undertaken to review underlying pressures across services and seek mitigating actions around future forecast increases in service need. The content of the report, along with the detail in **Appendix B**, outlines the pressures and savings for each of the Directorates. The budget proposals have been scrutinised by the Corporate Scrutiny Committee in accordance with the budget strategy paper that was presented to Executive on 16<sup>th</sup> November 2023.
- 2.24 As part of the 2024-25 Budget setting process a number of budget challenge sessions were held to help inform the budget process. These consisted of senior officers and Executive Members with the objectives set out below:
- To remind all Service areas of the financial position of the Council and the need to ensure Value for Money.
  - To understand the risks and pressures in the budget, including any new risks for 2024-25 and identify any efficiencies to offset against these.
  - To review the existing MTFP for 2024-25 onwards – pressures and savings and the ability of services to achieve these for inclusion in the budget.
  - To utilise the information gathered to date during 2023-24 monitoring to inform the budget planning for 2024-25.
  - To understand the planned service developments, alongside the associated costs/benefits and timing. This will include the continuing disaggregation of services between North and West Northamptonshire Council, as well as service change.
- 2.25 The outcome was to achieve an agreed way forward on the service proposals for 2024-25 and beyond for consideration as part of the Medium-Term Financial Plan and this forms the basis of the contents of this report.
- 2.26 The position is reviewed in advance of the final budget proposals to ensure that the budget proposals represent the best forecast available for the coming years based on the information available at the time.

### Funding Context

### Government Grants

- 2.27 The Chancellor announced the Autumn Statement in Parliament on 22<sup>nd</sup> November 2023. The Statement reaffirmed the Government's previous commitments to the sector.

2.28 This reaffirmation of funding includes the following to deliver core services in 2024-25:

- Up to £1.2bn in further flexibility for councils on council tax.
- £1.9bn from delaying the rollout of adult social care charging reform from October 2023 to October 2025 enabling the grant set aside for this to be re-purposed.
- £1.2bn in new grant funding for adult social care with the Local Government funding limits which includes a 50% share (£0.5bn) of the £1.0bn allocated through BCF for discharge with the remainder going to Health, together with £0.7bn which will be distributed through a grant ringfenced for adult social care which will also support discharge.

2.29 During 2023-24 £0.205bn in new grant funding for social care workforce support was announced outside the Autumn Statement 2022 which will be distributed through a grant ringfenced for adult social care as part of the Market Sustainability and Improvement Fund.

2.30 There will also be a reduction in funding to recognise the reversal of the requirement to fund an additional 1.25% in National Insurance Contributions, totalling -£0.2bn for 2024-25.

2.31 On 24<sup>th</sup> January further one-off funding of £600m was announced to support the ongoing challenges faced by Local Government, in particular £500m to support service needs within Social Care.

2.32 The overall movements of £4.9bn can be summarised in the table below:

<b>Changes in Funding for Core Services</b>	<b>2024/25 £bn</b>
Change to Council Tax Assumptions	1.2
Re-purposed adult social care funding	1.9
New adult social funding included in the Local Government Department Expenditure Limit (LGDEL)	1.2
Workforce Fund	0.2
Removal of National Insurance Contribution Requirements (at 1.25% of NI)	-0.2
Additional Funding Announcement 24 <sup>th</sup> January 2024 <i>(includes £0.5bn for Social Care)</i>	0.6
<b>TOTAL</b>	<b>4.9</b>

2.33 Overall, whilst the additional funding Local Government is welcomed, it is acknowledged that some of it came with further spend expectations and will not be available to underwrite existing and growing spend pressures. Inflation is also higher than originally envisaged as part of the previous funding



announcements and therefore this too has eaten into the capacity available to councils.

### Business Rates

- 2.34 The Government's plans for funding reform within the sector as part of the Review of Relative Needs and Resources (formerly the Fair Funding Review) and changes to the Business Rates Retention (BRR) system including the reset of the baseline continue to be delayed. The Council's MTFP forecasts have been updated and now assume no funding reform changes until 2026-27.
- 2.35 The Government has, this year, decoupled the Business Rates (BR) multiplier for small business rates and standard business rates. The small business rates (BR) multiplier will be frozen, and the standard multiplier will be fully indexed for 2024-25. The cost of freezing the small BR multiplier for 2024-25 is £350m compared to £1.8bn in 2023-24. De-coupling the multipliers has allowed the Chancellor to preserve about 80% of the revenues from indexing the multiplier.
- 2.36 The standard multiplier will increase from 51.2p in 2023-24 to 54.6p in 2024-25 based on the September 2023 CPI.
- 2.37 This will impact the cap compensation, starting in 2024-25, separate under-indexation factors (UIFs) will be used, which will reduce the cap compensation that is paid. It is not yet been confirmed how the new arrangements will work and there will be amendments required to Council systems.
- 2.38 Councils have been asked to split their business rates income in the NNDR<sup>1</sup> 2024-25, but it is not clear how the two UIFs will be applied to the Base Funding Level (BFL) and therefore how the cap compensation will be calculated for the Council's top-ups and tariffs. This creates a risk within the modelling for the MTFP for the cap compensation element of business rates funding until the provisional settlement is received.
- 2.39 The assumption shown in the MTFP is that this will have no financial impact, however, high-growth council's, such as North Northamptonshire will be subject to a levy on the increased business rates income arising from indexing the standard multiplier.
- 2.40 The Government will support continued Retail, Hospitality and Leisure relief for eligible properties in 2024-25 and there will be a Supporting Small Business scheme to cap increases for businesses that lose other relief due to the revaluation.
- 2.41 Guidance for local authorities on new reliefs will be published shortly. Local authorities will be fully compensated for any loss of income as a result of these

---

<sup>1</sup> The NNDR1 is a return from all Councils to Government setting out the forecast business rates position for the year.

business rates measures and will receive new burdens funding for administrative and IT related costs.

### Council Tax

- 2.42 For 2024-25, the Government has proposed that Local Government will be able to increase Council Tax by up to 3% for core pressures, and a further 2% precept for Adult Social Care. The Government makes the assumption that councils will raise their Council Tax by the maximum allowed when determining the Core Spending Power<sup>2</sup> for Local Authorities.
- 2.43 To help maintain and protect levels of service provision it is proposed that the Council will consult on a core Council Tax increase of 2.99% which is up to the level set by the government without triggering a referendum, and it will also utilise the allowable social care precept increase of 2% in full. An overall increase of 4.99% for 2024-25. This would contribute around £9.6m per annum towards service priorities and would represent a Band D level of Council Tax for North Northamptonshire Council of £1,740.22 which is an increase of £82.71 (equivalent to £1.59 per week) from the Band D Council Tax level of £1,657.51 in 2023-24. This Band D figure does not include the Council Tax for individual Town and Parish Councils or the Council Tax set for Fire and Police by the Northamptonshire Police, Fire and Crime Commissioner.
- 2.44 Council Tax income remains the most stable form of income to the Local Government Sector, and it will continue to be key to the ongoing financial sustainability of the Council and the delivery of vital services to its residents, a number of which are vulnerable, alongside investment in neighbourhoods and communities; this is particularly important when there is such significant uncertainty regarding the funding and pressures for local government services in future years.

### The Overall Position 2024-25 and beyond

- 2.45 The Council initially had a forecast funding gap of £17.1m for 2024-25. Having incorporated forecast changes arising from the announcements made as part of the Finance Settlement, applying a Council Tax increase of 4.99% (including 2% for Adult Social Care) and revising the budget assumptions for 2024-25 including a number of new spend pressures and savings based on the latest assumptions, the Council is proposing a balanced budget for 2024-25.
- 2.46 Whilst the proposed budget is balanced for 2024-25 including the use of reserves as referenced within the report, significant pressures remain in the medium term, most notably due to inbuilt inflationary increases, continuing demand and the assumed changes to Local Government funding following a business rates reset. The reset is now expected in 2026-27 and will see the

---

<sup>2</sup> The Core Spending Power measures the core revenue funding available for local authority services, including Council Tax and locally retained business rates – essentially setting out the money that has been made available through the Local Government Finance Settlement.

Council potentially lose a significant proportion of the business rates growth that it has built up and benefited from over several years.

- 2.47 To help address the longer-term deficit the Council is continuing to review its service delivery for the future using dedicated transformation resources to identify and deliver the changes required, including bringing services together in to more efficient and effective operating models. This will help contribute towards the financial position of the Council over the medium-term. This includes reviewing how the Council interacts with its customers, residents, partners, and other stakeholders and will take into account service delivery, contractual arrangements, opportunities to expand and enhance the digital experience and realising property efficiencies, thereby reducing costs and improving services going forward.
- 2.48 It is important to note that the budget is not just about how to manage within available resources but also where funding should be invested, recognising residents' priorities and working with partners to jointly develop service delivery proposals, giving families strength and self-reliance so they will benefit from greater self-determination and improved life chances. There is a balance to be maintained between encouraging growth, providing high quality universal services and protecting those that are the most vulnerable.
- 2.49 The position will be closely monitored and reviewed throughout the year with actions taken as necessary when pressures and risks arise. As always, there will be a three-way push to keep the basics on track, prevent problems down the line and tackle complex problems together.

### **3. Recommendations**

---

- 3.1 It is recommended that the Executive endorses the contents of this report and recommends the budget proposals on to Council for approval. This includes:
- a) the 2024-25 revenue budget for approval and adoption as set out in this report, which sets:
    - i. a budget requirement of £763.773m including Dedicated Schools Grant of £388.440m resulting in a net revenue budget requirement of £375.333m as set out in **Appendix A**.
    - ii. a total Council Tax requirement for the Council's own purposes of £201.599m as contained in paragraph 5.25.
    - iii. An average Band D Council Tax of £1,740.22 for North Northamptonshire Council, representing a 2.99% increase in the 'core' Council Tax and a further 2% for the Adult Social Care Precept, noting that a separate Council Tax Resolution Report will be presented to Council.
    - iv. the detailed proposals of savings, pressures and income generation for 2024-25 as set out within the report and **Appendix B**.

- v. the provisional Dedicated Schools Grant budget of £388.440m for 2024-25, as detailed in **Appendix C**, and summarised in paragraphs 5.42 – 5.56.
- vi. the draft planned use of, contribution to, and movement in, reserves as identified in paragraph 5.57, section 9 and **Appendix D** of this report, subject to the final call on reserves as a result of the Final Financial Settlement or other changes.
- vii. the corporate budget requirements as set out in paragraph 8.1, including a contingency sum of £4.101m as set out in paragraph 8.2.
- viii. the Treasury Management Strategy for 2024-25 as set out in **Appendix H**, including the Authorised Borrowing Limit of £907m and to note a further update to the Strategy will be provided once the disaggregation of the former Northamptonshire County Council's Balance Sheet has been finalised.
- ix. the recommended Flexible Use of Capital Receipts Strategy as set out in Section 10 and **Appendix J**.
- x. that Council delegate authority to the Executive Member for Finance and Transformation in consultation with the Executive Director of Finance and Performance (Section 151 Officer) to agree any necessary variations to the budget prior to 1st April 2024.
- xi. that Council delegate authority to the Executive Member for Finance and Transformation in consultation with the Executive Director of Finance and Performance (Section 151 Officer) to agree the use of the following reserves which will provide the flexibility to manage the overall budget during 2024-25.
  - Transformation Reserve
  - Public Health Reserve
  - Waste Management Reserve
  - Adult Social Care Reserve
  - Budget Delivery Reserve
  - Business Rates Retention Reserve
  - General Risk Reserve
- b) the forecast financial position for 2025-26 to 2027-28, noting that this will be reviewed as further information becomes available and updated as part of the budget process for 2025-26 onwards.

3.2 It is recommended that the Executive:

- a) notes that the financial position has been based on the Provisional Local Government Finance Settlement announced on 18th December 2023 together with any further announcements and updates to the forecast budget position as at the date of the publication of this report;

- b) notes the net movement of £3.875m in 2024-25, together with the associated funding, against the draft budget reported to December Executive and as summarised in paragraph 2.5, noting that any impact in the medium term has been reflected in the table under paragraph 5.1;
  - c) notes that, at the time of writing, the Final Local Government Finance Settlement is yet to be published and, therefore, some figures may be subject to change;
  - d) considers the consultation feedback as summarised in the report and attached at **Appendix E**;
  - e) considers the Equality Impact Screening Assessment as at **Appendix F**;
  - f) considers the outcome from the Corporate Scrutiny Committee, as detailed at **Appendix G** and any separate representations to this Committee;
  - g) notes the legal background for setting the revenue budget and Council Tax as set out in **Appendix I**.
  - h) considers the Section 25 Report of the Executive Director of Finance and Performance (Section 151 Officer) as set out in Section 15, including her review of the robustness of the estimates and the adequacy of the reserves;
  - i) delegates authority to the Executive Member for Children, Education and Skills and the Executive Member for Finance and Transformation in consultation with the Executive Director for Adults, Health Partnerships and Housing (and Children's Services – Interim) and the Executive Director of Finance and Performance (Section 151 Officer) to approve North Northamptonshire's Schools Funding Formula and to finalise the funding allocation for schools, in line with North Northamptonshire's Schools Funding Formula;
  - j) delegates authority to the Executive Member for Finance and Transformation in consultation with the Executive Director of Finance and Performance (Section 151 Officer) to draft the recommended budget resolution for Council in accordance with the necessary legal requirements and to take into account the decisions of the Executive and any final changes and other technical adjustments that may be required;
- 3.3 Reason for Recommendations: To ensure that the Council complies with its Constitution and legislative requirements in setting the budget for North Northamptonshire Council from 2024-25.
- 3.4 Alternative Options Considered – The budgets have been subject to a formal budget consultation and scrutiny and the feedback has been considered as part of this process.

## 4. Report Background

---

- 4.1 The budgets for North Northamptonshire Council comprise of a General Fund Revenue Account, a Housing Revenue Account (HRA), a Dedicated Schools Grant (DSG) budget and a capital programme.
- The **General Fund** includes all revenue income and expenditure, including day to day running costs, financed from Council Tax, Business Rates, government grants and fees and charges, excluding those related to council housing.
  - The **Dedicated School Grants (DSG)** focuses on the funding for schools and early years settings as well as other specific education related costs (and is included as part of the General Fund report).
  - The **Housing Revenue Account (HRA)** includes all revenue expenditure and income on activities related to the Council being a housing landlord.
  - The **Capital Programme** includes all capital expenditure and income, including the acquisition, replacement and enhancement of assets financed from government grants, external contributions, revenue contributions, capital receipts and borrowing.
- 4.2 This report focuses on the Council's General Fund budget and notes the planned use of the DSG for 2024-25 and into the medium-term. Reports containing full details of the proposed budgets for the Housing Revenue Account and the Capital Programme are included as separate reports to this meeting of the Executive.

### National and Economic Context to the 2024-25 Budget

#### Economic Context

- 4.3 Sustainable public finances underpin the economy and help provide the conditions for growth. When the Chancellor delivered his three-year Spending Review for 2022-23 to 2024-25 on 27<sup>th</sup> October 2021, the overall economic picture indicated at the time was one of an improving fiscal position, recognising that this was from a very difficult place as the economy was emerging from the pandemic.
- 4.4 However, since then the UK economy has been subject to significant global shocks resulting in both high inflation and high interest rates which have impacted heavily on all sectors and seen a cost-of-living crisis for many.
- 4.5 In January 2023, the Prime Minister set out three economic priorities which were to reduce inflation, grow the economy and reduce debt.
- 4.6 In December 2023 the Consumer Price Index (CPI) was 4%, compared to a peak of 11% last Autumn. Data from the Office for Budget Responsibility (OBR) has indicated that the Government policies from the Autumn Statement will reduce inflation next year.

- 4.7 The independent Monetary Policy Committee (MPC) of the Bank of England has responded to high inflation by tightening monetary policy, including raising the Bank Interest Rate, currently set at 5.25% (from 0.1% in December 2021), this is due to be reviewed at the next MPC on 1<sup>st</sup> February 2024. There has been a global increase in interest rates to bring inflation down and this has impacted on growth in the UK and other advanced economies. Government debt costs arising from interest charges has also increased as a result.
- 4.8 The economy is predicted to grow in each year of the forecast period and underlying debt is forecast to fall as a proportion of the Country's Gross Domestic Product (GDP) from 2027-28.
- 4.9 It is forecast that the policies within the Autumn Statement will increase the economy's potential output by 0.3% in the medium-term, which is in addition to the 0.2% increase to the potential GDP from announcements in the Spring Budget 2023. However, whilst GDP growth is higher than originally thought it has slowed in the second half of 2023 as higher interest rates contributed to a fall in household consumption.
- 4.10 The OBR's forecast shows that, compared to Spring Budget 2023, borrowing is lower this year and next, as well as on average across the forecast period, and debt as a proportion of GDP is lower every year.
- 4.11 Further the OBR estimates that government decisions at the Autumn Statement will boost business investment by £14 billion and bring a further 78,000 people into employment by the end of the forecast period.
- 4.12 In the labour market, indicators suggest that recruitment difficulties as a whole have eased since the Spring with vacancies falling across most sectors of the economy and the number of unemployed people per vacancy rising. This is expected to lead to slower wage growth over time. Wage growth remains elevated at 7.9% in Q3 of 2023, however, the high nominal wage growth has boosted tax receipts.
- 4.13 The Government has stated that it remains committed to tackling low pay and will increase the National Living Wage from 1 April 2024 by 9.8% to £11.44 an hour with the age threshold lowered from 23 to 21 years old. This is in line with the target for the National Living Wage to reach two-thirds of median earnings. In the main, for the Council, this will impact on staff employed by third party care providers who are likely to pass on such costs back to the Authority through increased fee requests. More widely the Government is providing direct support to encourage individuals in to work.
- 4.14 Full details of the Autumn Statement announced by the Chancellor are available using the link below<sup>3</sup>. The paragraphs which follow set out the main points, focussing on those which may affect local government. It should be noted that

---

<sup>3</sup> Autumn Statement 2023

[https://assets.publishing.service.gov.uk/media/655dbc3d544aea000dfb322d/E02982473\\_Autumn\\_Statement\\_No\\_v\\_23\\_BOOK\\_PRINT.pdf](https://assets.publishing.service.gov.uk/media/655dbc3d544aea000dfb322d/E02982473_Autumn_Statement_No_v_23_BOOK_PRINT.pdf)

the individual allocations to each council were confirmed as part of the Provisional Local Government Finance Settlement which was published on the 18<sup>th</sup> December 2023 and the budget proposals are based on that settlement.

- 4.15 Full details of the Provisional Local Government Finance Settlement 2024-25 are available using the link below:

[Provisional local government finance settlement: England, 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/provisional-local-government-finance-settlement-england-2024-to-2025)

### **Local Government Finance Announcements with the Autumn Statement 2023**

- 4.16 Prior to the Local Government Finance Settlement being issued in December 2023, the Chancellor announced the Autumn Statement on 21<sup>st</sup> November 2023 which contained details of the national spend priorities and economic forecasts.
- 4.17 There are a number of changes proposed in the Autumn Statement, however, the paragraphs in this report focus predominantly on those that will have a direct impact on the Local Government sector and these details are set out in the following paragraphs.
- 4.18 It has been widely reported that the financial pressures on Local Authorities have been growing, particularly in demand led services such as Social Care, and an increasing number of councils have issued, or are considering issuing, S114 Notices<sup>4</sup>. Whilst the Autumn Statement reaffirms the overall commitments to Local Government made last year for 2024-25, it does not provide additional funding to the sector to support the further costs witnessed as a result of an increasing population, demand growth and high inflation.
- 4.19 Local Government can play a key role in job creation, building new affordable homes, addressing the skills gap, unlocking the labour market and creating physical and community infrastructure but it needs the right powers and adequate long-term funding in order to facilitate effective planning and investment.

#### *Fiscal measures*

- 4.20 No further funding increases for local government beyond those that had been previously announced. Additional funding for the NHS and adult social care announced in the Autumn Statement 2022 has been “reaffirmed”.
- 4.21 Government Departmental Expenditure Limit (DEL) budgets will increase by 1.0% in real terms over the medium term, which implies a real-terms cut for unprotected services, such as local government, as inflation is forecast to exceed this.

---

<sup>4</sup> A council’s chief financial officer has a statutory duty to issue a Section 114 (S114) notice if they believe the council will be unable to meet its expenditure commitments from its income. The chief financial officer does not need councillors’ consent to issue this notice.



- 4.22 The Chancellor is seeking to improve productivity in the public sector (by 0.5% per year) and to reduce the size of the civil service (returning it to its pre-pandemic levels). He would like to see a “more productive state not a larger state”.
- 4.23 Capital spending will follow the cash profile agreed at Spring Budget 2023, with any new commitments funded in addition to this, including further support for levelling up programmes and business access to finance.
- 4.24 Following consultation, the Government has confirmed that guidance for the Local Government Pension Scheme (LGPS) in England and Wales will be revised to implement a 10% allocation ambition for investments in private equity, which is estimated to unblock £30 billion. The Government is also establishing a March 2025 deadline for the accelerated consolidation of LGPS assets into pools and setting a direction towards fewer pools exceeding £50 billion of assets under management.
- 4.25 The Investment Zones Programme in England will be extended from 5 to 10 years. Investment Zones will be provided with a £160m envelope from 2024-25 to 2033-34 which can be used between spending and tax incentives, subject to ongoing co-design of proposals and agreement of delivery plans. Investment Zones have been announced for Greater Manchester, West Midlands (focusing on Birmingham, Wolverhampton, and Coventry) and East Midlands (Nottinghamshire, Derby and Derbyshire). The Government is also creating a £150m Investment Opportunity Fund over five years to support Investment Zones and Freeports across the UK.
- 4.26 The National Minimum Wage will increase to £11.44 per hour from 1<sup>st</sup> April 2024. An increase of 9.8% on the previous level of £10.42.
- 4.27 The Government will commit to funding for Growth Hubs in 2024-25 delivering local business advice and support.
- 4.28 A funding simplification doctrine will come into force from January 2024, to simplify the “local government funding landscape, giving councils greater flexibility and freeing up resources for delivery”. Streamlining the list of local funding pots and reducing the need for funding competitions.
- 4.29 The Department for Levelling Up, Housing and Communities (DLUHC) will work with the UK Infrastructure Bank, the British Business Bank, Homes England and other departments to consider – with local and private sector partners – how to support levelling up through improving access to finance. The group will report to Ministers by the Spring.

*Supporting vulnerable people*

- 4.30 Local Housing Allowance (LHA) rates will be raised to the 30% percentile of local market rents from April 2024. This is seen as a positive step in increasing the security of housing, reducing homelessness, and supporting the most

vulnerable people. It is estimated that, nationally, 1.6 million low-income households will be better off, gaining £800 on average in 2024-25.

### *Devolution*

- 4.31 Four new devolution deals have been agreed. Mayoral deals (Level 3) with Greater Lincolnshire and Hull and East Yorkshire, and non-mayoral deals (Level 2) with Lancashire and Cornwall.
- 4.32 An ‘intention’ to expand Level 2 devolution to eligible councils across England that represent a whole county or functional economic area ‘where there is local consent to such arrangements’.
- 4.33 Combined, these new deals, and the extended Level 2 offer, could increase the proportion of people in England included within devolved powers to over two-thirds.
- 4.34 A new ‘Level 4’ of the devolution framework. Devolved institutions with a directly elected leader that meet eligibility requirements will be able to draw down from this framework, which delivers deeper powers alongside new scrutiny expectations. The powers include new levers over local transport.

### *Investing in housing supply*

- 4.35 £5m will be made available for the Planning Skills Delivery Fund to target planning application backlogs.
- 4.36 A Local Nutrient Mitigation Fund of £110m will be available to support planning authorities to deliver high quality schemes to offset nutrient pollution, unlocking planning permissions that are otherwise stalled.
- 4.37 The Government will expand the existing £3 billion Affordable Homes Guarantee Scheme by a further £3 billion to support housing associations to access cheaper loans for quality and energy efficiency works as well as new homes.
- 4.38 The Housing Revenue Account borrowing discount rate will be extended. Nationally this equates to a £5m extension to June 2025 of the Public Works Loan Board policy margin announced in the Spring Budget 2023. This supports local authorities’ investment into social housing through access to reduced borrowing rates.
- 4.39 There will be a third round of the Local Authority Housing Fund (LAHF) and £450 million has been set aside to deliver 2,400 new housing units to house Afghan refugees and ease wider housing and homelessness pressures. This will bring the total amount spent of the LAHF nationally to over £1.2 billion.
- 4.40 The “thank you” payments for homes for Ukraine and homelessness prevention will be extended into a third year for Homes for Ukraine sponsors across the

UK. The payments will remain at £500 per month and reflect the ongoing generosity of hosts in supporting those who have fled the war.

- 4.41 A consultation on a new Permitted Development Right for subdividing houses into two flats without changing the façade will take place and will be implemented in 2024 following consultation early in the New Year.

*Infrastructure, planning and regulation.*

- 4.42 The government has published its response to the National Infrastructure Commitments and infrastructure planning reforms, with measures to return consent times to two and a half years on average, is designating low carbon infrastructure as a critical national priority in updated Energy National Policy Statements, and will consult on amending the National Planning Policy Framework to ensure that the planning system prioritises the rollout of electric vehicle charging infrastructure, including EV charging hubs, and also introduce new permitted development rights to end the blanket restriction on heat pumps one metre from a property boundary in England.
- 4.43 DLUHC will bring forward plans for authorities to offer guaranteed accelerated decision dates for major developments in England in exchange for a fee, ensuring refunds are given where deadlines are not met and limiting use of extension of time agreements.
- 4.44 The Statement references support for substantial commercial development, incentivising greater use of Local Development Orders to ensure key commercial developments are approved faster.
- 4.45 The Government is consulting on proposals to strengthen the regulation of the energy, water and telecoms sectors, focussing on encouraging investment and growth.

**Business Rates**

- 4.46 The Chancellor also announced a range of business rates measures in his Autumn Statement and for 2024-25 this includes:
- The small business rates multiplier in England will be frozen for a fourth consecutive year at 49.9p, while the standard multiplier will be updated by the September CPI to 54.6p. This decoupling of the multipliers between small and standard business rates is a change from previous years. At this point it is assumed that the financial impact on each Council of decoupling the multipliers is neutral, however, the detail of the calculations is awaited from Government.
  - The current 75% business rates relief for eligible retail, hospitality and leisure businesses is being extended for 2024-25, a tax cut worth £2.4

billion. Eligible businesses will be able to receive support up to a cash cap of £110,000 per business.

- Councils will be fully compensated for the loss of income as a result of these business rate measures and will receive new burdens funding for administrative and IT costs.
- More widely the Chancellor has agreed the detailed terms on the long-term business rates retention arrangements for Greater Manchester and West Midlands Combined Authorities, delivering on the commitment of the trailblazer deals announced at Spring Budget 2023, and these will commence from April 2024.

### **Council Tax**

- 4.47 The referendum principles and the allowance for an adult social care precept uplift in 2024-25 will remain the same as for 2023-24, i.e., 3% core referendum limit and 2% for adult social care, enabling a maximum uplift of 4.99% in Council Tax without triggering a referendum.

### **Other Items of Note**

- 4.48 The Household Support Fund (HSF) which has been in operation since October 2021 is currently expected to end on 31<sup>st</sup> March 2024. Whilst confirmation is still awaited, services and organisations should plan for its potential cessation. The HSF has been used to help households with the cost of essentials as well as the free school meal vouchers for eligible children during the school holidays.
- 4.49 It has been confirmed previously that the introduction of the Extended Producer Responsibility for packaging (EPR) scheme which will have an impact on both local authority revenues and potentially costs has been delayed and will now be introduced in October 2025 (previously October 2024).

### **Local Government Provisional Finance Settlement**

- 4.50 The Government issued a Local Government Provisional Finance Settlement on 18<sup>th</sup> December and contains allocations in relation to grant funding on the financial picture for the sector following the publication of the Autumn Statement in November and subsequent Policy Statement.
- 4.51 The Settlement confirmed that the Government has protected the funding position of councils as far as possible through a Funding Guarantee to ensure that all authorities will see at least a 3% increase in their Core Spending Power before organisational efficiencies, use of reserves, and revised council tax levels. For North Northamptonshire, that are above this threshold it resulted in a further reduction in the Services Grant which has been used to support this mean a further reduction in other grants, most likely the Services Grant. For North Northamptonshire, that are above this threshold it resulted in a further reduction in the Services Grant which has been used to support the

protection. For North Northamptonshire, that is above this threshold it resulted in a further reduction in the Services Grant which has been used to support the Core Spending Power protection.

4.52 The proposed package of referendum principles across those bodies that can set a Council Tax or levy a precept on the Council Tax was confirmed within the Statement. For North Northamptonshire the relevant bodies are listed below:

- a core council tax referendum limit for local authorities of up to 3%;
- an adult social care precept of 2% for all authorities responsible for adult social care services;
- a council tax referendum principle of £13 for police authorities;
- the core council tax principle of up to 3% will apply to fire and rescue authorities; and
- no council tax referendum principles for mayoral combined authorities or town and parish councils, but the government will review the decisions taken by these authorities when considering referendum principles in future years.

4.53 Overall, the Council's budget assumptions are in line with the Provisional Finance Settlement and subsequent announcements. The final funding allocations will be included within the Final Finance Settlement which is expected in early February and had not been received at the time of writing this report. Any changes from the Final Finance Settlement, if it is received in time, will be included within the report to February Council.

4.54 Other key messages are:

- All current enhanced business rates retention areas will continue for 2024 to 2025. During this time the government will continue to review the role of such arrangements as a source of income for areas and its impact on local economic growth, and as part of deeper devolution commitments as set out in the Levelling Up White Paper.
- The continuation of Business Rates Pooling for 2024-25
- Authorities are asked to continue to consider how they can use their reserves to maintain services over this and the next financial year, recognising that not all reserves can be reallocated, and that the ability to meet spending pressures from reserves will vary between authorities.
- The government continues to explore ways to move councils away from establishing 'four-day working week' practices, as the Government does not believe that they represent good value for taxpayers' money. In the meantime, the Government has stated that those councils operating or considering a four-day working week pattern should stop.
- The Statutory Override for the Dedicated Schools Grant will continue until 31<sup>st</sup> March 2026.
- Where possible, councils should invest in areas that help place children's social care services on a sustainable financial footing. This includes investment in expanding family help and targeted early intervention,

expanding kinship care, and boosting the number of foster carers. There is, however, currently no further funding indicated.

- The National Minimum Allowance (NMA) for foster carers is routinely uplifted each year, taking into account changes in inflation and other factors. The government has uplifted the NMA by 6.88% for this financial year.
- Government will work closely with councils to increase transparency around the costs of residential placements for children, as a precursor to wider commissioning and market shaping reforms being rolled out through Regional Care Co-Operatives.
- The Exceptional Financial Support framework is available to provide support where a council has a specific and evidenced concern about its ability to set or maintain a balanced budget, including where there has been local financial failure. Where councils need additional support from the Government, the Statement states that they should take every possible step to minimise the need for that support to be funded by national taxpayers. As part of that process, the government will consider representations from councils, including on council tax provision.

4.55 The Government states that it remains committed to improving the local government finance landscape in the next Parliament. It also recognises that the sector is calling for financial stability. However, the Government considers that “now is not the time for fundamental reform”, for instance implementing the Review of Relative Needs and Resources or a reset of accumulated business rates growth.

4.56 In respect of Public Health funding the statement reaffirms that indicative allocations for the Public Health Grant 2024-25 have been published and will continue to increase to nearly £3.6 billion. Further specific investment will continue to improve the start for life offer and support improvements in the quality and capacity of drug and alcohol treatment. There is also a further £70 million per year from 2024-25 to support local authority-led efforts to stop smoking. This total funding package will deliver real terms increase in investment of more than 7% in local authority public health functions over the two-year period 2023-25.

### **Local Government Funding Context**

4.57 Nationally, the future funding of local government remains uncertain with the position being made more difficult as councils continue to tackle the significant impact of inflation and rising demand particularly in Children’s Services and Adult Social Care.

4.58 The resetting of the business rates baseline together with a review of relative needs and resources for all councils has now been delayed by Government for a number of years. The Council’s Medium Term Financial Plan assumes that funding reforms will take place from 2026-27, however, the implications are difficult to quantify accurately in the absence of a consultation document from Government.

- 4.59 It is forecast that any national resetting of the business rates baseline will reduce the Council's funding. North Northamptonshire Council has seen significant growth in business rates income over a number of years and it is anticipated that this will be redistributed to other areas deemed to be of higher need in any formula review.
- 4.60 This partially accounts for the forecast budget gap for the Council from 2026-27, as set out in the report. This is alongside other assumptions regarding pay and price increases and the impact of service change including demand assumptions.
- 4.61 Once further information is released regarding future funding, finance officers will model this into the Medium-Term Financial Plan and provide an updated position.
- 4.62 The budget gap over the medium to longer term is significant. It is essential that the Council continues to seek further efficiencies, cost reductions and income generation to balance the budget in future years. Further targeted transformation work is essential to redesign services and improve systems and processes, with the needs of our residents and customers at the heart of it.

## 5. Council Funding

---

- 5.1 The following table provides a summary of the 2024-25 Budget and the Medium-Term Financial Plan and its funding. This section provides narrative around each of these funding streams. Whilst the position is balanced for 2024-25, the gap in 2025-26 increases to £41.6m, in 2026-27 to £60.9m and in 2027-28 to £87.7m. The delay to the funding review has deferred the concerns regarding the loss of business rates funding to come into effect from 2026-27, although significant challenges remain for 2025-26. This is predominantly as a result of the loss of cumulative business rates growth. The position for all four years will be reviewed following receipt of the Local Government Funding Settlement and individual Local Authority allocations.

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Base Budget (excluding DSG Funding)	375,333	410,962	442,131	475,122
Base Budget (DSG Funded)	388,440	388,440	388,440	388,440
<b>Net Budget Requirement</b>	<b>763,773</b>	<b>799,402</b>	<b>830,571</b>	<b>863,783</b>
<b>Funded By:</b>				
New Homes Bonus	(2,609)	0	0	0
Business Rates Funding Baseline	(110,525)	(115,001)	(98,230)	(99,962)
Business Rates Collection Fund	(2,764)	0	0	0
Council Tax	(201,599)	(203,614)	(205,650)	(207,707)
Council Tax Collection Fund	(1,986)	0	0	0

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Revenue Support Grant	(6,120)	(6,420)	(13,421)	(12,240)
Social Care Grant	(23,841)	(23,169)	(64,073)	(67,653)
Social Care – Market Sustainability and Improvement Fund	(4,444)	(4,444)	0	0
Improved Better Care Fund	(11,523)	(11,523)	0	0
Adult Social Care Discharge Funding (Ring fenced)	(2,693)	(2,693)	0	0
Social Care Workforce Fund	(1,078)	0	0	0
Services Grant	(361)	(361)	0	0
Rural Services Delivery Grant	(46)	(40)	(40)	(40)
Dedicated Schools Grant (changes in grant will be reflected in the budget requirement above)	(388,440)	(388,440)	(388,440)	(388,440)
Transfer to / (From) Reserves	(5,744)	(2,243)	150	150
<b>Total Funding</b>	<b>(763,773)</b>	<b>(757,948)</b>	<b>(769,704)</b>	<b>(775,892)</b>
<b>Budget Gap</b>	<b>0</b>	<b>41,454</b>	<b>60,867</b>	<b>87,670</b>

*Note: The funding forecast from 2025-26 does not include any assumption of an increase in Council Tax. At 4.99%, in line with the current year, this would amount to additional income of c£10m each year.*

## Overview of Funding Assumptions

- 5.2 The Council's General Fund budget is funded from five main income sources which are Council Tax, Business Rates, government grants, fees and charges and, where needed, the use of reserves. The ability to grow and maintain resources raised locally, such as Council Tax, has become even more important for local authorities' financial sustainability, particularly when considered against the change in local government funding and short-termism of financial settlements which does not facilitate meaningful medium term financial planning.
- 5.3 The national headline figures for local authorities were announced as part of the Autumn Budget, detailed funding allocations were made available as part of the Provisional Local Government Finance Settlement, which was announced 18<sup>th</sup> December 2023. The Final Finance Settlement is expected to be made early in February and, whilst significant changes are not expected, the figures remain provisional at this stage.
- 5.4 The funding set out in Table 5.1 is detailed under the relevant headings below.



## **New Homes Bonus**

- 5.5 New Homes Bonus was introduced in 2011 to encourage local authorities to grant planning permission for new houses in return for additional revenue. It is a grant paid by central government to local authorities to reflect and incentivise housing growth in their areas.
- 5.6 It is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use and it is based on the national average for a Band D property. There is also an extra payment for providing affordable homes, which amounts to £350 per home. Payments are split 80/20 in two tier areas between Districts and Counties. In Unitary areas such as North Northamptonshire no split exists
- 5.7 Payments of New Homes Bonus were originally made for six years; however, payments were reduced to five years from 2017-18 and then to four years from 2018-19. A national baseline of 0.4% housing growth was also introduced, below which grants will not be made.
- 5.8 The settlement policy statement confirmed that New Homes Bonus (NHB) will continue for 2024-25 and is forecast as £2.609m.
- 5.9 The future of the New Homes Bonus remains uncertain. The Government has not made any commitment to a new round of payments in 2025-26 but has instead committed to set out the future position in the year ahead. Such a commitment has been made several times in recent years without being fulfilled and, therefore, assumptions for future years remain difficult. Due to this uncertainty no funding allocation for 2025-26 has been assumed.

## **Business Rates Funding**

- 5.10 The budget shows funding from Business Rates to be c£110.5m, this includes the baseline funding, growth and S31 grants. North Northamptonshire has benefitted well under the present Business Rates Retention system due to an above average increase in business growth across its area.
- 5.11 The way that the business rate retention scheme operates in future years could have major financial implications for Councils.
- 5.12 Since 2013-14 the majority of local government has retained 50% of business rates (with 1% of this set outside for Fire Authorities) through the business rates retention scheme. Some Council areas retain 100% following the introduction of pilot schemes several years ago.
- 5.13 The Government in its Autumn Budget announced its intention to de-couple the small and standard business rating multipliers. Therefore, the small business rate multiplier will remain frozen at 49.9p and the standard multiplier will increase from 51.2p to 54.6p in 2024-25 based on September 2023 CPI.

- 5.14 The Financial Settlement confirms that Councils will be recompensed for the loss in income through an uplift in the baseline funding and S31 Grants as in previous years. The de-coupling of the multipliers, starting in 2024-25 will create separate indexation factors for the small and standard, which will reduce the cap compensation that this paid.
- 5.15 It is not yet clear how the new arrangements will work or the overall impact on local authorities' finances, the assumptions reflected within the draft MTFP assume minimal financial impact, but there is a risk to authorities who have high growth such as North Northamptonshire.
- 5.16 Any gains that are not lost through the economic slowdown could be lost following a reset, although this has been deferred until 2026-27 in the Council's assumptions it will pose a significant risk to future funding to the Council from Business Rates. A reset could result in a significant proportion of the Council's Business Rates growth in funding being taken away and effectively re-allocated to other areas as part of this, and the review of Relative Needs and Resources. This is a very significant funding risk and the outcome of this will be determined by the methodology used to redistribute any remaining growth in the system and whether there will be any "floors" or "ceilings" as part of transitional arrangements introduced to protect those councils that have lost a significant proportion of their funding.
- 5.17 The three key variables in any changes to the Business Rates System are as follows:
- The resetting of the Business Rates Baselines – the point from which growth is measured.
  - Funding Levels – impact of compensation for relief granted through S31 grant, including the impact of the multiplier compensation.
  - The Business Rates yield.
- 5.18 The Business Rates yield could be impacted by the following factors:
- The growth in businesses.
  - The number of businesses that cease trading.
  - A reduction in the collection rate.
- 5.19 Whilst the volatility is recognised, this will not directly impact the 2024-25 budget due to the accounting mechanisms of the Collection Fund whereby the demand on the Collection Fund is reflected in year regardless of what is collected and the impact from a lower yield would be felt in future years.

### **Business Rates Collection Fund**

- 5.20 For 2024-25 the Government has extended property relief for retail, hospitality, and leisure sectors, a similar practice to that in 2023-24.
- 5.21 The mechanics of the Collection Fund means that what is actually collected in 2024-25 will not impact on the 2024-25 budget, as the demands have been set

for the year, however any changes in collection rates are accounted for in the following year. The implications of existing and future bad debts and appeals provisions will be closely monitored to assess the impact on future years.

## **Council Tax**

- 5.22 Council Tax is a relatively stable and sustainable source of income for councils. In North Northamptonshire it represents nearly 55% of the total funding in 2024-25, excluding the ringfenced Dedicated Schools Grant. The legal background to setting the budget and Council Tax is set out in **Appendix I**, which will be formally agreed at Council. The Council Tax yield for 2024-25 is influenced by the following factors and these will be closely monitored during the year.
- Increase in caseloads for Local Council Tax Support (LCTS).
  - Lower collection rates.
  - Slowdown in housing growth.
- 5.23 The Council Tax Base for 2024-25 was reported to Council at its meeting on 7<sup>th</sup> December 2023. The Tax Base is based on an equivalent Band D level and includes projected growth for the year, together with an average collection rate of 98.5%. The tax base for 2023-24 was 114,279 and has increased by 1,568 (1.37%) to 115,847 for 2024-25.
- 5.24 The “core” Council Tax referendum threshold for 2024-25 is 3%. Any increase in Council Tax of 3% or above would be subject to a local referendum. The Government has also provided Councils with the ability to raise a further 2% through the Adult Social Care precept. This remains unchanged from 2023-24.
- 5.25 The Council’s budget is based on a core Council Tax increase of 2.99%, together with utilising the allowable adult social care precept increase of 2% in full, without triggering a referendum resulting in a total increase of 4.99%. This results in a 2024-25 Band D Council Tax for North Northamptonshire Council of £1,740.22 (excluding the Council Tax for individual town and parish councils and the Council Tax set for the fire and police by the Northamptonshire Police, Fire and Crime Commissioner). This is an increase of £82.71 from £1,657.51 in 2023-24, which is equivalent to a weekly increase of £1.59. This results in an overall yield of £201.599m.
- 5.26 The Local Council Tax Reduction Scheme (LCTRS) replaced Council Tax benefit in 2013. Council Tax benefit was a nationally prescribed scheme, whereas LCTRS is a local scheme set at the discretion of the Council. The scheme applies to working age claimants. Eligible pensioners continue to receive up to 100% Council Tax support depending on the levels of income they receive.
- 5.27 The Council Tax support scheme for 2024-25 was considered by the Corporate Scrutiny Committee at its meeting on 10<sup>th</sup> October 2023, the Executive on 16<sup>th</sup> November 2023 and approved by Council at its meeting on 7<sup>th</sup> December 2023. The 2024-25 budget reflects this decision.

- 5.28 Any change in the scheme would impact on the Council's budget. Generally, a 1% movement in the minimum payment rate from the current scheme of 25% amounts to a change in the Council's budget of c£80k.

### **Council Tax Collection Fund**

- 5.29 Due to the mechanics of the Collection Fund, it means that what is actually collected in 2024-25 will not impact on the 2024-25 budget as the precepts and demands have been set for the year, however any changes in collection rates are accounted for in the following year and this could have an impact on the 2025-26 budget.
- 5.30 Other elements contributing to the surplus in 2024-25 included a review of historic bad debt provisions held by the previous legacy authorities due to the impact of Covid 19 and have been reduced going forward to reflect collection rates returning to expected levels.

### **Revenue Support Grant**

- 5.31 The Revenue Support Grant is a central government grant given to local authorities which can be used to finance revenue expenditure on any service. The amount of Revenue Support Grant to be provided to authorities is established through the Local Government Finance Settlement. The grant has been uplifted by CPI for 2024-25, increasing in 2025-26 reflecting the impact of the Business Rates reset Baseline Funding Levels.

### **Social Care Grant**

- 5.32 The 2023 Autumn Statement in November announced no new money for local government. The increases for social care had already been announced for 2024-25 as part of the 2022 Autumn Statement and Financial Settlement.
- 5.33 The allocation for North Northamptonshire for social care funding was £11.427m in 2023-24 and has been rolled over into 2024-25. The Autumn Statement has reaffirmed that the social care reform grant of £1.877 billion in 2024-25 has been repurposed to support ongoing costs pressures within adult social care. This funding will be allocated based on the relative need's formula, estimated to be £9.785m in 2024-25.
- 5.34 The additional funding of £0.5 billion announced by the Secretary of State on 24<sup>th</sup> January will be allocated based on the relative need's formula, estimated to be £2.629m and taking the total to £23.841m.

### **Social Care Market Sustainability and Improvement Fund**

- 5.35 The market sustainability and improvement fund is a ringfenced grant of £0.845bn in 2024-25 in support of ongoing capacity and discharge costs. The allocation of this is £4.444m in 2024-25 and it is assumed that the funding will be matched by the need for additional spend within the Directorate budgets.

## **Improved Better Care Fund (iBCF)**

5.36 The original funding for the improved Better Care Fund was confirmed as part of the Local Government Finance Settlement 2016-17 as funding for 2017-18 onwards and supports the integration of Health and Adult Social Care support services. It is managed as a pooled budget with the local Clinical Commissioning Group (CCG). Further funding for the improved Better Care fund was announced as part of the Spring Budget 2017 with an additional £2bn made available to councils over a three-year period. The purpose of this funding is:

- Meeting adult social care needs.
- Reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready.
- Ensuring that the local social care provider market is supported.

5.37 The improved Better Care Fund for 2024-25 will be £11.523m as included within the provisional Financial Settlement. These assumptions have been reflected to continue into future years. Any changes in grant funding have been reflected in spending assumptions.

## **Discharge Fund**

5.38 The Discharge Fund of £0.500bn is to support the cost to Local Authorities of discharges individuals from hospital that need Social Care support, with an allocation to North Northamptonshire of £2.693m.

## **Social Care Workforce Fund**

5.39 A grant has been awarded over the period 2023-24 and 2024-25 of £1.919m and £1.078m for each year respectively to provide additional support for those working in Adult Social Care.

## **Services Grant**

5.40 The Services Grant is a general un-ringfenced grant made available to support Local Authority Services. The provisional Financial Settlement confirmed that this grant will reduce in 2024-25 to £0.361m, which takes into account a reduction in national funding of £406m.

## **Rural Services Delivery Grant**

5.41 Changes are expected to the distribution of this grant for 2024-25 with an additional funding allocation of £15m in 2024-25, increasing the total allocation of £46k for North Northamptonshire from £40k in 2023-24.

## **Dedicated Schools Grant**

5.42 The Dedicated Schools Grant (DSG) is a ringfenced grant allocated to Local Authorities by the government to support a range of education related services.

- 5.43 The Department for Education (DfE) currently operate a four-block funding model for funding schools and pre-16 education including early years as set out in the following table:

<b>Dedicated Schools Grant (DSG)</b>			
<b>Schools Block</b>	<b>Central Schools Services Block</b>	<b>High Needs Block</b>	<b>Early Years Block</b>
The School's Block is the largest element of the DSG and is allocated to Schools and Academies for day-to-day spending in their individual budgets.	The Central Schools Block provides funding for local authorities to carry out central functions on behalf of maintained schools and academies.	The High Needs funding system supports provision for Children and Young People with Special Educational Needs and Disabilities (SEND) from 0-24 years old.	The Early Years Block provides funding for 9 months, 2-, 3- and 4-year-olds.

- 5.44 The majority (>90%) of the DSG is allocated to the Local Authority and paid to providers based on a national formula which funds direct education provision including maintained schools and academies, early years' providers and high needs education (age 0 to 24 years).
- 5.45 The individual school budgets for academies and funding for high needs 'places' in academies, free schools and FE colleges (set prior to the start of the academic year) are paid to academies directly by the Education Skills and Funding Agency (ESFA). The ESFA deducts this funding from the Council's Dedicated Schools Grant before the grant is paid to the Council and this is termed 'recoupment'.
- 5.46 Since the disaggregation of Northamptonshire County Council's DSG in 2021-22, North Northamptonshire Council and West Northamptonshire Council receive separate DSG allocations as two separate unitary authorities.
- 5.47 The December DSG Settlement provides the final settlement figures for the DSG Schools Block and Central School Services Block based on October 2023 census. However, the Early Years Block is an indicative figure as it is based on the January census. The Early Years Block will be updated in July 2024 (to reflect the January 2024 census data) and will be further updated in July 2025 (to reflect January 2025 census data). The final settlement figure for the DSG High Needs Block is adjusted to reflect any further cross boundary pupil changes during the year. This is known as Import and Export Adjustments.
- 5.48 The following table sets out the indicative disaggregated DSG funding based on the provisional settlement:

<b>DSG Blocks</b>	<b>Estimated 2024-25 DSG Allocation £m</b>
Schools Block	287.277
Central School Services Block	3.081
High Needs Block	60.980
Early Years Block	37.102
<b>Estimated Total DSG Allocation</b>	<b>388.440</b>

Full details of the DSG are included in **Appendix C** to this report.

- 5.49 The budget papers have a Provisional DSG settlement of £388.440m. Whilst there are different percentage variances between the different funding blocks, this is due to the principles that make up the National Funding Formula (NFF), the overall DSG figure in the Settlement is in line with the draft budget. The table below summarises the movements between the 2023-24 allocation and the Provisional 2024-25 DSG budget position.

<b>Dedicated Schools Grant</b>	<b>Schools Block<sup>5</sup></b>	<b>Central School Services Block<sup>6</sup></b>	<b>High Needs Block</b>	<b>Early Years Block<sup>7</sup></b>	<b>Total DSG</b>
	£m	£m	£m	£m	£m
2023-24 DSG Allocation (inc. Mainstream Schools Additional Grant)	279.334	3.287	57.919	23.159	363.699
Provisional 2024-25 DSG Settlement	287.277	3.081	60.980	37.102	388.440
Change from 2023-24	7.943	(0.206)	3.061	13.943	24.741
% Change	2.84%	(6.28%)	5.29%	60.20%	6.80%

- 5.50 In discharging its responsibilities on Schools Block DSG, North Northamptonshire Council consulted with schools and academies on the option of setting the Schools Budget with a transfer of 0.5% from Schools Block to High Needs Block, setting a Minimum Funding Guarantee for Primary and Secondary Schools and Academies at 0.5%, capped at 0.5% and scaled at 100% with the remainder being used to determine the Pupil Growth Fund and Falling Pupil Roll

<sup>5</sup> Mainstream Schools Additional Grant has been added to the 2023-24 Schools Block Allocation to enable similar year on year comparison with the 2024-25 NFF Provisional Allocation. Provisional 2024-25 Schools Block includes Growth Funding of £1.659m. North Northamptonshire Council did not receive any Falling Pupil Roll Fund which will be funded for the first time by the DFE in 2024-25.

<sup>6</sup> The DFE continue to apply 20% year on year reduction to Historical Commitments of Central School Services Block.

<sup>7</sup> The Early Years Block Provisional 2024-25 Early Years Block DSG Settlement figure is indicative. It takes into account DFE's proposal to extend the free childcare offer so that eligible working parents in England will be able to access 30 hours of free childcare per week for 38 weeks per year from the term after their child turns 9 months to when they start school.

• From April 2024, working parents of 2-year-olds will be able to access 15 hours of free childcare per week (38 weeks a year)

• From September 2024 this will be extended to include parents of 9 month to 2-year-olds to access 15 hours of free childcare per week (38 weeks a year)

Fund budget. The amount to be transferred is based on 19<sup>th</sup> December 2023 2024-25 DSG Settlement which applied the October 2023 school census. The consultation ran for two weeks from 3<sup>rd</sup> November 2023 to 17<sup>th</sup> November 2023 and the preferred option was agreed at Schools Forum on 14<sup>th</sup> December 2023 to run the 2024-25 Mainstream Schools Funding Formula.

- 5.51 There were 18 responses (out of 38 maintained schools and 106 academies, c12.5% response rate) to North Northamptonshire Council's consultation with Schools and Academies for 2023-24 and 2024-25. 100% of the responses agreed to set the Schools Minimum Funding Guarantee at 0.25%, 61% of responses were in favour of transferring 0.5% to High Needs Block with 38% of the responses against the proposal. Schools Forum decided at its meeting on 14<sup>th</sup> December 2023 the options to adopt for the 2024-25 Schools Block DSG budget with the final decision made on 18<sup>th</sup> January 2024. Following the announcement of 19<sup>th</sup> December 2023 DSG Settlement by the DFE, the ESFA's Authority Proforma Tool was completed applying the options agreed at 14<sup>th</sup> December 2023 Schools Forum and the Provisional 2024-25 Schools Block DSG Settlement for the 2024-25 Mainstream Schools Funding Formula. Schools Forum was presented with the final version and agreed at 18<sup>th</sup> January 2024 meeting to transfer 0.5% (equivalent to £1.436m) from Schools Block to High Needs Block, set Minimum Funding Guarantee at 0.5% capped at 0.5% and scaled at 100% and allocate the remaining £2.27m to the Growth Fund.
- 5.52 Although the DfE will be funding local authorities for a Falling Pupil Roll Fund for the first time in 2024-25, North Northamptonshire did not receive any funding in 2024-25. Schools Forum therefore agreed to the recommendation not to introduce a Falling Pupil Roll Fund in North Northamptonshire in 2024-25.
- 5.53 Schools Forum agreed that all remaining Schools Block will be allocated to the Pupil Growth Fund for bulge classes in 2024-25 once funding for new and growing schools have been accounted for.
- 5.54 The position on the Council's DSG in 2023-24 has moved into a forecast deficit of c£9m predominantly driven by spending within the High Needs Block.
- 5.55 As a consequence of the 2023-24 pressures the Council has been unable to set a balanced High Needs Block budget for 2024-25. Schools Forum was presented with a proposed deficit budget plan for 2024-25 of £7.7m. This together with the forecast year end deficit for 2023-24 of £9m means North Northamptonshire will be setting a cumulative deficit DSG budget of £16.7m in 2024-25. This is after attaining approval for a transfer of 0.5% from Schools Block to High Needs Block of £1.5m in 2024-25.
- 5.56 Where councils have significant deficits on the DSG there is a Safety Valve Intervention programme. The programme requires local authorities involved to develop substantial plans for reform to rapidly place them on a sustainable footing. If the local authorities can demonstrate sufficiently that their DSG management plans create lasting sustainability, the department will enter into an agreement with the local authority. Upon the local authority demonstrating progress they will receive incremental funding to eliminate their



historic deficits, generally spread over 5 financial years. The Council has met with officials from the ESFA and further meetings are planned to progress work on how the deficit is reduced and progress on this must be monitored and regularly reported.

### Transfers to / from Reserves

5.57 The proposed transfers to and from the Council's reserves are summarised in the following table.

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Elections	0.150	0.150	0.150	0.150
<b>Total to Reserves</b>	<b>0.150</b>	<b>0.150</b>	<b>0.150</b>	<b>0.150</b>
<b>Transfer from Reserves</b>				
Transformation Reserve – funding for transformation related posts*	(2.170)	0	0	0
Smoothing Reserves – Children's Trust Contribution to non-recurring costs	(1.044)	(0.245)	0	0
Adult Social Care Reserves – contribution to independent care provision	(1.467)	0	0	0
Elections – earmarked reserve previously established	0	(0.600)	0	0
Smoothing Reserves – reduction in service grant allocation	(0.521)	0	0	0
Smoothing Reserves - Climate Change – earmarked reserve established in 2022-23 for three years to 2024-25	(0.250)	0	0	0
Investment Property- rent free smoothing – earmarked reserve previously established.	(0.442)	(1.548)	0	0
<b>Total from Reserves</b>	<b>(5.894)</b>	<b>(2.393)</b>	<b>0</b>	<b>0</b>
<b>Net Transfer to / (from) Reserves</b>	<b>(5.744)</b>	<b>(2.243)</b>	<b>0.150</b>	<b>0.150</b>

*\* The future funding for transformation will be dependent upon the programme requirements and will be considered as part of Directorate needs for the future.*

5.58 To fund the continuing commitment to the transformation programme, there is a transfer from reserves of £2.170m to support this activity in helping the council transform and improve services as well as achieve the savings targets required for future years.

- 5.59 Non-recurring funding for specific Children's Trust transformation activities, covering Circle to Success, Innovate and Managed Teams projects as been set aside in reserves, amounting to £1.289m over two years.
- 5.60 To fund the net balance arising from Adult Social Care pressures there is transfer of £1.467m from the Adult Social Care Reserves.
- 5.61 To utilise £0.521m of the Council's Smoothing Reserves to support the overall budget. The requirement to do this is predominantly due to a reduction in Services Grant funding in 2024-25 of £0.785m as announced in the Provisional Settlement. In part this has been offset by other positive funding changes to reduce the call on reserves.
- 5.62 A reserve of £0.6m is built up across four years to contribute to the cost of the Council's elections in 2025-26.
- 5.63 In support of the council's commitment to climate change and moving forward towards achieving a carbon neutral organisation, £1m was transferred from smoothing reserves over three years 2022-25 to provide funding to support this programme. 2024-25 represents the final allocation of £0.250m.
- 5.64 As part of the commercial investment strategy the Council set aside resources to fund future known contractual obligations in 2024-25 and 2025-26 amounting to £0.442m and £1.548m respectively.

### **Medium Term Forecast**

- 5.65 Whilst the budget is balanced for 2024-25, the Council's Medium-Term Forecast predicts a budget gap of £41.5m in 2025-26, rising to £60.9m in 2026-27 and £87.7m in 2027-28. This predominantly relates to assumptions around continuing spend pressures in Adult Social Care of c£18m each year and to a lesser extent, but still significant, Children's Services, which is forecast as around £10m across Northamptonshire of which around c£4.5m will fall to North Northamptonshire Council. Further work is taking place with the Children's Trust to confirm the Medium-Term proposals.
- 5.66 Pay assumptions also contribute to this growth in costs. The cost of Local Government pay awards, in particular, have proven difficult to predict over the last couple of financial years with sustained high levels of inflation, which has remained for longer than originally envisaged. The latest projections from Government suggest that inflation will continue to reduce during 2024 but it is recognised that the risks here continue to be significant as the economic picture is influenced by both national and global events.
- 5.67 From 2026-27, the financial picture for the Council is expected to worsen further with the anticipated introduction of the funding reforms for Local Government including the Business Rates reset. Since its introduction in 2013, North Northamptonshire (and its predecessor Councils) has benefitted greatly from the ability to retain Business Rates growth resulting from inward investment and growth in its business rates base. Once the business rates are reset, it is

expected that the growth that Councils such as North Northamptonshire has seen will be redistributed across the wider Local Government Sector as part of the funding reforms and meeting area needs as determined through a new national funding formula.

- 5.68 The changes to the funding regime for Councils have been delayed for a number of years and no exemplars have been shared for consultation. It is likely that some form of transitional support will be made available to those Councils seeing a significant reduction in funding, however, the extent of this is unknown and no assumptions have been made in the budget at this stage. Any transitional support would reduce the forecast gap.
- 5.69 Currently the forecast gap over the medium-term makes no assumption regarding an increase in the Council Tax from 2025-26. Should the Council be able to raise the Council Tax at the current level of 4.99%, this would improve the financial position by c£10m cumulatively each year.
- 5.70 The forecast for individual service changes in future years is set out in **Appendix B** to this report.

## **6. Fees and Charges**

---

- 6.1 The income that the Council derives from fees and charges is important to support Council services. The Council's fees and charges have been reviewed for 2024-25 and any changes to income assumptions have been included within the Council's MTFP.
- 6.2 Uplifts may be applied in line with inflationary increases, where applicable, or other guidance as appropriate.
- 6.3 Fees and Charges are set in accordance with the Council's constitution which requires any changes to be agreed by the respective Executive Member Portfolio Holder in conjunction with the Executive Director and Assistant Director for the relevant area.

## **7. Directorate Budgets for 2024-25**

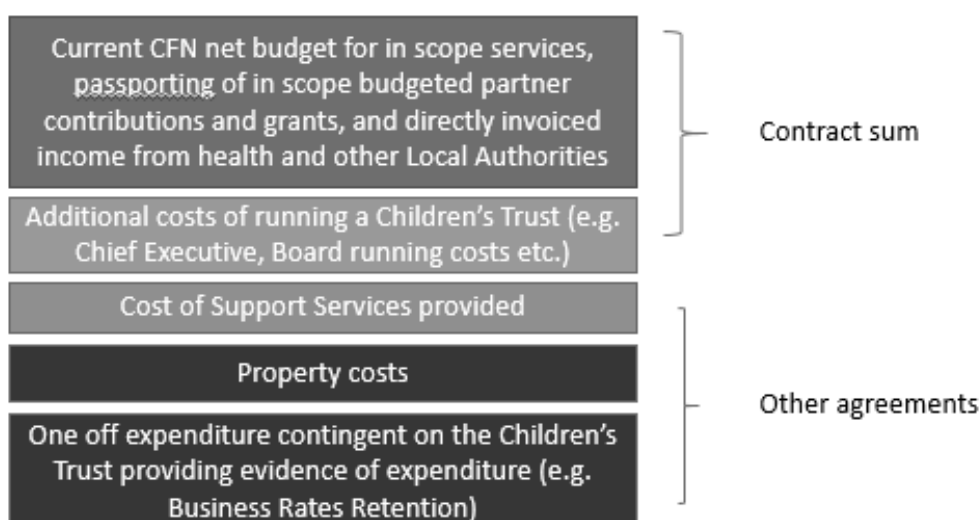
---

- 7.1 This Section provides an overview of the following main budget areas within the Council.
- Children's Services and Education
  - Adults, Health Partnerships and Housing
  - Public Health and Communities
  - Place and Economy
  - Enabling and Support Services
- 7.2 The following table provides a high-level summary of the draft 2024-25 budget proposals:

Summary by Directorate	2024/25 £000
Children and Education	85,417
Adults, Health Partnerships and Housing	146,009
Public Health and Communities	8,553
Place and Economy	70,264
Enabling and Support Services	30,693
Corporate	34,397
<b>Total Base Budget</b>	<b>375,333</b>

### Children's and Education Services

- 7.3 The draft net revenue budget for Children's Services includes the Northamptonshire Children's Trust and Education Services not funded by the DSG for 2024-25 the Net Budget is £85.417m (2023-24 is £70.186m).
- 7.4 From 1<sup>st</sup> November 2020, the Northamptonshire Children's Trust delivered children's social care and targeted early help on behalf of Northamptonshire County Council, and from 1<sup>st</sup> April 2021 this was delivered on behalf of North Northamptonshire Council and West Northamptonshire Council. The Councils set the strategic outcomes and priorities and the Trust is responsible for delivering those outcomes.
- 7.5 The Children's Trust budget is made up of the following components:



\*CFN = Children First Northamptonshire

- 7.6 Services provided by the Trust include:

- Targeted early help services to children and families.
  - Front door and safeguarding services
  - Support and placements for Children in Care
  - Support and placements for Disabled Children
  - In house fostering and residential provision
  - Commissioning of external placements and contracts
  - Commissioned legal services and transport for children in care.
- 7.7 Making a difference to children, young people and families is of high importance to both Councils as joint owners of Northamptonshire Children’s Trust. The financial proposals contained within the Trust’s business plan build on the recent Ofsted monitoring visit which was encouraging and highlighted the tangible progress being made and the ‘relentless commitment’ of colleagues at West Northamptonshire Council, North Northamptonshire Council and the Children’s Trust working in partnership in improving services, alongside areas to focus on further development.
- 7.8 The Children’s Trust Budget is monitored in year through regular meetings between officers of both North and West Northamptonshire Councils and the Trust.
- 7.9 The Children’s and Education Services remaining with the Council includes the Intelligent Client Function (ICF) for the Northamptonshire Children’s Trust and the Local Authority statutory education functions as follows:
- 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 Childcare
- 7.10 The initial contract sum was submitted on 15<sup>th</sup> September 2023 which was in accordance with the contract. The Intelligent Client Function (ICF) led a working party (with representatives from both Councils and NCT) which held regular meetings to undertake a detailed a review of the contract submission. This resulted in a final contract sum being presented to the Strategic Group at the meeting on 28<sup>th</sup> November and was be presented to the Northamptonshire Children’s Trust Joint Committee.

### **Contract Sum**

- 7.11 The movement in the overall contract sum across the County between 2023-24 (£150.938m) and 2024-25 (£183.300m) is £32.362m. The Council’s share of this increase for 2024-25 by £14.291m. The contract sum is split between North Northamptonshire and West Northamptonshire in accordance with the agreed contract split.

7.12 The increase is indicative of the national picture of rising costs of children's social care, and a position that has been informed by the forecast outturn for this financial year. The contract sum for the Trust for 2024-25 has been split into the following three blocks:

- **Block 1 – Core Contract Sum** - £177.429m, an increase of £26.491m from 2023-24.
- **Block 2 – Agreed Transformation Costs** - £2.580m
- **Block 3 – Transformation Costs** - £3.291m

7.13 The changes across each of the three blocks are summarised in the following Table:

Description	Detail	Amount
<b>Block 1 - Core Contract Sum Changes</b>		<b>£'000</b>
2024-25 Pressures	Forecast pressures from 2023-24	21,662
Staffing	Budgetary provision for a pay award of 4% and staff increments.	3,240
Placement Inflation	The market and availability of placements for children in care remains challenging. The placements budget will continue to remain under pressure due to an extremely volatile local and national market. NCT is working on how these pressures can be mitigated in future years. The placement budget assumes a range of inflation between 4%-7% dependant on placement type.	4,781
Transport	There are pressures on transport costs as a result of inflation, including fuel costs, and an increase in demand. NCT have allowed 14% to account for this. Provision has also been included to move to a new SLA with WNC and NNC Transport Teams as of April 2024.	537
General Inflation and DBS	Inflationary pressures of 4% have been included on NCT's non placement contracts and provision has been made for increases to the cost of conducting DBS checks.	1,116
Support Services and Property Costs	Following a review of support services undertaken in September 2023 the budget reflects the increased cost of providing these services and also incorporates an additional 10% to reflect the cost of overheads.	739
Placement Demand Growth	Included in the 2023-24 pressures of £21.662m is the placement pressure of £20.199m which passports into 2024-25. The additional increase of £2.747m in the contract sum for 2024-25 relates to assumed levels of demographic growth of children in care.	2,747
Staffing Vacancy Factor	NCT's vacancy factor has been reduced which has resulted in an additional pressure.	714

<b>Description</b>	<b>Detail</b>	<b>Amount</b>
Savings / Income Generation	These reflect a range of savings and additional income agreed with NCT that reduce the contract sum for 2024-25.	(9,045)
<b>Block 1 - Total Core Contract Sum Changes</b>		<b>26,491</b>
<b>Block 2 – Agreed Transformation</b>		
Circle to Success - Innovate Teams	One-off invest to save funding outside of the contract sum for 2024-25 to support the continuation of the Circle to Success programme and delivery of associated savings. The impact of this will be monitored by the newly created Joint Transformation and Efficiencies Board.	880
Circle to Success – Impower	One-off invest to save funding for 2024-25 retained by the Council to support the continuation of the Circle to Success programme and delivery of associated savings. The impact of this will be monitored by the newly created Joint Transformation and Efficiencies Board.	400
Managed Teams	Time limited funding due to continued high caseloads and vacancies in social work teams it is necessary to continue the use of Managed Teams. Development of an exit strategy will be overseen by the newly formed Transformation and Efficiencies Board.	1,083
Practice Model	Implementation of a systemic social work practice model to deliver more effective support for families in a consistent, empowering and child-focussed way. The DFE will be providing £0.192m of match funding in 2024-25.	132
IRO & CP Chairs	To provide additional capacity to meet the increased volume of child protection conferences.	85
<b>Block 2 Total Agreed Transformation</b>		<b>2,580</b>
<b>Block 3 - Transformation and Efficiency Fund</b>		<b>3,291</b>
<b>Total Contract Changes</b>		<b>32,362</b>

7.14 The items included within Block 2 (Agreed Transformation Costs) amount to £2.580m. Of this sum £2.363m as shown in the table below is non-recurring. The Council has used reserves to fund the non-recurring element (£1.044m being the Council's allocation of the total).

<b>Non-Recurring Items for Block 2</b>	<b>Amount 2024/25 £'000</b>
Circle to Success – Innovate – 2024-25 only	880
Circle to Success – Innovate - Impower - Retained and Commissioned by the Council – 2024-25 only	400
Managed Teams – non-recurring	1,083
<b>Total non-recurring items (NNC share £1.044m)</b>	<b>2,363</b>

7.15 The Children’s Directorate draft budget, including the Council’s contribution to Northamptonshire Children’s Trust, reflects net pressures of £15.231m of which £14.373m relates to the Children’s Trust, including £14.291m in respect of the 2024-25 contract sum change as set out in 7.11. The remaining movement of £858k is in respect of Children’s Service delivered within the remit of the Council and outside the Trust.

7.16 The main pressures in addition to the increase in the contract sum for the Children’s Trust include the following:

- There is a staffing pressure of £300k within the Education Health and Care (EHC) service this is as a result of the increasing level of need and the need to fulfil statutory obligations.
- The Government have announced a 20% annual reduction in the historical funding element of the Central Schools Services Block, this amounts to £288k. This funding supports expenditure on statutory education services which the authority is unable to reduce in line with the reduction in Central Government funding, which results in a reduction in DSG income of £288k. Therefore, creating a pressure to the General Fund.
- The School Improvement Monitoring and Brokering grant has now ceased, which has resulted in a pressure of £227k.

7.17 There are other smaller adjustments to the budget amounting to a net pressure of £43k.

7.18 The Council’s share of the NCT contract agreement includes an amount for support services provided to NCT by both North and West Northamptonshire. The Council in 2024-25 has reallocated over £1m of this income which had previously been accounted for across the Children’s Directorate to the Directorates provided the service – the corresponding income is shown within **Appendix B** for each of the respective Directorates.

### **Children’s Trust Transformation and Efficiency Board**

7.19 In negotiating the contract sum for the Children’s Trust it was felt that stronger governance arrangements should be put in place to consider and approve business cases against the Transformation Fund of £3.291m (Block 3). To facilitate this a Transformation and Efficiency Board has been created between



North Northamptonshire Council, West Northamptonshire Council and Northamptonshire Children's Trust.

- 7.20 The Transformation and Efficiency Board is a shared strategic partnership of both Councils and the Trust. The Board aims to create systemic improvement in services for children in Northamptonshire, whilst driving value for money to ensure that resources are used effectively to support and improve outcomes.
- 7.21 Schemes will be agreed on the understanding that, where applicable, exit plan proposals are brought forward for both councils to agree as part of the Transformation and Efficiency Board governance regime. To progress the schemes at pace delegations were approved at the December Executive meeting to approve allocations from the Transformation and Efficiency funding held within the Children's Trust budget, these will be subject to approval following the submission of detailed business cases. The core principle to decision making to support business cases presented to the Transformation and Efficiency Board are set out below:
- North Northamptonshire Council, West Northamptonshire Council and Northamptonshire Children's Trust agree on a broad transformation agenda.
  - Investment into these areas will be considered via robust business cases at presented for consideration by the newly formed Transformation and Efficiencies Board.
  - Both Councils make appropriate provision in their budgets to support the investment in business cases approved by the Transformation and Efficiencies Board
  - Subject to the final agreed Terms of Reference for the Transformation and Efficiencies Board business cases will follow the following principles:
    - Where it is a time limited resource, there must be clear end dates to work to and success triggers.
    - There should be quantifiable benefits (i.e. payback periods, costs reduction assumption, management of a material operational risk [Cost Avoidance], improved outcomes).
    - Alternative options to be reviewed as part of each case and explained why these have been discounted to get to recommendation.
    - All proposals must be considered against the Trust's MTFP and those of both Councils.
- 7.22 In order to ensure that change can be enacted swiftly, the Executive delegated authority to the Executive Member for Children, Families, Education and Skills in consultation with the Executive Member for Finance and Transformation, Executive Director for Adults, Health Partnerships and Housing (and Children's Services - Interim) and the Executive Director of Finance and Performance to allocate resources from the agreed transformation budget held for this work.
- 7.23 Full details of the 2024-25 budget and Medium-Term Financial pressures and savings are contained within **Appendix B**.

## **Adults, Health, Partnerships and Housing**

- 7.24 The draft net revenue budget for 2024-25 for Adults, Health, Partnerships and Housing is £146.009m (2023-24 is £126.183m). Details of the net budget and the adjustments for pressures and savings are set out in **Appendix B**. The Adults Social Care, draft budget reflects pressures of £29.152m and savings of £9.326m resulting in a net pressure of £19.826m.

### **Adult Social Care Services**

- 7.25 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 an assessment of need, and when deemed eligible are subsequently provided with support to meet those eligible needs 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.
- 7.26 At any one time around 3% of the over 65 population receive long term care organised by the council, but over half the population will be known to social care at some point. This service also cares for many younger adults with complex learning disabilities, physical disabilities, and mental ill-health.
- 7.27 Care can take 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 to promote wellbeing and helping people to stay independent and preventing or delaying the need for care.
- 7.28 The main areas of spend for Adult Social Care is in relation to Third Party Payments and are in respect of independent care spend including Residential and nursing care for both 65+ year old and the 18-64 years old clients. The service has seen a significant increase in service demand during 2023-24 including more people and, in some areas, higher costs. Client numbers have increased since April 2022 by 25% in the 65+ cohort and 15% in the 18-64 cohort with similar costs to existing cohorts. Previously there had been 14 years of stable demand in the 65+ cohort so this level of increase is unprecedented.
- 7.29 The 2024-25 draft budget had assumed that this increase in demand would lessen, and mitigations would be successful in reducing the ongoing pressure to the independent care budgets. These assumptions have continued to be reviewed and following the Period 8 forecast outturn position for 2023-24 it is now prudent to assume that growth will continue into 2024-25.
- 7.30 Therefore, the draft budget assumptions have been reviewed and include increased demographic and inflationary growth of £9.205m along with additional management actions to partially offset this growth of £5.109m. These changes

have resulted in a net pressure of £4.096m and the following table summarises these changes.

<b>Assistant Director</b>	<b>Proposal Description</b>	<b>Dec Draft Budget 2024/25 £000</b>	<b>Changes £000</b>	<b>Feb Draft Budget 2024/25 £000</b>
Adult Services	Contractual Inflation/fee increases for independent care placements incorporating National Living Wage pressures for social care providers.	3,988	384	4,372
Adult Services	Budgeted growth to cover the increased cost of new clients eligible for social care with increased acuity and complex needs.	11,015	8,821	19,836
<b>Total Pressures</b>		<b>15,003</b>	<b>9,205</b>	<b>24,208</b>
Commissioning & Performance	Budget Realignment to meet demographic growth	0	(1,000)	(1,000)
Adult Services	High-Cost Placements Review	(1,000)	(500)	(1,500)
Adult Services	Improved performance in bed based reablement, earlier intervention through admission avoidance and positive reduction in post-hospital demand	0	(2,000)	(2,000)
Adult Services	Increased Client Contributions	0	(1,000)	(1,000)
Adult Services	Single Handed Care	0	(500)	(500)
Adult Services	Increased use of Shared Lives Service	0	(84)	(84)
Safeguarding and Wellbeing	Review of in-house services and implementation of Phase 2 and 3 of NNC's provider transformation programme ensuring people are supported to achieve good outcomes.	(180)	(25)	(205)
<b>Total Savings</b>		<b>(1,180)</b>	<b>(5,109)</b>	<b>(6,289)</b>

<b>Assistant Director</b>	<b>Proposal Description</b>	<b>Dec Draft Budget 2024/25 £000</b>	<b>Changes £000</b>	<b>Feb Draft Budget 2024/25 £000</b>
	<b>Net Change</b>		<b>4,096</b>	

- 7.31 The additional pressure of £4.096m will be met, in part, from the further forecast Social Care Grant of £2.629m announced on 24<sup>th</sup> January with the balance remaining being underwritten from the Adult Social Care Reserve which has been set aside in previous years for the risks associated with this demand led service. This will smooth the impact of increased growth while the service models and implements further transformation changes to be delivered in 2025-26 and future years to offset the impact of this growth and cost pressure.
- 7.32 The budget requirements for Adult Social Care will continue to be monitored with demographic trends, reflecting the on-going impact of external factors and the move toward a more integrated care system with Health partners.
- 7.33 It is recognised that risk still remains in the budget assumptions for Adult Social Care but the increase in the 2024-25 budget will help mitigate this risk. In addition, the Council has smoothing reserves set aside to help underwrite such risk and to smooth any impact over the longer term whilst alternative mitigations are sought.
- 7.34 The main pressures include the following:
- Contractual Inflation and other increases (subject to tendering where appropriate) for independent care placements which incorporates the net impact of National Living Wage pressures for social care providers. The projected inflation requirements are based on a number of factors and looks at the capacity available in the base budget, the most significant change is to make a provision for the National Living Wage (NLW) increase across framework packages in line with announcements by Government, and other overheads as well as general fee movements in line with market factors.
  - Demographic and service demand growth for Adult Social Care is budgeted to cover the anticipated increased costs due to additional clients requesting support from the service. Within Adult Social Care there is a provision for demographic growth of £19.836m. During the last couple of years North Northamptonshire have seen a significant increase in the number of clients requiring care. The growth reflects this increase in client numbers.
  - Additional costs are included within the budget for 2024-25 of £1.498m for the ringfenced grant funding to meet Social Care related demand in respect of discharge and capacity funding. This is an estimate, and the final allocation will be included within the Finance Settlement.

- The Council's 2024-25 budget includes an additional allocation of £1.078m in support of discharge. This grant is part of an overall allocation of £1 billion to get people out of hospital on time and into care settings, of which 50% (£500m) is payable to Local Government and the remainder to Health.
- The Council 2024-25 budget also includes a ringfenced grant of £1.078m for funding to support the Adult Social Care workforce.

7.35 The main savings within the Adults Social Care Directorate include the following.

- Reduction in the number of residential placements made in the independent sector owing to an increase in the utilisation of beds in PPP properties £695k.
- Demand management efficiency of £6.7m to include the review of high-cost placements, the review of the learning disabilities care model and other system and processes across the service.

### **Strategic Housing, Development and Property Services**

7.36 Strategic Housing, Development and Property Services provides strategic direction and leadership for the delivery of the Housing Service and housing management, this includes support for homeless people.

7.37 The pressures and savings within Strategic Housing, Development and Property Services include the following.

- A pressure of £500k to address the increase in the homelessness demands, which is reflective of the national pressures being faced by Council's regarding homelessness.
- The use of grants will be maximised within housing to allow for £375k of efficiencies to be achieved.

7.38 A significant proportion of the housing service supports the Housing Revenue Account which is the subject of a separate budget report elsewhere on this Agenda.

7.39 Full details of the 2024-25 budget and Medium-Term Financial pressures and savings are contained within **Appendix B**.

### **Public Health and Communities**

7.40 The draft net revenue budget for 2024-25 for Public Health and Communities is £8.553m (2023-24 is £8.999m). Details of the net budget and the adjustments for pressures and savings are set out in **Appendix B**.

7.41 The Director of Public Health and Wellbeing is a statutory officer and the principal adviser on all health matters to elected members, officers, and partners, with a leadership role spanning health improvement, health protection

and healthcare public health. This includes delivering core public health services in line with grant funding and statutory requirements.

- 7.42 Public Health and Wellbeing is supporting substance misuse treatments, sexual health, health protection, health promotion, health improvements, falls and commissioned health which are all part of the approach to public policies across sectors that systematically takes into account the health implications of decisions, seeks synergies, and avoids harmful health impacts in order to improve population health and health equity. It improves accountability of policymakers for health impacts at all levels of policymaking. It includes an emphasis on the consequences of public policies of health systems, determinants of health and wellbeing.
- 7.43 The Public Health Grant allocations are usually announced in the new year, at this stage no changes have been made to the grant assumptions, although it is anticipated that there will be an increase to keep pace with inflation. The grant is ringfenced and any increase in funding will remain held against the Public Health Service to fund additional costs of service priorities.
- 7.44 Communities and Leisure 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, encouraging physical and mental wellbeing of residents through sport and leisure-based activities.
- 7.45 The main pressure within Communities and Leisure is £244k and relates to the increase in the running costs and the repair and maintenance costs associated with the leisure facilities.
- 7.46 The main savings within Communities and Leisure include the following.
- Additional leisure income of £400k due to a change in VAT legislation.
  - Strategic Investment into VCSE to be funded from Public Health reserves for three years £121k.
  - Community Wellbeing grants - to be funded by Public Health grant in line with the Health and Wellbeing Strategy £120k.
- 7.47 The services continue to look at transformation to bring the previous functions of each sovereign Council together and realise the aggregation benefits of 'one council – one service'. If any savings can be accelerated in to 2024-25 then this action will be taken, which will assist future resilience.
- 7.48 Full details of the 2024-25 budget and Medium-Term Financial pressures and savings are contained within **Appendix B**.

## Place and Economy

- 7.49 The draft net revenue budget for Place and Economy for 2024-25 is £70.264m (2023-24 is £69.953m). Details of the net budget and the adjustments for pressures and savings are set out in **Appendix B**.
- 7.50 Place and Economy is about shaping great places together – for people, businesses, and the environment. It leads and/or contributes to the following strategic priorities:
- Enabling Sustainable Growth
  - Enhancing the Environment
  - Connecting our communities
  - Transforming the way we work
- 7.51 The Directorate delivers a wide range of services and is organised into four functional areas as follows:
- 7.52 **Assets and Environment**, includes Facilities Management, Property Estate Management, Energy and Fleet Management, Grounds Maintenance, Parks and Open Spaces and On and Off-street parking enforcement. It also includes Asset and Capital Management of the Council's corporate assets and capital programmes, together with the effective management of the Council's strategic assets and landholdings. Key income and cost drivers include parking income, number of visitors to country parks and open spaces, demand for commercial rental spaces, use of corporate workspaces and use of energy.
- 7.53 **Growth and Regeneration** includes Planning Services, Economic Development, Growth and Infrastructure, Regeneration, Digital Infrastructure, Climate Change and Flood and Water Management. Key income/costs drivers include local demand and volume of applications for the Planning service, including major development fees, availability of Planning resources e.g., planning professionals and demand for economic activities.
- 7.54 **Highways and Waste** includes street cleaning, waste and recycling collections and disposals, including the household waste and recycling centres and Transport Management. The highways services maintain the extensive network of public roads, footpaths, and rights of way, including highway related infrastructure such as streetlights, traffic signals, bridges, gullies, and highway trees. Services also include School Transport and Concessionary fares. Key cost drivers include the tonnes of waste materials collected from households, businesses, and litter bins for recycling and disposal, variations to costs per tonnage, investment on various highway assets, as well as the impact of extreme weather conditions, school age population for school transport and the agility of the older population for concessionary fares.
- 7.55 **Regulatory Services** includes Bereavement Services, Building Control and Local Land Charges, Emergency Planning, Environmental Health and Licensing, Trading Standards, Private Sector Housing and the Travellers' Unit.

The main income and cost drivers include the local economy and market for Building Control income, age/morbidity demographic rate for bereavement services (burials and cremations), public health demand for Environmental Health services, and legal/statutory obligations for building regulations and licensing.

7.56 Key current areas of risks within the Directorate include:

- Utilities costs
- Contract inflation
- Increasing service demand from a growing population
- Failure to maintain and invest in estates.
- Increased requirement for repairs due to the deterioration of the highway network.

7.57 The Place and Economy Directorates draft budget reflects pressures of £5.849m and savings of £5.538m resulting in a net pressure of £311k. The main pressures include the following:

- In total there is £3.460m for contract changes and other inflation which includes Home to School Transport of £1.415m, Street Lighting PFI energy and contract inflation of £277k, waste management contract inflation of £1.212m and other general contract inflation of £556k.
- A £450k pressure within Planning and Development Services to address the legacy issues relating to staffing budgets.
- There is an income pressure of £442k associated with a one-off rental pressure for the Commercial Property Portfolio which is to be funded by reserves.
- The Directorate has a number of demographic volume changes totalling £1.010m which includes £395k for changes to waste management costs and £550k for Highways maintenance services of. There is also a pressure of £65k relating to the enhanced provision of the Travellers Unit.

7.58 The Council is taking steps to ensure they are achieving value for money in all the transport contracts they put in place. The Home to School transport team is looking to manage this through a number of actions. They are working closely with the Education and Childrens' teams with a view to ensuring that the Council is not just providing transport in line with statutory requirements and the Council's policies but also ensuring we get best value from the market. The home to school planning team is continuing the work on assessing routes to maximise capacity on existing transport and to optimise routes in order to find the most efficient and cost-effective way to transport children.

7.59 A particular focus is being put on assessing those routes which are currently single (or low) occupancy to determine whether they can be provided in a more cost-effective way by combining routes or contracts. Compliant procurement processes are in place through the Council's dynamic purchasing framework,



and these are used to challenge the market to provide the most economically advantageous contracts for the Council. Now that all contracts are in place for the year, the team are currently focussing on re-procuring the most expensive contracts to ascertain whether a better price can be achieved from the market.

- 7.60 In some circumstances, it can be less expensive for the Council to offer mileage payments to families in place of providing transport. The team will further promote this option for those families where it is possible for them to arrange their own transport. The team will also investigate providing independent travel training to families to reduce their reliance on transport provided by the Council; this can increase the independence of young people as well as reduce the financial burden on the Council. All of these actions, and others, will seek to ensure the Council is achieving best value and contain costs as much as possible against a backdrop of the macro-economic trend of rising prices and the national context of increased demand for SEND transport.
- 7.61 Since launching the subscription for the garden waste service in April 2023, the Council has subsidised the service as the actual cost of operation is more than the income from the subscription payments. During the year, the costs of running the service have increased, particularly in relation to staffing and operational costs for the vehicles. It is proposed to reduce the subsidy on the garden waste service by increasing the charge to £45.60 per bin, an increase of under 11 pence per week for each customer. The cost of running the service is still greater than the income received. This additional income reduces the need for the use of reserves and in doing so, helps to safeguard essential services provided by the Council. The Council continues to offer alternative methods for disposing of garden waste through our network of Household Waste and Recycling Centres, as well as providing options to buy subsidised home composting bins or garden waste sacks, the prices of which remain unchanged.
- 7.62 The main savings through efficiencies and income generation within the Place and Economy Directorate include the following:
- Statutory Planning Fees increase of £801k.
  - Additional income of £600k derived from dedicated routes to aid traffic flow across North Northamptonshire.
  - Garden Waste - £534k from harmonisation of collection services and £386k through the increase to garden waste subscription services.
  - Recognising the volatile nature of energy markets, the estimated utility inflation for 2023-24 has been part reversed based on the information received from the Council's suppliers resulting in a saving of £500k.
- 7.63 Full details of the 2024-25 budget and Medium-Term Financial pressures and savings are contained within **Appendix B**.

### **Enabling Services**

- 7.64 The draft net revenue budget for Enabling Services for 2024-25 is £30.693m (2023-24 is £35.017m). Full details for the service changes can be seen in **Appendix B**.

- 7.65 Enabling and Support Services consists of the following main grouping of services, which also includes several corporate budget areas:
- Finance and Performance Service
  - Customer Services, HR and Governance (Legal and Democratic Services)
  - Chief Executive's Office including ICT, Communications and Engagement
- 7.66 The **Finance and Performance Service** is responsible for leading the management, development, performance and continuous improvement of all Finance, Audit and Risk services. The Procurement Service leads on all aspects of procurement delivery, category management, commissioning and contract management. The Revenue and Benefits Service is responsible for the collection of both Council Tax and Business Rates and in assessing, awarding and payment of benefits.
- 7.67 **Human Resources** is responsible for the leadership, development and implementation of relevant strategies for the area and council, enabling the delivery of corporate HR priorities, including HR Advisory, Workforce Planning & Development. **Legal and Democratic Services** is responsible for developing and delivering a strong governance and ethical framework and the management of the internal Legal Services Team, Democratic & Election Services, FOI & Data Governance and Registration and the Coroners Services.
- 7.68 **ICT** are responsible for the delivery of efficient and effective management of all aspects of IT operations, Digital, IT programmes of work, IT commercial contracts and supplier relationships, IT Service delivery teams and for transforming the IT and Digital Services team. This includes managing IT services provided by West Northamptonshire Council.
- 7.69 **Customer Services** are responsible for leading and implementing the transformation and aggregation of all the Customer Service and Complaints teams and for setting the key priorities and direction for Customer Services and Complaints in line with the corporate plan. The role is also responsible for the leadership, development and implementation of customer and digital strategies for the council, to deliver an improved customer experience and the administration of the 'Blue Badges' parking scheme.
- 7.70 The functions managed through the **Chief Executive's Office** include the Chief Executive, the Assistant Chief Executive, Executive Support, Communications, Consultation, Engagement and Corporate Equalities, Print Room and the Web Team. The service supports teams across the authority, providing leadership and strategic direction to secure a cohesive and coordinated approach to the delivery of improved organisation-wide service provision, resource allocation and prioritisation.
- 7.71 The 2024-25 draft budget for Enabling and Support Services reflects pressures of £2.655m and savings of £6.979m resulting in a net saving of £4.324m.

7.72 The main pressures within Enabling Services include the following:

- Cost associated with the delivery of the IT Strategy (£1.061m),
- Contract and staff inflation incurred on services delivered by WNC (£854k),
- Costs associated with the implementation of new systems, including the Education Case Management System (£208k)
- Inflationary increases on license renewals (£168k)
- The removal of legacy income budgets not now deliverable (£149k)
- Inflation on Lead Authority Support Services (£115k)

7.73 The main savings within Enabling Services include the following:

- Increase in investment income of £4.697m this reflects the increase in the Bank of England base rate on future investments and is based on an average cash balance of £157m at a weighted average rate of 5.01% for a full year.
- Realignment of income and change in fees charged to the Children's Trust to reflect levels of support services provided across Finance and HR (£591k)
- The realignment of budgets (£262k)
- The rationalisation of service contracts, applications and licenses (£335k)
- Changes in customer contact (£157k)
- Registrations, arising from a review of fees and charges for wedding ceremonies (£136k)
- Legal Services, through bringing upper tier services in-house (£117k)
- Elections, legacy budgets no longer required (£113k)
- Savings from the Telephony project (£100k)

7.74 Full details of the 2024-25 budget and Medium-Term Financial pressures and savings are contained within **Appendix B**.

## 8. Corporate Resources

---

8.1 The draft net revenue budget for 2024-25 is £34.4m (£26.3m 2023-24 - restated following movements from the contingency during 2023-24 and allocation of centrally held budgets for pay) the composition of this budget for 2024-25 and the restated position for 2023-24 and the impact on the 2024-25 MTFP is shown in the following table:

Description	2023/24 Restated Budget £'000	2024/25 MTFP Impact £'000	2024/25 Draft Budget £'000
Corporate Contingency	1,524	2,577	4,101
MRP	7,970	1,735	9,705

<b>Description</b>	<b>2023/24 Restated Budget £'000</b>	<b>2024/25 MTFP Impact £'000</b>	<b>2024/25 Draft Budget £'000</b>
Pay Contingency	1,406	3,873	5,279
Pay and grading review	2,479	(415)	2,064
Insurance	0	550	550
Treasury	12,003	482	12,485
Bad Debts Provision	870	0	870
IT Related Costs	0	500	500
Staff Turnover	0	(1,157)	(1,157)
<b>Total</b>	<b>26,252</b>	<b>8,145</b>	<b>34,397</b>

- 8.2 The Council's Corporate Contingency Budget for 2024-25 is £4.101m, which represents around 1% of the net budget. This recognises the financial uncertainty faced and that risks remain in the financial position with a number of assumptions within the budget subject to further decisions, such as the pay changes.
- 8.3 The Minimum Revenue Provision (MRP) reflects the minimum amount a Council must charge to the revenue budget each year to set aside a provision for repaying external borrowing. The increase in the MRP provision of £1.735m for 2024-25 is to ensure the provision is aligned to the MRP policy moving into the medium term.
- 8.4 The Council has set aside a draft budget of £5.279m to reflect potential pay changes of 4% and increments in 2024-25. This budget will be allocated in 2024-25 according to need.
- 8.5 A budget of £2.064m is included in the 2024-25 budget, reflecting the latest costings for the implementation of the Pay and Grading review, which includes all staff recruited to North Northamptonshire Council posts since 1 April 2021.
- 8.6 The draft budget includes a provision of £0.550m relating to insurance. This reflects the estimated increase in the premium and a review of the future policy requirements.
- 8.7 The Council's Treasury Management Debt Portfolio and other associated Treasury Management costs is £12.5m (£12m in 2023-24). The composition of this budget is as follows:

Description	Original Budget 2023-24	Change	Draft Budget 2024-25
£'000	£'000	£'000	£'000
Borrowing Costs	11,273	(172)	11,101
Other Treasury Management costs	730	654	1,384
<b>Total</b>	<b>12,003</b>	<b>482</b>	<b>12,485</b>

8.8 The reasons for the changes in budget are as follows:

- The external borrowing costs reflect the interest payable on the Council's loan portfolio and these costs will reduce by £172k following the maturity and planned repayment of existing loans.
- There are additional pressures of £654k, relating to increased bank charges of £232k, unrealised internal interest income of £267k and recovery of debt management expenses of £155k.

8.9 If interest rates remain high over the longer term this will also create risk in relation to acquiring new loans to finance future capital programmes. The current PWLB rate for borrowing over a 30-year period is around 5.50%, for every £1m borrowed this would be an additional interest payable of £55,000.

8.10 There continues to be risks around the overall cash and loan position for North Northamptonshire, not only from a volatile marketplace, but also due to the outstanding legacy audits for 2020/21 and the disaggregation of the opening position from the former Northamptonshire County Council. The audit for the former County Council has recently been completed. Only one legacy audit now remains outstanding and is with the relevant external auditors to go through their sign off processes; this is expected to be completed imminently.

8.11 The bad debt provision is unchanged at £0.870m and reflects the risk associated with the collection of debt in the current economic climate.

8.12 The 2024-25 budget includes provision of £500k for revenue costs for ICT systems as the Council seeks to upgrade its systems including moving to single systems. This budget will be released based on business cases to support the investment.

8.13 The assumptions regarding staff turnover (vacancy factor) have been realigned to 2.5% to reflect a more realistic position. This has resulted in an increase of £1.157m from 2024-25. This budget change will be allocated to services prior to the start of the financial year to be managed as part of their delegated budgets.

8.14 Full details of the 2024-25 budget and Medium-Term Financial pressures and savings are contained within **Appendix B**.

## 9. Reserves

9.1 A core element of a financially sustainable and resilient council is to maintain a prudent level of reserves. This is demonstrated by the Chartered Institute of Public Finance Accountants (CIPFA) who have stated as part of their Financial Management Code:

*“Local government reserves play a crucial role in good public financial management. They exist so that a council can invest in service transformation for the future or else allow them to respond to unexpected events or emerging needs.”*

9.2 At this stage the levels of reserves for the Council are an indicative forecast based on the best information available at this time. There are also several significant uncertainties that need to crystallise before the level of reserves will be known, including the completion of the disaggregation of the former Northamptonshire County Council’s balances and any other unexpected events on the outturn position for the Council in 2023-24, therefore, the reserves position will be subject to change.

9.3 The latest forecast for the level of general fund revenue reserves for North Northamptonshire Council available as at 1<sup>st</sup> April 2024, taking into account the assumed movement in reserves in 2023-24 is summarised in the table below. The forecast movement in reserves in 2024-25 is also summarised in the table below and is set out in section 5.57.

<b>Forecast Reserves Position</b>	<b>01/04/2024</b>	<b>2024-25 Transfer to Reserves</b>	<b>2024-25 Transfer from Reserves</b>	<b>31/03/2025</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
General Fund Balance	(24,170)	0	0	(24,170)
<b>Earmarked Reserves</b>				
Smoothing Reserves	(36,615)	(150)	2,257	(34,508)
Business Rates Retention Risks	(24,299)	0	0	(24,299)
Building Maintenance Reserves	(1,607)	0	0	(1,607)
Planning Reserves	(451)	0	0	(451)
Regeneration Reserves	(7,046)	0	0	(7,046)
Specific Reserves	(21,065)	0	1,467	(19,598)
Other Earmarked Reserves	(5,027)	0	2,170	(2,857)
Capital Reserves - General Fund	(6,408)	0	0	(6,408)
Insurance Reserves	(2,690)	0	0	(2,690)
<b>Total Earmarked Reserves</b>	<b>(105,208)</b>	<b>(150)</b>	<b>5,894</b>	<b>(99,464)</b>

Forecast Reserves Position	01/04/2024	2024-25 Transfer to Reserves	2024-25 Transfer from Reserves	31/03/2025
	£000	£000	£000	£000
<b>Total General Fund and Earmarked Reserves</b>	<b>(129,378)</b>	<b>(150)</b>	<b>5,894</b>	<b>(123,634)</b>

- 9.4 The estimated total level of general fund revenue reserves of £123.6m as at 31<sup>st</sup> March 2025 is made up of general balances and earmarked reserves. Whilst the general reserves of £24.2m provides a working balance to help cushion the impact of unexpected events or emergencies, the earmarked reserves balance reflects balances set aside for a specific purpose or risk which will include commitments into future years.
- 9.5 The reserves will be further risk assessed in advance of the February budget report to confirm the levels needed against each earmarked reserve based on the latest information available.
- 9.6 The Reserves Strategy includes a range for the level of general fund balances to be at a minimum of 5% and a maximum of 10% of the net revenue budget. The level of reserves included in the budget are £24.2m which is c6.4% of the proposed net revenue budget of £375.3m.

## 10. Flexible Use of Capital Receipts

---

- 10.1 On 18<sup>th</sup> December 2023, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) announced that the Flexible Use of Capital Receipts will be extended to 31<sup>st</sup> March 2030. The Government have engaged with councils to identify and develop options for the use of capital resources and borrowing to support and encourage invest-to-save activity and more flexibilities to use capitalisation without the requirement to approach Government.
- 10.2 Options for consideration were:
- **Supporting invest-to-save activity.** Increasing the flexibilities to use capital receipts and borrowing to finance the costs of transformation and efficiency projects.
  - **Local management of budget pressures.** Providing greater flexibilities on the use of capital receipts, including the scope to meet general budget pressures, and potential additional flexibilities where the proceeds relate to the sale of investment properties.
- 10.3 The consultation for comments from Local Government closed on 31<sup>st</sup> January 2024.

- 10.4 Until the outcome of the consultation is known the current restrictions have been assumed to remain for 2024-25 in that certain costs can be funded through the Future Use of Capital Receipts. Qualifying revenue expenditure is time-limited expenditure incurred by the Council on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery in order to reduce costs or demand for services in future years.
- 10.5 Although set-up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure, the ongoing revenue costs of the new processes or arrangements are excluded.
- 10.6 The decision to use capital receipts to fund transformational expenditure is one that will be considered by the full Council when considering the final budget proposals.
- 10.7 Using capital receipts to fund this type of expenditure provides greater flexibility in terms of how our overall capital and revenue resources are utilised and frees up revenue funding.
- 10.8 The transformation costs referred to above and other expenditure required to deliver some of the service improvements and efficiencies are areas where the Council would seek authority to use capital receipts instead of revenue resources. This would also include meeting any associated severance costs.
- 10.9 The Council received approval for a capital direction to cover the two-year period 2021-2023 and has sought further flexibility from 2023-24 within the approved sum as transformation continues. However, it is important that the Council also has the flexibility to also underwrite applicable costs from Flexible Use of Capital Receipts (FUCR). Therefore, an updated strategy for 2024-25 is included in **Appendix J**.
- 10.10 The FUCR policy does not dictate that capital receipts have to be used to fund these costs, but it is there to provide the option to do so if that is deemed to be the most appropriate funding route in order to free up revenue resources and improve the general financial resilience of the Council.

## **11. Treasury Management**

---

- 11.1 The purpose of the Treasury Management Strategy is to establish the framework for the effective and efficient management of the Council's treasury management activity, including the Council's investment portfolio, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse.
- 11.2 An updated Treasury Management Strategy for 2024-25 is attached as **Appendix H**.
- 11.3 The capital framework for Minimum Revenue Provision (MRP) seeks to ensure that local authorities make a prudent Minimum Revenue Provision each year.



MRP is therefore required to be set aside from the revenue account when local authorities borrow to fund capital expenditure.

## 12. Consultation Response

---

- 12.1 The Council consulted on the proposals in the draft 2024-25 budget. The consultation commenced on 21<sup>st</sup> December 2023 following the approval of the draft budget for consultation at Executive and concluded on 26<sup>th</sup> January 2024.
- 12.2 There are three statutory instruments underpinning the need for Budget consultation:
- Section 65 of the Local Government Finance Act (1992);
  - Section 149 of the Equality Act (2010), specifically 'Due regard' to [the] impact of proposed changes;
  - Section 3 of the Local Government Act (1999), and Best Value provisions.
- 12.3 In terms of best practice, the Consultation Institute guidance emphasises the need for consulters to recognise the 'Doctrine of Legitimate Expectation' as a key component of public sector budget consultation. In short, in terms of public participation, "...the courts...recognise Consultees' right to expect fair process from public bodies...and incorporates much guidance and management promises into the law.<sup>8</sup>"
- 12.4 Opportunities to take part in the consultation were promoted in the local media via press releases. The press release went to 26 newsrooms (local and national, print and broadcast), plus individual reporters and other local news sites. It was promoted through the Council's website, e-newsletters and social media channels, enabling both internal (e.g., staff) as well as external consultees to get involved in the process.
- 12.5 Councillors, local MPs, town and parish councils, partner organisations, voluntary and community sector organisations, representatives of protected characteristic groups, local business groups, and members of the North Northamptonshire Residents' Panel and the Council's Consultation Register were invited to give their views and asked to promote the consultation to their members, or within their local area where appropriate.
- 12.6 Local people, organisations and other interested parties were able to have their say about the draft budget proposals in a range of ways, by:
- Visiting the Draft Budget Consultation webpage and completing the questionnaire or requesting a paper questionnaire
  - Emailing [YourVoiceMatters@northnorthants.gov.uk](mailto:YourVoiceMatters@northnorthants.gov.uk)
  - Writing to Budget Consultation Response, North Northamptonshire Council, Sheerness House, Meadow Road, Kettering, NN16 8TL
  - Contacting us by telephone to give verbal feedback

---

<sup>8</sup> The Consultation Institute Engaging on Public Service Budgets, 17 September 2015

- A toolkit was developed to enable user groups/ forums to hold their own discussions and provide their feedback as a collective group.
- 12.7 Using the various means available to consultees, local people and organisations contributed to the consultation 475 times. Respondents could choose which questions they responded to within the consultation questionnaire, so there are lower response numbers to each question when compared with the overall number of participants, depending on whether participants had a particular interest in the subject matter.
- 12.8 The consultation focused on the draft budget proposals that would likely affect residents and service users. However, respondents were invited to comment on anything within the draft budget.
- 12.9 When asked about a general “core” Council Tax increase of 2.99%, 44.3% of respondents said that they strongly agree or tend to agree with the proposed increase, while 47.5% said they strongly disagree or tend to disagree.
- 12.10 When asked about the proposed 2% precept increase for Adult Social Care, 42.8% of respondents said that they strongly agree or tend to agree with the proposed increase, while 45.2% said they strongly disagree or tend to disagree.
- 12.11 The feedback on all the proposals, which includes the comments received to the budget proposals, including the Draft Capital Programme 2024-28, is analysed in more detail in **Appendix E**. Members should ensure they read and consider the analysis and redacted comments that have been made available to them before making their decision on the budget.

### **13. Scrutiny**

---

- 13.1 The Corporate Scrutiny Committee considered a report on the budget scrutiny process at its meeting on 10<sup>th</sup> October 2023. This was subsequently approved by the Executive at its meeting on 16<sup>th</sup> November 2023.
- 13.2 Scrutiny took place over two phases. The first to consider the in-year position for 2023-24 and any implications for 2024-25 and the second to consider the detailed proposals for 2024-25. The first phase took place during November 2023 and the second phase in January 2024 to allow time for the Committee to provide feedback to the Executive at its meeting on 8<sup>th</sup> February 2024.
- 13.3 The Scrutiny of the Budget Process covered the following main service areas:
- Enabling and Support Services (08/01/24)
  - Public Health and Communities (12/01/24)
  - Children’s and Education Services (15/01/24) excluding the Children’s Trust
  - Place and Economy (19/01/24)
  - Adults, Health Partnerships and Housing, including the HRA (19/01/24)

- 13.4 The Children’s Trust was subject to separate scrutiny by the Committee, in line with the budget setting timeline for the Trust as set out in its contract,
- 13.5 For the remaining Council services, there were a total of five individual budget scrutiny sessions, covering each of the four main areas of services detailed in paragraph 13.3 above.
- 13.6 Following the Budget Scrutiny sessions, a report was agreed by the Corporate Scrutiny Committee at its meeting on 23<sup>rd</sup> January 2024 to set out the Committee’s response to the budget setting process. A copy of the minutes from the scrutiny meetings are attached at **Appendix G**.

#### **14. CIPFA Financial Management Code**

---

14.1 CIPFA has published a Financial Management Code which requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management. The Council’s has previously undertaken a review of the Financial Management Code outlining compliance to the code.

14.2 The FM Code applies a principle-based approach. It requires that a local authority demonstrates that its processes satisfy the principles of good financial management for an authority of its size, responsibilities, and circumstances. The principles are:

- **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- **Financial management** is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
- **Adherence to professional standards** is promoted by the leadership team and is evidenced.
- **Sources of assurance are recognised** as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- The **long-term sustainability of local services is at the heart of all financial management** processes and is evidenced by prudent use of public resources.

14.3 The Code is structured over seven sections as shown below:

- Section 1: The responsibilities of the chief finance officer and leadership team  
Section 2: Governance and financial management style  
Section 3: Long to medium-term financial management  
Section 4: The annual budget

Section 5: Stakeholder engagement and business plans

Section 6: Monitoring financial performance.

Section 7: External financial reporting

14.4 The FM Code has provided a guide and framework in the setting of the annual budget for 2024-25. The code specifies the following two key areas around Budget Setting – the Council is compliant with both.

- **Standard J**, which requires the authority to comply with its statutory obligations in respect of the budget setting process.
- **Standard K**, which requires the budget report to include a statement by the Chief Finance Officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves – this will be reported to the Executive meeting on 9<sup>th</sup> February 2024 once the budget consultation process has been concluded and the detail of the Finance Settlement is known.

## **15. Section 25 Report - Budget Calculations: Report on the robustness of estimates and adequacy of proposed financial reserves.**

15.1 Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer (CFO) of the authority must report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Council has a statutory duty to have regard to the CFO's report when making decisions about the calculations. The requirement on the CFO is to ensure that the budget recommended to Council is balanced (i.e., expenditure matches income), is robust and therefore deliverable and has an adequate level of reserves. The Council has a balanced budget, the CFO's report in relation to the robustness of the estimates and adequacy of the reserves is set below.

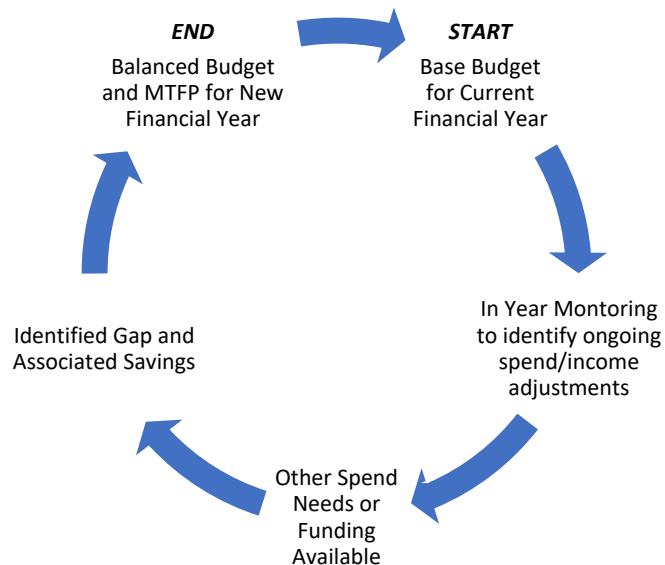
### **Robustness of the Estimates**

15.2 The Council has a duty to act reasonably taking into account all relevant considerations and not considering anything which is irrelevant. This report together with the other budget related reports on the agenda set out a total picture of the proposals from which members can consider the risks and the arrangements for mitigation.

15.3 The Council's budget strategy process and timeline for 2024-25 was reported to both the Corporate Scrutiny Committee (10<sup>th</sup> October 2023) and the Executive (16<sup>th</sup> November 2023) for comment and approval. The budget strategy process provides the basis for the setting of the 2024-25 Budget and the Medium-Term Financial Plan including scrutiny and consultation arrangements.

15.4 The robustness of both the budget pressures and savings are of equal importance when setting a balanced budget – the pressures need to reasonably reflect those that the Council is facing, and the savings must be deliverable.

15.5 The high-level strategy process for setting the budget is as illustrated in the diagram below.



15.6 Information has been taken from the 2023-24 budget, amended for recurring issues identified through the budget monitoring process, together with any other adjustments (investment/income changes) before arriving at the net funding gap to be met through identified savings or income generation before coming to a balanced budget position for 2024-25.

15.7 The Council has a statutory requirement to balance its budget which includes the services provided by the Children’s Trust which operates across Northamptonshire. The Trust provides Children’s Social Care support under contract to North Northamptonshire Council and West Northamptonshire Council. Each year the councils consider the funding requirement for the Trust in line with the contract arrangements between the Councils and the Trust. The Trust budget proposals are subject to Scrutiny and the Council will include the contract sum as part of its budget requirements for approval.

15.8 The uncertainty regarding future funding for local authorities makes a robust and evidenced assessment of financial governance and future resilience critical. The CFO has examined the major assumptions used within the budget calculations to ascertain the levels of potential risk in the assumptions being used. A summary of the key risks is set out in the table below.

15.9 Whilst not a specific mitigation, it is important that the Council continues to lobby Government, whether separately or alongside others within the sector, to provide support to Local Government to meet the challenges that it faces in the first instance. Use of reserves and other one-off funding is a useful tool to assist with pump-priming, time-limited investment or the smoothing of funding requirements whilst longer term actions are identified, however, it is not a solution to underlying and recurring need. Local Government can provide place and system leadership to improve the social, health, educational and economic

outcomes for the area but it needs the freedoms, flexibilities and resources to enable such potential to be realised.

<b>Risk</b>		<b>Mitigations</b>	<b>Budget Sensitivity</b>
1	Overall Medium-Term funding is less than forecast – linked also to risk 2 below in relation to growing cost pressures.	<p>Additional savings proposals will need to be identified by reducing or redesigning services.</p> <p>Maximise annual Council Tax increases to provide stability of funding in the future.</p>	Forecast gap of £31.5m to £66.8m over the 4-year period. Assuming Council Tax increases at the current levels.
2	Unplanned and unforeseen consequences and costs arising from demand led services including the impact on the Medium-Term financial position.	<p>Robust financial management and reporting processes to give early warning of potential risks and issues. In-year mitigations to overspends are sought where possible, including service change and/or greater spending controls.</p> <p>Use of available contingency.</p> <p>Use of earmarked reserves to support one-off costs and to provide the time for appropriate and safe service change.</p> <p>Maximise annual Council Tax increases to provide stability of funding in the future.</p>	Unable to forecast at the time of writing. Contingency of £4.1m available.
3	Volatility of business rates funding given the uncertainty around the economic impact and the potential impact of change of circumstances and successful appeals.	Use of earmarked reserves in the short term to smooth impact. Longer term movements in the funding to be recognised in the MTFP.	Assumed growth of £5m in 2024-25 which is considered secure. Further growth of £5m

Risk	Mitigations	Budget Sensitivity	
		<p>in 2025-26 will need to be re-assessed.</p> <p>The impact of Fair Funding is not anticipated to take effect until 2026-27.</p>	
4	<p>Council Tax and Business Rates Collection Fund deficits are higher, or surpluses are lower than forecast as a result of the current economic impact from the increase in the cost of living.</p>	<p>Use of earmarked reserves to smooth the impact. Such movements are considered on a year-by-year basis.</p>	<p>Not assumed as ongoing in the MTFP.</p>
5	<p>Non delivery or under delivery of savings within services</p>	<p>Use of reserves in the short term. Any implications for the longer term to be picked up in the MTFP.</p> <p>Alternative mitigations through other budget heads where possible.</p> <p>Maximise annual Council Tax increases to provide greater stability and resilience to protect services.</p> <p>Strengthening of in-year spending controls.</p>	<p>Range £0m to max of £18m. Most significant risk in Social Care of c£5m</p>
6	<p>Failure to remain within the in-year budget</p>	<p>Use of reserves in the short term. Any implications for the longer term to be picked up in the MTFP.</p> <p>Alternative mitigations through other budget heads where possible.</p> <p>Strengthening of in-year spending controls.</p>	<p>Unable to forecast at the time of writing. Contingency of £4.1m available alongside reserves.</p>

Risk	Mitigations	Budget Sensitivity	
	<p>Use of contingency</p> <p>Maximise annual Council Tax increases to provide greater stability and resilience to protect services.</p>		
7	<p>The cost-of-living crisis, high levels of inflation and increasing interest rates could impact on the Council's income streams, service demand and the cost of services and capital, including the risk that the pay award may exceed budget.</p>	<p>Maximise annual Council Tax increases to provide stability.</p> <p>Review of service provision and/or design and/or investment will take place in the first instance to understand whether service change or project redesign could mitigate costs and assist need as well as affordability both in the immediate and longer term.</p> <p>Use of contingency and/or earmarked reserves to manage in - year position and provide the time for appropriate and safe change.</p>	<p>Unable to forecast at the time of writing. Contingency of £4.1m available alongside reserves.</p>
8	<p>The position on brought forward reserves is lower than anticipated following the final accounts' certification by External Audit</p>	<p>Ensure adequate level of reserves to provide capacity to manage this risk. Replenish reserves over the medium term.</p>	<p>This is an ongoing situation and the sensitivity in value terms is not available at this time.</p>
9	<p>The disaggregation of the former County Council's balance sheet following certification of the final accounts may not be as anticipated and give rise to unplanned changes or items under dispute.</p>	<p>Ensure close working with colleagues in West Northamptonshire to confirm the agreed balances and seek to address any areas of dispute in an efficient manner to represent a reasonable split between the Councils.</p>	<p>This is an ongoing situation and the sensitivity in value terms is not available at this time.</p>



Risk	Mitigations	Budget Sensitivity	
	<p>In situations where the Councils cannot resolve any disputed items locally, an agreed dispute process will be followed by both parties.</p> <p>Maintain and adequate level of reserves to provide capacity to manage this risk. Replenish reserves over the medium term if they are applied.</p>		
10	<p>Further disaggregation of services previously provided under a lead/host arrangement following LGR may give rise to unplanned changes or areas under dispute.</p>	<p>Reviews of service need and design following disaggregation and the associated budgets will be carried out to work within available budgets.</p> <p>Where this is not feasible then use of contingency or reserves will be applied to manage the service through the initial period until it can be included within the budget strategy for future years as required.</p>	<p>This will be subject to individual service planning at the time of disaggregation.</p>
11	<p>If Council Tax is not maximised, then there is a risk that services will need to be (further) reduced.</p>	<p>Maximise annual Council Tax increases to provide stable funding source.</p> <p>Seek alternative income streams, recognising risk.</p>	<p>1% change in the Council Tax is equivalent to c£1.9m in 2024-25.</p>
12	<p>Unplanned and unforeseen consequences and costs arising from the implementation of new or changed structures, systems and processes</p>	<p>Reviews of services and the budgets associated with them will be carried out to ensure that priorities are deliverable within the approved budgets.</p>	<p>This will be subject to the assessment and impact of individual service changes applying at the</p>

Risk	Mitigations	Budget Sensitivity	
across service areas within the Council.	<p>Use of available contingency.</p> <p>Use of earmarked reserves to support one-off costs and to provide the time for appropriate and safe service change.</p> <p>Maximise annual Council Tax increases to provide stability of funding in the future.</p>	time. To date all anticipated changes have been included within the MTFP.	
13	Change in interest rates impacting in the assumptions for treasury investment.	Impact of interest rate movements have been mitigated by forward investments deals in 2024-25 and assuming interest rates at lower than current levels, average interest rate assumed at 5.01% (0.24% lower than current bank rates of 5.25%).	0.25% change in interest rates is equivalent to c£0.395m.
14	Risk to the Council's reserves position as a result of the potential removal of the statutory override of the DSG deficit in March 2026.	<p>Ultimately the decision is outside the control of the Council, but the Sector is actively lobbying Government on this issue to continue the override arrangements.</p> <p>Work with ESFA on arrangements to reduce the DSG deficit, including use of the Safety Valve mechanism.</p> <p>Work with Schools Forum to consider potential transfers from the Schools Block to the High Needs Block to</p>	Forecast risk of c£17m up to and including 2024-25. Action being taken to reduce this risk with ESFA and Schools Forum.

Risk	Mitigations	Budget Sensitivity
	<p>recognise demand pressures.</p> <p>Underwrite from Council reserves, therefore need to safeguard reserves to an adequate level.</p>	

- 15.10 For 2024-25, it is the opinion of the CFO that any significant budget risks to the General Fund and the Housing Revenue Account have been identified and that suitable proposals are being put in place to mitigate against these risks where possible. The Council's Budget Monitoring procedures will be embedded across the authority and are designed to specifically monitor high level risks and volatile budgets. An assessment of anticipated business rates income has been carried out based on the information available and provision has been made for outstanding appeals. There is considered to be a prudent provision.
- 15.11 The 2024-25 budget continues to have some complexities brought about from disaggregating the County Council's budget and aggregating the District and Borough budgets in 2021-22. The CFO considers that the assumptions on which the 2024-25 budget has been based are reasonable.
- 15.12 The Council has retained a contingency budget of £4.101m in 2024-25 (£3.746m in 2023-24). This is considered a prudent level of contingency, acknowledging that the level of risk and uncertainty from disaggregating the County Council's budgets should be further reduced in 2024-25 and that it is unlikely that the pay award will be at the levels experienced in 2023-24 due to the falling rate of inflation. However, it is also recognised that risk inevitably remains within the budget estimates, particularly as a result of the uncertainty in the global economic climate, the pressures from inflation and the demand for services.
- 15.13 The Council holds a number of reserves that can be called on if necessary and the CFO is confident that overall, the budget position of the Council can be sustained within the overall level of resources available in the short-term. However, to the degree that the budget savings are not achieved in a timely manner and reserves are called on to achieve a balanced position, further savings will need to be identified and implemented in order to ensure the Council's future financial stability is maintained.
- 15.14 The CFO, however, has significant concerns regarding the medium-term financial position for the Council and in particular the continuing pressures that are being witnessed within Northamptonshire Children's Trust (of which the Council supports c44% of the costs) and Adult Social Care Services. The Council's forecast gap for 2025-26 is c£41.5m rising to c£87.7m by 2027-28. This makes no assumption about Council Tax increases which may reduce the deficit by c£10m (based on a continuing 4.99%) which will increase cumulatively

each year; however, the subsequent gap would still remain a very real challenge.

- 15.15 The Council has reserves to underwrite the position for a short period of time, but this is not a sustainable position for the longer term and decisive action will be required, at pace, during the next six to twelve months. This will require actions across all services, including the Children's Trust, to seek to transform, reduce, devolve or indeed cease services when these can no longer be supported in the face of statutory demand requirements. The CFO is aware that external support is being sought to help drive further change in the Council's continuing push for value for money in its services. It is anticipated that this resource will not only provide the capacity to move the work required at speed but will also provide greater intelligence on actions that have been taken in other similar organisations which have had the greatest impact, enabling the Council to make change in the timeliest manner.
- 15.16 Furthermore, a transformation and efficiency board has now been established for the Children's Trust which consists of officers from North Northamptonshire Council, West Northamptonshire Council and Northamptonshire Children's Trust, alongside colleagues from DfE. Both Councils will be providing staffing capacity to the Trust to help develop business cases which are seeking to improve outcomes for children and provide cost effective services from 2024-25 and into the longer term. The effectiveness of this Board is still too early to determine but it is a positive approach to help address the challenges that we are witnessing in Children's Social Care. Outside the specific transformation related projects, work will be required with the Trust to look at all aspects of spend and the potential to reduce costs whilst ensuring.
- 15.17 The Council needs to be satisfied that it can continue to meet its statutory duties and meet the needs of vulnerable young people and adults. Proposals have been drawn up on the basis that Strategic Directors are satisfied that this will enable them to continue to meet their statutory duties and the needs of the most vulnerable.
- 15.18 The position on the Council's DSG has moved into a forecast deficit of c£9m predominantly driven by spending within the High Needs Block.
- 15.19 As a consequence of the 2023-24 pressures the Council has been unable to set a balanced High Needs Block budget for 2024-25. Schools Forum was presented with a proposed deficit budget plan for 2024-25 of £7.7m. This together with the forecast year end deficit for 2023-24 of £9m means North Northamptonshire will be setting a cumulative deficit DSG budget of £16.7m in 2024-25. This is after attaining approval for a transfer of 0.5% from Schools Block to High Needs Block of £1.5m in 2024-25.
- 15.20 Where Councils have significant deficits on the DSG there is a Safety Valve Intervention programme. The programme requires local authorities involved to develop substantial plans for reform to rapidly place them on a sustainable footing. If the local authorities can demonstrate sufficiently that their DSG management plans create lasting sustainability, the department will

enter into an agreement with the local authority. Upon the local authority demonstrating progress they will receive incremental funding to eliminate their historic deficits, generally spread over 5 financial years. The Council has met with officials from the ESFA, and further meetings are planned to progress work on how the deficit is reduced and progress on this must be monitored and regularly reported.

### **Adequacy of the proposed Financial Reserves**

- 15.21 The General Fund Reserve is held to meet costs arising from any unplanned event. It also acts as a financial buffer to help mitigate against the financial risks the Council faces and can be used to a limited degree to “smooth” expenditure across years. It is currently estimated that the balance on the reserve at 1st April 2024 will be £24.2m and this is forecast to remain unchanged for the year. This includes an allocation for the split of the County Council’s reserves which are still subject to final Audit certification.
- 15.22 The level of General Fund reserves held has been assessed by the CFO and is felt to be prudent given the level of volatility in Council funding streams and demand led services and general uncertainty over the levels of funding available going forwards.
- 15.23 The expected level of the General Reserve is therefore seen as the minimum level required to be held to protect the Council from the financial risks inherent within the proposed budget strategy. Any variation in spend at the year’s outturn will also affect the level of General Fund Reserve available next year.
- 15.24 The Council also has a number of Earmarked General Fund Reserves which are detailed in the 2024-25 budget report. The estimated level of General Fund earmarked reserves, excluding Schools, as at 31<sup>st</sup> March 2025 is £99.5m. The detail of which is set out in **Appendix D** to this report. The level of reserves required against risk/need is assessed as part of the budget setting process and the monitoring of these reserves will take place during the financial year and at the year-end as part of the closure of accounts. The Council had previously held a specific reserve for the risks surrounding Adult Social Care of £4m, which has now been applied in part to support of the additional needs within the 2024-25 budget for the service. It is important that when reserves are utilised that the Council seeks to ensure that these are replenished over time to ensure that the resilience of the Council is safeguarded. Therefore, where there is an opportunity to contribute to reserves this must be considered as a priority.
- 15.25 The Council is an extremely complex organisation that operates at scale. It has a wide diversity of assets, interests, liabilities and other responsibilities. By their nature many of the risks are unknown and cannot be quantified, particularly in the current challenging financial climate. It is therefore essential that the Council maintains adequate general reserves, particularly as a result of the current economic challenges and the risk that the unprecedented levels of inflation could bring to the delivery of key demand led services.

- 15.26 It may be worth emphasising that reserves should not be seen in a short-term context with regard to their use. They should be placed in the context of the long-term funding reductions, service pressures and service delivery issues that the council may face. It is, however, legitimate for the council to call on reserves to mitigate short term pressures, smooth out the impact of extraordinary one-off demands such as government grant reductions, to meet the cost of unforeseen events and to enable any necessary structural budget adjustments to be implemented in a measured and planned way.
- 15.27 In particular, the Council's reserves may be required from 2026-27 to be used to smooth potential reductions in government funding brought about by the resetting of the Business Rates System and the outcome of the Fair Funding review. This is an area and approach that the Council will keep under review in light of any new proposals including whether transitional support is available to move to a new funding regime.
- 15.28 The Chartered Institute of Public Finance and Accountancy (CIPFA) has carried out some benchmarking on the level of reserves held by unitary authorities and identified that they tend to maintain unearmarked reserves between 5% and 10% of net revenue expenditure. For North Northamptonshire this would mean maintaining such reserves at between £18.8m and £37.5m. The estimated level of general reserves on 1 April 2024 is £24.2m (6.5%) and this is not currently forecast to change during the year.

### **Fiduciary and Statutory Considerations**

- 15.29 In setting the budget the Council has a duty to ensure:
- It continues to meet its statutory duties.
  - Governance processes are robust and support effective decision making its Medium-Term Financial Strategy reflects the significant challenges being faced and remains responsive to the uncertainties in the economy by continuing to deliver against its savings targets.
  - The Medium-Term Financial Plan is a live document and is a key tool in assessing the financial viability of the Council.
  - Its savings plans are clearly communicated and linked to specific policy decisions, with the impact on service provision clearly articulated.
  - It has the appropriate levels of reserves and that it closely monitors its liquidity to underpin its financial resilience.
  - It continues to provide support to members and officers responsible for managing budgets.
  - It prepares its annual statement of accounts in an accurate and timely manner.

- 15.30 In coming to decisions in relation to the revenue budget and Council Tax the Council has various legal and fiduciary duties. The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the calculation of the council tax requirement and the setting of the overall budget and council tax. The amount of the council tax requirement must be sufficient to meet the Council's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.
- 15.31 In exercising its fiduciary duty, the Council should be satisfied that the proposals put forward are a prudent use of the Authority's resources in both the short and long term:
- that the proposals strike a fair balance between the interests of Council taxpayers and ratepayers on the one hand and the community's interests in adequate and efficient services on the other and
  - that they are acting in good faith for the benefit of the community whilst complying with all statutory duties.
  - Officers have addressed the duty to strike a fair balance between the different elements of the community and the interests of council tax and business rate payers in developing the budget proposals.
- 15.32 Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer ('CFO') of the authority must report to the Council on:
- a) the robustness of the estimates made for the purposes of the calculations, and
  - b) the adequacy of the proposed financial reserves
- 15.33 The Council has a statutory duty to have regard to the CFO's report when making decisions about the calculations and whilst council tax can only be set for one year at a time it is imperative Members give consideration to the Medium-Term Financial position when setting Council Tax levels.
- 15.34 Section 28 of the Local Government Act 2003 also imposes a statutory duty on the Council to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such action as it considers necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.
- 15.35 Under Section 114 of the Local Government Finance Act 1988, where it appears to the CFO that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure, the CFO has a duty to make a report to the Council.

15.36 The report must be sent to the Council's External Auditor and every member of the Council, and the Council must consider the report within 21 days at a meeting where it must decide whether it agrees or disagrees with the views contained in the report and what action (if any) it proposes to take in consequence of it. In the intervening period between the sending of the report and the meeting which considers it, the authority is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the authority, except in certain limited circumstances where expenditure can be authorised by the CFO. Failure to take appropriate action in response to such a report may lead to the intervention by the Council's Auditor. Following well publicised difficult financial positions of some local authorities there is a growing scrutiny of the financial position of individual local authorities.

### **Equalities Duties**

15.37 In considering the budget for 2023-24 the Council must also consider its ongoing duties under the Equality Act 2010 to have due regard to the need to eliminate discrimination and advance equality of opportunity between all irrespective of whether they fall into a protected category such as race, gender, religion, etc. Having due regard to these duties does not mean that the Council has an absolute obligation to eliminate discrimination but that it must consider how its decisions will contribute towards meeting the duties in the light of all other relevant circumstances such as economic and practical considerations.

15.38 The Council will continue to use its Equality Impact Screening framework as an integral tool to ensure that all relevant services have due regard to the effect that their business proposals will have on protected groups within North Northamptonshire.

15.39 The Equality Impact Screening Assessment is attached as **Appendix F**.

### **Financial Governance.**

15.40 The Council complies in full with the requirements set out in the CIPFA Statement on the role of the Chief Finance Officer. The S151 duties lie with the CFO who is also the Executive Director of Finance and Performance and is a full member of the Corporate Leadership Team and fully involved in the Council's governance and decision-making processes.

## **16. Implications (including financial implications)**

---

### **Resources, Financial and Transformation**

16.1 The resource and financial implications of the Council's draft budget plans are set out in the body of, and appendices to, this report.



## **Legal and Governance**

- 16.2 The provisions of the Local Government Finance Act 1992 set out what the Council has to base its budget calculations upon and require the Council to set a balanced budget with regard to the advice of its Chief Finance Officer (Section 151 Officer).
- 16.3 Under the Local Government Finance Act 1992, the council has a statutory duty to consult ratepayer representatives on its annual spending proposals, ahead of setting its budget.
- 16.4 Under the Local Government Act 1999 the council has a statutory duty to consult representatives of a wide range of local persons. It also has a duty to consult ratepayer representatives to help ensure that service delivery is continuously improved in relation to economy, efficiency and effectiveness.
- 16.5 The Equality Act 2010 addresses discrimination and inequalities and protects all individuals from unfair treatment. The council has a number of statutory duties arising from the Act to better advance equality into our service planning and decision-making processes.

## **Relevant Policies and Plans**

- 16.6 The budget provides the financial resources to enable the Council to deliver on its plans and meet corporate priorities as set out in the Council's Corporate Plan.

## **Risks**

- 16.7 The basis of the budget proposals will ensure that the Council delivers a balanced budget for 2024-25; however, there are risks that may cause expenditure to increase or income to reduce. Consequently, income and expenditure levels will be kept under review throughout the budget process.
- 16.8 Every effort has been made to establish robust estimates, however, inevitably risks will remain. These are also acknowledged in the CFO's Section 25 report which is set out in paragraph 15 of this report.
- 16.9 The disaggregation of the County Council's balance sheet between North and West Northamptonshire remains a risk to the assumed position, which could give rise to unplanned changes. Work in this area is ongoing.
- 16.10 There is significant uncertainty regarding Local Government Funding in future years with potentially a new funding regime being implemented from 2026-27. This brings significant risk to areas such as North Northamptonshire and those authorities that have experienced a significant growth in their Business Base as those that have delivered most could stand to be the most adversely affected through changes in Government Funding. In addition, this could result in North

Northamptonshire having to pay a higher levy on its Business Rates growth which would reduce the amount of growth that is retained locally.

- 16.11 The task of planning how the Council will use its financial resources in an unprecedented and challenging economic climate with significant uncertainty around funding into the medium-term results in high budget delivery risks and makes informed medium term financial planning incredibly difficult. The Local Government Sector would welcome multi-year settlements, alongside adequate resourcing, which would greatly support effective Medium Term Financial Planning.
- 16.12 Risks for the 2024-25 budget includes the continuing disaggregation of service delivery budgets between North and West Northamptonshire Councils where these have been held under “host” or “lead” arrangements. This could give rise to additional budget pressures; however, it may also provide the opportunity to re-think service provision for North Northamptonshire in a more cost-effective way that is beneficial to our residents. More significantly the Council is also seeking to finalise the balances that it is to receive from the former County Council. Whilst the majority of balances have been agreed, discussions are ongoing with West Northamptonshire Council to progress this area of work and move to formal arbitration where the Councils are unable to reach mutual agreement.
- 16.13 Whilst the Council has set aside funding for investment in IT related costs, this will ultimately be dependent on the business cases that come forward and whether the proposals are Cloud based or on premise as this can influence the funding route. Where necessary earmarked reserves can be applied to support such this and other transformation.
- 16.14 Where possible, any risks or benefits crystallising in 2024-25 will be managed within the wider budget including the available contingency and/or earmarked reserves and the Medium-Term Financial Plan will be updated accordingly.

### **Consultation**

- 16.15 The formal consultation on the draft budget proposals commenced on 21<sup>st</sup> December 2023 and concluded on 26<sup>th</sup> January 2024 this allowed time for the preparation of the final budget proposals for this meeting of the Executive and for the Council meeting on 22<sup>nd</sup> February 2024.
- 16.16 The structure and design of the consultation will set out the budget proposals and will enable both online and non-digital means of participation, in accordance with good practice. This is to ensure the widest possible reach, a variety of consultation methods will be used to maximise the range of accessible channels for consultees, these include:
- Online survey – available free at libraries for those without internet access (with hard copies and copies in other formats available on request)
  - An email address and telephone number

- Social media - including Facebook, Twitter and LinkedIn
- Postal address
- Emails to key stakeholders, inviting them to comment through the above consultation channels and asking them to promote the consultation to their members/community: e.g. partner organisations, MPs, Town and Parish Councils, Voluntary Sector Infrastructure Organisations.
- Emails to Residents' Panel members and other stakeholders who have registered to receive consultation alerts, inviting them to comment through the above consultation channels.

16.17 The purpose of the consultation is to ensure that, when the Final Budget is considered by Council on 22<sup>nd</sup> February 2024, Members are fully aware of the consultation feedback and are in a position to take it into account when making final decisions. This includes full consideration of any viable alternatives for ways to save money/generate income, if provided.

16.18 In addition, there will be specific consultation for any budget proposals that require targeted consultation with service users. This will include consultation with local residents regarding the HRA and proposed rent levels via the Tenants Advisory Panel.

16.19 Section 12 of this report provides a summary of the Consultation responses and further details are set out in **Appendix E**.

#### **Consideration by Executive Advisory Panel**

16.20 Not applicable.

#### **Consideration by Scrutiny**

16.21 The Corporate Resources Scrutiny Committee has a critical role to play in scrutinising and reviewing the budget proposals, ensuring that they are subject to rigorous challenge, comments from the Scrutiny process are set out in **Appendix G** of this report.

16.22 Scrutiny is a means for councillors not on the Executive to influence the development of Council policies and services and hold decision makers to account. Budget Scrutiny involves councillors reviewing significant proposals from across the draft budget and reporting their conclusions about the deliverability and service impact of these proposals to the Executive. In this way Budget Scrutiny contributes to the development of the final budget proposals and supports local democracy.

16.23 Prior to the scrutiny of the 2024-25 budget, the Corporate Scrutiny Committee reviewed the in-year position for 2023-24 during November 2023. This was to enable the Committee to interrogate the forecast for 2023-24 and identify any issues in advance of the budget setting for 2024-25.

- 16.24 In respect of the 2024-25 budget, the scrutiny of the budget proposals took place following the presentation of those proposals to Executive on 21<sup>st</sup> December 2023 which took into account the outcome of the Local Government Finance Settlement, through the publication of an addendum to the main report. The Scrutiny sessions were completed on 19<sup>th</sup> January 2024 and a separate report was published by the Committee following its meeting on 23<sup>rd</sup> January 2024.
- 16.25 A total of five Budget Scrutiny sessions were undertaken for 2024-25 and covered the following main service areas, excluding the Children's Trust which was subject to an earlier and separate session in line with the budget setting timetable. The areas covered were:
- Enabling and Support Services (08/01/24)
  - Public Health and Communities (12/01/24)
  - Children's and Education Services (15/01/24) excluding the Children's Trust
  - Place and Economy (19/01/24)
  - Adults, Health Partnerships and Housing, including the HRA (19/01/24)
- 16.26 The relevant senior Council Officers and Executive Member portfolio holders attended each scrutiny session to put forward the detail of their budget proposals and answer any question put forward by the Committee Members. The sessions included both the revenue budget and the capital programme for each of the main service areas.
- 16.27 The outcome from the scrutiny process is included in this report for consideration by the Executive prior to the Executive making its decisions on the budget to recommend to Council on 22<sup>nd</sup> February 2024.

### **Equality Impact Screening**

- 16.28 The Equality Act (2010) contains a range of rights, powers and obligations to assist in the drive towards equality. North Northamptonshire Council has a duty towards people who share 'Protected Characteristics' to have 'due regard' to:
- Eliminating discrimination;
  - Promoting equality;
  - Fostering good relations.
- 16.29 The Council must demonstrate compliance with the duties in its decision-making processes, which it does so by requiring decisions made at Executive to be accompanied, where appropriate, by Equality Impact Assessments (EqIAs) to measure the effect of the proposed decision or policy on people with protected characteristics:
- Age
  - Sex
  - Disability

- Gender reassignment
- Race
- Sexual Orientation
- Marriage and civil partnership
- Pregnancy and maternity
- Religion or belief (including no belief)

16.30 The provision of equality impact analysis supports Members to consider the potential impact on groups who are protected under the Equality Act 2010 both before and during consideration of a decision, which is required by law. We do this by using an impact assessment form.

16.31 Equality Screening Assessments (EqIAs) were available throughout the consultation process in draft form. **Appendix F** sets out the initial Equality Screening Assessment for the budget proposals.

### **Climate and Environment Impact**

16.32 North Northamptonshire Council adopted a Climate framework and action plan (March 2021) and in July 2021 declared a Climate and Environment Emergency as first steps in its strategic journey on climate change mitigation. As part of this declaration, a commitment was made to develop a Climate Change Action Plan, setting out the earliest date that the council and the area can be carbon neutral, and establishing targets to meet that date.

16.33 Significant progress has since been made and reported into the Climate, Growth and Environment Executive Advisory Panel at regular intervals throughout 2022.

16.34 During 2023, significant progress on climate action has been made and reported to the Sustainable Communities Executive Advisory Panel at regular intervals throughout the year. The initial focus has been to identify mechanisms, procedures and systems that will provide a solid foundation for further development of climate action as we plot our course towards reaching the Council's target of becoming carbon neutral by 2030 and complying with the national legal requirement of achieving Net Zero by 2050, or sooner.

16.35 North Northamptonshire Council's first ever Carbon Management Plan was approved and published in December 2022. The plan sets out what we aim to achieve as a council to reduce our greenhouse gas emissions, working with our local communities and partner organisations over the coming years to achieve our commitment to the authority becoming carbon neutral by 2030. The Carbon Management Plan is a corporate approach to identifying, reducing and removing greenhouse gas emissions, where possible and safe to do so, from all council services, assets, vehicles and machinery. Eighty-two actions have been identified in the plan across eight categories so far and these were assigned to the most appropriate officers in the Council during 2023. The Carbon Management Plan is reaching its first year of implementation and the Council's first annual report on carbon management is due for release at the start of the financial year.

- 16.36 Achievements include the planting of around 10,000 trees during the 2023-24 planting season on land we manage to improve landscape, wildlife habitats, recreation and offset carbon emissions. Additionally, ICT have made some gains in energy reduction, that are both tangible and permanent. The replacement of 37 servers with 6 servers has resulted in a net reduction in consumption of 34,944 kWh per annum, which is an equivalent reduction of 13.5 tonnes of carbon emissions. Our Grounds Maintenance teams have progressed work to phase in the use of battery-powered equipment, vehicles and machinery during 2024, and phase out fossil fuel powered kit. Furthermore, during 2023 we have enabled the installation of electric vehicle charging points in 23 locations where there is no access to off-street parking providing local residents with the opportunity to transition to electric vehicles.
- 16.37 The Climate Change Investment Fund made progress by approving funding of over £350,000 for internal projects to save on carbon emissions. Progress will be reported through the Sustainable Communities Executive Advisory Panel. The Climate Change Investment Fund is a £1m pump priming investment, that was included within the 2022-23 budget allocated across the three-year period 2022-25 to enable the council to develop a robust response and deliver against the actions within the Carbon Management Plan. The allocation for 2024-25 is £250k and is funded through an earmarked reserve.
- 16.38 Carbon Literacy Awareness Training started in 2022, with the training of councillors and over 50 senior managers. The Council has now started delivery of an accredited internal training programme to roll out to the wider workforce over the next two years. Monthly training courses started in September 2023 with 15 officers trained and 3 officially certified as carbon literate so far, with more to follow over the coming months as the course gains traction.
- 16.39 The implementation of our Climate Change Impact Assessment (CCIA) is planned for early in 2024. The tool provides a standardised approach to evaluate climate impacts for any change or where we develop a new policy, project, service, function, strategy, or when we are procuring new goods and services. The primary aim of the tool is to inform decision-making by demonstrating how changes to policies, proposals, projects, and operations made by the Council will impact carbon emissions and our wider goal of becoming carbon neutral by 2030.
- 16.40 The development of a new Sustainability and Climate Change Strategy is underway and is expected to be completed over the course of 2024. It will be informed by many sources, including, for example, the climate change evidence base that is currently being developed for the Local Plan.
- 16.41 The Council has hosted three Climate Conferences (NNClimate21, 22, 23) since vesting day in April 2021 to showcase some of the work undertaken in the North Northants area. Having the conference accessible to a wide audience by hosting online sparks healthy debate, which can lead to innovative ideas, and collaboration, which are essential if we are to solve challenging environmental

problems. It also ensures that the information is available for sharing after the event. Forums like this are important to bring people together to help find solutions.

- 16.42 Internal communication and engagement methods have been implemented, such as The Green Thread internal newsletter for Sustainability and Climate Change information sharing, as well as The Green Network, to provide a unique staff forum for the Council to share deliverable solutions on how we can integrate climate change awareness and sustainability into the workplace and their personal lives.
- 16.43 A number of working groups have continued or started during 2023, such as, for example, the Biodiversity Net Gain / Local Nature Recovery Strategy group, the Carbon Sequestration working group, and the Northamptonshire Farming and Sustainability working group (for which the Council provided the Framework document).
- 16.44 North Northamptonshire Council continues to work with many other partner groups and organisations, such as, for example, the Big50, the Environment Agency, Hydrogen Valley, Cranfield University and the University of Northampton, to deliver activities which help to reduce climate and environmental impacts. This work will continue in 2024-25.

### **Community Impact**

- 16.45 No distinct community impacts have been identified as a result of the proposals included in this report.

### **Crime and Disorder Impact**

- 16.46 There are no specific issues arising from this report.

## **17. Background Papers**

---

- 17.1 The following background papers can be considered in relation to this report.
- **Executive Meeting (21/12/23)**  
Draft Budget 2024-25 and Medium-Term Financial Plans  
<https://northnorthants.moderngov.co.uk/ieListDocuments.aspx?CId=142&MId=1539&Ver=4>
  - **Council Budget Setting Meeting (23/02/23)**  
Final Budget 2023-24 and Medium-Term Financial Plans, including the Council Tax Resolution  
<https://northnorthants.moderngov.co.uk/ieListDocuments.aspx?CId=151&MId=767&Ver=4>

- **Executive Meeting (09/02/23)**  
Draft Budget 2023-24 and Medium-Term Financial Plans  
<https://northnorthants.moderngov.co.uk/ieListDocuments.aspx?CId=142&MId=919&Ver=4>
- **Budget Forecast Reports to the Executive and Corporate Scrutiny Committee**



## Draft Budget Summary 2024/25

## Appendix A

Summary by Directorate	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Children and Education	85,417	89,264	93,619	98,182
Adults, Health, Partnerships and Housing	146,009	163,724	181,213	200,232
Public Health & Communities	8,553	8,515	8,515	8,636
Place & Economy	70,264	74,907	78,075	82,545
Enabling & Support Services	30,693	31,810	33,205	33,155
Corporate	34,397	42,742	47,504	52,372
<b>Base Budget Gross Budget (Excluding DSG Funding)</b>	<b>375,333</b>	<b>410,962</b>	<b>442,131</b>	<b>475,122</b>
<b>Base Budget (DSG Funded)</b>	<b>388,440</b>	<b>388,440</b>	<b>388,440</b>	<b>388,440</b>
<b>Total Base Gross Budget</b>	<b>763,773</b>	<b>799,402</b>	<b>830,571</b>	<b>863,562</b>
<b>Total Funding</b>	<b>(763,773)</b>	<b>(757,948)</b>	<b>(769,704)</b>	<b>(775,892)</b>
<b>Budget Gap</b>	<b>0</b>	<b>41,454</b>	<b>60,867</b>	<b>87,670</b>

### Adjustments to Base Budgets by Assistant Director

Children and Education	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Opening Budget</b>	<b>70,186</b>	<b>85,417</b>	<b>89,264</b>	<b>93,619</b>
Assistant Director of Education	828	230	184	147
Commissioning & Partnerships (includes the client role for the Children's Trust)	14,403	3,617	4,171	4,416
<b>Closing Budget</b>	<b>85,417</b>	<b>89,264</b>	<b>93,619</b>	<b>98,182</b>

Adults, Health, Partnerships and Housing	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Opening Budget</b>	<b>126,183</b>	<b>146,009</b>	<b>163,724</b>	<b>181,213</b>
Commissioning & Performance	(1,213)	220	346	356
Adult Services	21,169	17,675	17,143	18,663
Safeguarding & Wellbeing	(255)	(180)	0	0
Strategic Housing, Development and Property Services	125	0	0	0
<b>Closing Budget</b>	<b>146,009</b>	<b>163,724</b>	<b>181,213</b>	<b>200,232</b>

Public Health & Communities	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Opening Budget</b>	<b>8,999</b>	<b>8,553</b>	<b>8,515</b>	<b>8,515</b>
Public Health	0	0	0	0
Communities	(446)	(38)	0	121
<b>Closing Budget</b>	<b>8,553</b>	<b>8,515</b>	<b>8,515</b>	<b>8,636</b>

## Draft Budget Summary 2024/25

## Appendix A

Place & Economy	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Opening Budget</b>	<b>69,953</b>	<b>70,264</b>	<b>74,907</b>	<b>78,075</b>
Growth & Regeneration	(585)	(250)	0	0
Assets & Environment	(1,577)	1,594	(1,457)	262
Highways & Waste	2,814	3,268	4,586	4,198
Regulatory Services	(341)	31	39	10
Directorate Costs	0	0	0	0
<b>Closing Budget</b>	<b>70,264</b>	<b>74,907</b>	<b>78,075</b>	<b>82,545</b>

Enabling & Support Services	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Opening Budget</b>	<b>35,017</b>	<b>30,693</b>	<b>31,810</b>	<b>33,205</b>
Finance & Performance	(5,281)	789	2,061	422
Customer & Governance	(835)	233	(614)	0
Transformation Customer Services & IT	1,792	95	(52)	(472)
Chief Executive	0	0	0	0
<b>Closing Budget</b>	<b>30,693</b>	<b>31,810</b>	<b>33,205</b>	<b>33,155</b>

Corporate	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Opening Budget</b>	<b>26,252</b>	<b>34,397</b>	<b>42,742</b>	<b>47,504</b>
Corporate	8,145	8,345	4,762	4,868
<b>Closing Budget</b>	<b>34,397</b>	<b>42,742</b>	<b>47,504</b>	<b>52,372</b>

## Draft Budget Summary 2024/25

## Appendix A

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Funding</b>				
New Homes Bonus	(2,609)	0	0	0
Business Rates Funding Baseline	(110,525)	(115,001)	(98,230)	(99,962)
Business Rates Collection Fund	(2,764)	0	0	0
Council Tax	(201,599)	(203,614)	(205,650)	(207,707)
Council Tax Collection Fund	(1,986)	0	0	0
Revenue Support Grant	(6,120)	(6,420)	(13,421)	(12,240)
Social Care Grant	(23,841)	(23,169)	(64,073)	(67,653)
Social Care - Market Sustainability and Improvement Fund	(4,444)	(4,444)	0	0
Improved Better Care Fund	(11,523)	(11,523)	0	0
Adult Social Care Discharge Funding	(2,693)	(2,693)	0	0
Social Care Workforce Fund	(1,078)	0	0	0
Services Grant	(361)	(361)	0	0
Rural Services Delivery Grant	(46)	(40)	(40)	(40)
Transfer to / (From) Reserves	(5,744)	(2,243)	150	150
<b>Total Funding (Excluding DSG)</b>	<b>(375,333)</b>	<b>(369,508)</b>	<b>(381,264)</b>	<b>(387,452)</b>
<b>DSG Funding</b>	<b>(388,440)</b>	<b>(388,440)</b>	<b>(388,440)</b>	<b>(388,440)</b>
<b>Total Funding</b>	<b>(763,773)</b>	<b>(757,948)</b>	<b>(769,704)</b>	<b>(775,892)</b>

Pressures / Savings by Directorate

Appendix B

Children & Education						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Assistant Director Education</b>		<b>Opening Budget</b>	<b>5,793</b>	<b>6,621</b>	<b>6,851</b>	<b>7,035</b>
Technical changes	Central Schools Services Block DSG funding reduction	The Government have announced a 20% annual reduction in the historical funding element of the Central Schools Services Block. This funding supports expenditure on statutory education services which the authority are unable to reduce in line with the reduction in Central Government funding. This proposal therefore replaces DSG funding of these services with Council general fund.	288	230	184	147
Demographic/service demand	DFE SEND Review/Multi Agency SEND Self Assessment and Action Plan	Additional resources to meet the increase and clear the back log relating to Education and Health Care Plans. An additional amount of £700k was included in the 22/23 Budget.	300	0	0	0
Technical changes	SIMB Grant	Removal of School Improvement Monitoring & Brokering grant due to cessation of funding.	227	0	0	0
Technical changes	Removal of disaggregated income budget	Removal of income not practically chargeable following the disaggregation	112	0	0	0
Technical changes	Technical changes	Internal contributions and recharges not practically chargeable following the disaggregation	84	0	0	0
<b>Total Pressures</b>			<b>1,011</b>	<b>230</b>	<b>184</b>	<b>147</b>
Technical changes	Teachers Pensions	Removal of Professional Fees & Hired Services budget following the disaggregation between the North and West.	(23)	0	0	0
Service Change Development	Income generation	Fees and Charges Income - FSM Administration	(101)	0	0	0
Service Change Development	Income generation	Fees and Charges Income - EET fine & penalty income	(59)	0	0	0
<b>Total Savings</b>			<b>(183)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Assistant Director Education</b>		<b>Closing Budget</b>	<b>6,621</b>	<b>6,851</b>	<b>7,035</b>	<b>7,182</b>

Pressures / Savings by Directorate

Appendix B

Children & Education						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Commissioning &amp; Partnerships (Includes Client Role for Children's Trust)</b>			<b>64,393</b>	<b>78,796</b>	<b>82,413</b>	<b>86,584</b>
		<b>Opening Budget</b>				
Technical changes	Contribution to Children's Trust	Investment for Children's Trust - Contract Sum	13,247	4,416	4,416	4,416
Technical changes	Contribution to Children's Trust	Investment for Children's Trust - One-off	1,044	(799)	(245)	0
Technical changes	Contribution to Children's Trust	Investment for Children's Trust - One off Investments.	(991)	0	0	0
Technical changes	Reductions in Income	Budget assumptions for support services to NCT were split in line with the Contract Sum, rather than the actual level of provision.	1,073	0	0	0
Technical changes	Service Pressure	Legal Costs	30	0	0	0
Grant	Families Hub	Expenditure funded from the Families Hub Grant.	(307)	(1,314)	0	0
<b>Total Pressures</b>			<b>14,096</b>	<b>2,303</b>	<b>4,171</b>	<b>4,416</b>
Grant	Families Hub	Families Hub Grant to Fund the Expenditure	307	1,314	0	0
<b>Total Savings</b>			<b>307</b>	<b>1,314</b>	<b>0</b>	<b>0</b>
<b>Commissioning &amp; Partnerships (Includes Client Role for Children's Trust)</b>			<b>78,796</b>	<b>82,413</b>	<b>86,584</b>	<b>91,000</b>
		<b>Closing Budget</b>				
<b>Children &amp; Education</b>			<b>85,417</b>	<b>89,264</b>	<b>93,619</b>	<b>98,182</b>
		<b>Closing Budget</b>				

## Pressures / Savings by Directorate

## Appendix B

Adults, Health, Partnership and Housing						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Commissioning &amp; Performance</b>		<b>Opening Budget</b>	<b>13,677</b>	<b>12,464</b>	<b>12,684</b>	<b>13,030</b>
Contract Changes & Other Inflation	Shaw PPP inflation	Contractual annual inflation obligations for Shaw Public Private Partnership (PPP) contract.	999	336	346	356
Service Change Development	Voluntary Sector Support	Cessation of time limited voluntary sector support and redirection of funds to Support North Northamptonshire pilot.	(200)	0	0	0
<b>Total Pressures</b>			<b>799</b>	<b>336</b>	<b>346</b>	<b>356</b>
Service Change Development	Shaw PPP	Reduction in number of residential placements made in the independent sector owing to increase utilisation beds in PPP properties.	(695)	0	0	0
Service Change Development	Review ASC Charging Policy	Review of ASC Charging Policy following national change	(77)	(76)	0	0
Service Change Development	Harmonisation of minimum income guarantee	Harmonise minimum income guarantee for those on legacy benefits with Employment Support Allowance	(40)	(40)	0	0
Service Change Development	Income maximisation	Financial Assessments - Discharge To Assess process	(200)	0	0	0
Service Change Development	Service Review	Budget Realignment to meet demographic growth	(1,000)	0	0	0
<b>Total Savings</b>			<b>(2,012)</b>	<b>(116)</b>	<b>0</b>	<b>0</b>
<b>Commissioning &amp; Performance</b>		<b>Closing Budget</b>	<b>12,464</b>	<b>12,684</b>	<b>13,030</b>	<b>13,386</b>

## Pressures / Savings by Directorate

## Appendix B

Adults, Health, Partnership and Housing						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Adult Services</b>		<b>Opening Budget</b>	<b>99,898</b>	<b>121,067</b>	<b>138,742</b>	<b>155,885</b>
Contract & Other Inflation	Contractual Inflation Adult Social Care	Contractual Inflation/fee increases for independent care placements incorporating National Living Wage pressures for social care providers.	4,372	7,345	7,915	8,526
Demographic/service demand	Demographic and prevalence pressures adult social care	Budgeted growth to cover the increased cost of new clients eligible for social care with increased acuity and complex needs.	19,836	8,396	9,228	10,137
Demographic/service demand	Social Care Discharge Fund	Increase expenditure in line with additional ringfenced grant funding to meet Social Care related demand in respect of discharge and capacity funding	1,489	1,524	0	0
Demographic/service demand	Additional Improved Better Care Funding	Increase expenditure in line with additional grant funding to meet Social Care related demand	1,078	1,488	0	0
Service Change Development	Staffing	Adult Social Care (ASC) Workforce Fund	1,078	(1,078)	0	0
<b>Total Pressures</b>			<b>27,853</b>	<b>17,675</b>	<b>17,143</b>	<b>18,663</b>
Service Change Development	Adults - External Care	High Cost Placements Review	(1,500)	0	0	0
Service Change Development	Adults - External Care	Learning Disabilities Care Models	(1,000)	0	0	0
Service Change Development	Adults	Systems & Processes ASC	(600)	0	0	0
Service Change Development	In house provision	Improved performance in bed based reablement, earlier intervention through admission avoidance and positive reduction in post-hospital demand	(2,000)	0	0	0
Service Change Development	Income Generation	Increased Client Contributions	(1,000)	0	0	0
Service Change Development	Service Delivery	Single Handed Care	(500)	0	0	0
Service Change Development	Service Delivery	Increase use of Shared Lives Service	(84)	0	0	0
<b>Total Savings</b>			<b>(6,684)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adult Services</b>		<b>Closing Budget</b>	<b>121,067</b>	<b>138,742</b>	<b>155,885</b>	<b>174,548</b>

Adults, Health, Partnership and Housing						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Safeguarding and Wellbeing</b>		<b>Opening Budget</b>	<b>9,901</b>	<b>9,646</b>	<b>9,466</b>	<b>9,466</b>
<b>Total Pressures</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Service Change Development	Full Cost Recovery - identifying the true cost of delivery for in house services	Ensuring unit costs reflect true cost of delivery and costs are fully recovered from external commissioners	(50)	0	0	0
Service Change Development	Review of in house services	Review of in house services and implementation of Phase 2 and 3 of NNC's provider transformation programme ensuring people are supported to achieve good outcomes.	(205)	(180)	0	0
<b>Total Savings</b>			<b>(255)</b>	<b>(180)</b>	<b>0</b>	<b>0</b>
<b>Safeguarding and Wellbeing</b>		<b>Closing Budget</b>	<b>9,646</b>	<b>9,466</b>	<b>9,466</b>	<b>9,466</b>



**Pressures / Savings by Directorate**

**Appendix B**

<b>Adults, Health, Partnership and Housing</b>						
<b>Category</b>	<b>Proposal Title</b>	<b>Proposal Description</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>
<b>Housing</b>		<b>Opening Budget</b>	<b>2,707</b>	<b>2,832</b>	<b>2,832</b>	<b>2,832</b>
Demographic/service demand	Service Demands	Homelessness Pressure	500	0	0	0
<b>Total Pressures</b>			<b>500</b>	<b>0</b>	<b>0</b>	<b>0</b>
Service Change Development	Maximisation of Grant	Utilise grant funding allocation and bids	(375)	0	0	0
<b>Total Savings</b>			<b>(375)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Housing</b>		<b>Closing Budget</b>	<b>2,832</b>	<b>2,832</b>	<b>2,832</b>	<b>2,832</b>
<b>Adults, Health, Partnership and Housing</b>		<b>Closing Budget</b>	<b>146,009</b>	<b>163,724</b>	<b>181,213</b>	<b>200,232</b>

Public Health & Communities						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Public Health		Opening Budget	0	0	0	0
Total Pressures			0	0	0	0
Total Savings			0	0	0	0
Public Health		Closing Budget	0	0	0	0

## Pressures / Savings by Directorate

## Appendix B

Public Health & Communities						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Communities</b>		<b>Opening Budget</b>	<b>8,999</b>	<b>8,553</b>	<b>8,515</b>	<b>8,515</b>
Contract Change & Other Inflation	Leisure	Various Leisure costs including repairs and maintenance	244	0	0	0
Contract Change & Other Inflation	Community Safety	Increase Cost for WNC to monitor Wellingborough CCTV cameras	64	0	0	0
Contract Change & Other Inflation	Communities	Community Centre income for in-house Community Centres in Kettering	22	0	0	0
Domestic Abuse	Domestic Abuse Duty Funding	Costs associated with providing support for victims of domestic abuse	13	(692)	0	0
<b>Total Pressures</b>			<b>343</b>	<b>(692)</b>	<b>0</b>	<b>0</b>
Service Change Development	Income generation	Fees and Charges - Leisure - (24-25 VAT change)	(400)	0	0	0
Service Change Development	Efficiencies	Leisure-Golf Club - to be become 100% self funded	(39)	0	0	0
Service Change Development	Income Generation	Leisure 24-25 Fees and charges	(20)	0	0	0
Service Change Development	Efficiencies	Strategic Investment into VCSE to be funded from PH reserves for 3 years	(121)	0	0	121
Service Change Development	Efficiencies	Community Wellbeing grants - to be funded by PH grant in line with the Health & Wellbeing Strategy	(120)	0	0	0
Service Change Development	Efficiencies	Withdraw revenue contribution to Land Trust for Twywell Hills and Dales, work with them to mitigate by an annual commitment of capital to support maintenance of council asset	0	(38)	0	0
Service Change Development	Efficiencies	PH investment to support a five-year Place based development programme	(75)	0	0	0
Service Change Development	Efficiencies	Communities and Wellbeing - Devolution of Counties Community Centre	(1)	0	0	0
Grant Income	Domestic Abuse Duty Funding	Grant funding to provide support for victims of domestic abuse	(13)	692	0	0
<b>Total Savings</b>			<b>(789)</b>	<b>654</b>	<b>0</b>	<b>121</b>
<b>Communities</b>		<b>Closing Budget</b>	<b>8,553</b>	<b>8,515</b>	<b>8,515</b>	<b>8,636</b>
<b>Public Health &amp; Communities</b>		<b>Closing Budget</b>	<b>8,553</b>	<b>8,515</b>	<b>8,515</b>	<b>8,636</b>

Place & Economy						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Growth &amp; Regeneration</b>		<b>Opening Budget</b>	<b>4,120</b>	<b>3,535</b>	<b>3,285</b>	<b>3,285</b>
Service Change/Development	Climate Change	Delivery of a range of climate change initiatives to reduce NNC's carbon footprint towards net zero	0	(250)	0	0
Service Change/Development	Budget realignment - planning	Development Services / Planning Services Unbudgeted Staff inherited from Legacy	450	0	0	0
Contract & Other Inflation	Annual adjustment for inflation	Contract Cost Inflation on Flood and Water Management Service	56	0	0	0
Service Change/Development	Budget realignment - planning/ building control	Planning Fee Income reduction due to Economic Climate control	144	0	0	0
<b>Total Pressures</b>			<b>650</b>	<b>(250)</b>	<b>0</b>	<b>0</b>
Fees & Charges	Increase in Fees & Charges	Increase in Fees & Charges	(15)	0	0	0
Fees & Charges	National review of statutory fees	Government increase in Statutory Planning Fees	(801)	0	0	0
Fees & Charges	Harmonisation of fees and charges	Harmonisation of S106 Management Fee Charging	(50)	0	0	0
Service Change/Development	Subscriptions reduction	Cancellation of all non-essential subscriptions	(34)	0	0	0
Service Change/Development	Budget realignment - planning	Removal of unused discretionary grant budget	(30)	0	0	0
Service Change/Development	Reduction in professional fees	Reduction in professional fees budgets	(50)	0	0	0
Service Change/Development	Rationalisation of systems - planning	Rationalisation of planning websites (JPU IT costs)	(21)	0	0	0
Growth & Regeneration	Review of structures	Growth & Regeneration Service Improvement and Redesign	(234)	0	0	0
<b>Total Savings</b>			<b>(1,235)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Growth &amp; Regeneration</b>		<b>Closing Budget</b>	<b>3,535</b>	<b>3,285</b>	<b>3,285</b>	<b>3,285</b>

Place & Economy						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Assets and Environment</b>		<b>Opening Budget</b>	<b>4,050</b>	<b>2,473</b>	<b>4,067</b>	<b>2,610</b>
Contract & Other Inflation	Annual adjustment for inflation - utilities	Inflationary pressure on utilities contracts	0	200	200	200
Contract & Other Inflation	Annual adjustment for inflation - place	Contract Inflation	50	50	50	50
Service Change/Development	Asset rationalisation	Following the sale of Knuston Hall in 2023/24, this reflects the reversal of the ongoing costs reflected in 23/24 prior to the sale.	(180)	0	0	0
Income Pressure	Commercial property management	Rental pressure for the Commercial Property Portfolio - one-off pressure relating to Mitchell Road to be funded through reserves in accordance with the Strategy.	442	991	(1,709)	0
Service Change/Development	Climate Change initiative - alternative fuels	Estimated additional cost of phased switch of bulk fuel purchase from Diesel to HVO supply for Council operated fleet	84	93	102	112
Business Rates	Business Rates - NNC Buildings	Increase in Business Rates	143	0	0	0
<b>Total Pressures</b>			<b>539</b>	<b>1,334</b>	<b>(1,357)</b>	<b>362</b>
Service Change/Development	Grounds Maintenance	Operational changes to the maintenance of flowerbeds and planting schemes.	(30)	0	0	0
Rent reviews across portfolio	Commercial property management	Additional income from rent reviews across the commercial portfolio.	(249)	(100)	(100)	(100)
Service Change/Development	Parks and recreation	Saving on current cost of providing Christmas lights for Wellingborough in line with contract end date	(16)	0	0	0
Fees & Charges	Review of fees & charges - parking	Inflationary increase in Country Park Parking Charges	(20)	0	0	0
Contract Change & Other Inflation	Budget realignment - fuel	Saving on budget based on current consumption and market price.	(200)	0	0	0
Contract Change & Other Inflation	Budget realignment - utilities	Part reversal of 2022/23 increase to utilities budget.	(500)	0	0	0
Fees & Charges Income	Traffic Flow Management	Income derived from dedicated routes to aid traffic flow across North Northamptonshire	(600)	360	0	0
Staffing costs	Review of structures	Assets & Environment Service Improvement and Redesign	(100)	0	0	0
NCT	Budget Realignment / Income	Realignment of Income and change in fees charged to the Childrens Trust to reflect levels of support service provided.	(401)	0	0	0
<b>Total Savings</b>			<b>(2,116)</b>	<b>260</b>	<b>(100)</b>	<b>(100)</b>
<b>Assets and Environment</b>		<b>Closing Budget</b>	<b>2,473</b>	<b>4,067</b>	<b>2,610</b>	<b>2,872</b>

Place & Economy						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Highways &amp; Waste</b>		<b>Opening Budget</b>	<b>57,881</b>	<b>60,695</b>	<b>63,963</b>	<b>68,549</b>
Contract Change & Other Inflation	Annual adjustment for inflation - home to school transport	Contractual inflation and increased service demand	1,415	1,490	1,609	1,738
Contract Change & Other Inflation	Annual adjustment for inflation - street lighting PFI	Contractual inflation for Street Lighting Private Finance Initiative scheme. Increase in Contract costs.	277	256	269	282
Demographic/service demand	Annual review of volume demand - waste	Forecast based on projections of how much waste will be produced in the area including recycling, composting and food waste tonnages.	129	189	189	215
Contract Change & Other Inflation	Annual adjustment for inflation - traffic signals	Contract and Energy inflation for traffic signals	36	38	41	46
Service Change/Development	Waste Management - HWRCs	Demobilisation of Household Waste Recycling Centre's (HWRC) Contract	100	(100)	0	0
Demographic/service demand	Annual review of volume demand - waste	Disposal tonnage - Residual Waste,HWRC Residual Waste and Wood Waste	266	156	167	184
Contract Change & Other Inflation	Annual adjustment for inflation - waste	Contractual inflation	872	753	787	830
Legislation change	Waste Management - food waste	Mandatory introduction of food waste collections	0	800	0	0
Contract Change & Other Inflation	Annual adjustment for inflation - highways	Highways contract inflation	405	431	458	486
Contract Change & Other Inflation	Annual adjustment for inflation - waste collection	Contractual inflation FCC Environment Ltd waste contract	340	374	412	453
Legislation change	Waste Management - POPs	Affecting the disposal of soft furnishing bulky items - POPs (Persistent Organic Pollutants) tonnage growth	115	118	20	23
Demographic/service demand	Contractual change - waste	Reflection of the loss of income through the contract procurement for HWRC	0	428	0	0
Demographic/service demand	Highways maintenance service - road repairs	To balance the highways maintenance budget to maintain existing maintenance activity.	350	0	0	0
Demographic/service demand	Highways maintenance service - Definitive Map and Public Rights of Way	Resources required to fulfil statutory requirements of updating the Definitive Map and Public Rights of Way network bringing Definitive Maps up to date and remove existing backlogs which will mean processing more each year.	100	0	0	0
Demographic/service demand	Highways maintenance service - regulations and searches	Resources required to fulfil statutory requirements regarding Temporary Traffic Regulation Orders (TTRO) and undertake highways contract management.	100	0	0	0
<b>Total Pressures</b>			<b>4,505</b>	<b>4,933</b>	<b>3,952</b>	<b>4,257</b>

Place & Economy						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Highways &amp; Waste</b>						
Fees & Charges	Garden waste collection service	Harmonisation of garden waste collection services	(534)	(302)	0	0
Fees & Charges	Garden waste collection service	Increase to garden waste subscription rate - via Fees & Charges	(386)	0	0	0
Fees & Charges	Annual review of fees & charges - waste	Increase refuse & recycling fees & charges	(100)	(100)	0	0
Fees & Charges	Annual review of fees & charges - highways and transport	Increase highways & transport fees and charges	(41)	(43)	(46)	(49)
Contract Change & Other Inflation	Budget realignment - HWRCs	Increased income from materials processed through the HWRCs	(20)	0	0	0
Service Change/Development	Trade waste service	Further develop and grow trade waste service	(75)	(75)	(75)	0
Service Change/Development	Waste Management - food waste	Government Grant for implementation of Food Waste expect year one only - NNC expected to cover ongoing costs of delivery	0	(800)	800	0
Service Change/Development	Transport - walking and cycling plans	Reduce the number of schemes within Local Cycling and Walking Plans each year that are developed to a stage to submit for funding from either council or government grants.	(215)	0	0	0
Service Change/Development	Highways - Regulations	Reduce funding for regulations, this will reduce the number of yellow lines and speed limits able to be reviewed/ assessed each year.	(50)	0	0	0
Capital Investment	Climate change initiative - Street lighting	Installation of LED lamps leading to maintenance & energy cost reductions, and reduction in carbon emissions. The installation programme commenced in September 2023 and concludes in August 2025.	(280)	(320)	(20)	40
Demographic/service demand	Waste Management - disposal	Invest in education to reduce waste disposal and promote recycling	10	(25)	(25)	(50)
<b>Total Savings</b>			<b>(1,691)</b>	<b>(1,665)</b>	<b>634</b>	<b>(59)</b>
<b>Highways &amp; Waste</b>			<b>60,695</b>	<b>63,963</b>	<b>68,549</b>	<b>72,747</b>
<b>Closing Budget</b>			<b>60,695</b>	<b>63,963</b>	<b>68,549</b>	<b>72,747</b>

Place & Economy						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Regulatory Services</b>		<b>Opening Budget</b>	<b>3,237</b>	<b>2,896</b>	<b>2,927</b>	<b>2,966</b>
Fees & Charges	Budget realignment - bereavement services	Alignment of budget to reflect reduction in income	81	0	0	0
Contract Change & Other Inflation	Annual adjustment for inflation - crematorium	Increased utility costs at Warren Hill Crematorium	9	10	10	10
Demographic/service demand	Northamptonshire Traveller Unit	Enhanced provision to deal with unauthorised encampments in NNC area	65	21	29	0
<b>Total Pressures</b>			<b>155</b>	<b>31</b>	<b>39</b>	<b>10</b>
Fees & Charges	Increase in Fees & Charges	Increase in Fees & Charges	(68)	0	0	0
Fees & Charges	Budget realignment - Bereavement services	Reversal of Bereavement Income (sales and publications) pressure	(136)	0	0	0
Fees & Charges	Harmonisation - Bereavement Services	Harmonisation of fees and charges for Bereavement Services (Kettering, Corby and W'boro areas)	(50)	0	0	0
Staffing costs	Service Reduction - regulatory services	Review of teams structures and service delivery	(200)	0	0	0
Supplies and Services	Misc reductions - regulatory services	Review of discretionary budgets	(32)	0	0	0
Contract Changes & Other Inflation	Review of commercial contracts	Review of dog/pest control contracts/specifications and additional contract income generation	(10)	0	0	0
<b>Total Savings</b>			<b>(496)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Regulatory Services</b>		<b>Closing Budget</b>	<b>2,896</b>	<b>2,927</b>	<b>2,966</b>	<b>2,976</b>



Place & Economy						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Directorate		Opening Budget	665	665	665	665
Total Pressures			0	0	0	0
Total Savings			0	0	0	0
Directorate		Closing Budget	665	665	665	665
Place & Economy		Closing Budget	70,264	74,907	78,075	82,545

Enabling and Support Services						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Finance &amp; Performance</b>		<b>Opening Budget</b>	<b>13,796</b>	<b>8,515</b>	<b>9,304</b>	<b>11,365</b>
Inflationary Pressures	Lead Authority Board Inflation - Other	Inflationary pressure relating to delivery of Lead Authority Support Services	115	21	21	22
Income Reduction	Budget Realignment - Pension Income	Income included within disaggregated NCC budget, not applicable for NNC and now removed.	16	0	0	0
Staffing	Budget Realignment - Removal of Recharges - staffing	Income included within disaggregated NCC budget, not applicable for NNC and now removed.	31	0	0	0
Income Reduction	Budget Realignment - Finance Income	Income included in disaggregated budget in respect of fees and charges. Removed from budget as not applicable in NNC	83	0	0	0
Inflationary Pressures	NNC Finance Subscriptions	Inflationary pressure in respect of subscriptions.	75	0	0	0
Staffing	Budget Realignment - Removal of Holiday Purchase income budget.	An ex CBC budget that is not applicable at NNC and now removed	16	0	0	0
Income Reduction	Budget Realignment - Removal of Joint Financing income budget	Income included within disaggregated NCC budget, not applicable for NNC and now removed.	3	0	0	0
<b>Total Pressures</b>			<b>339</b>	<b>21</b>	<b>21</b>	<b>22</b>

Enabling and Support Services						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Additional Income	Housing Benefit Subsidy	Additional income arising from Housing Benefit Subsidy	(5)	(5)	(5)	(5)
Additional Income	Business Rates Cost of Collection	Additional income provided to offset the costs of business rates collection	(5)	(5)	(5)	(5)
Additional Income	PH Recharge Alignment	A technical change that aligns the budgeted charge in Public Health with the corresponding income budget within Enabling Services	(97)	0	0	0
Technical Changes	Budget Realignment - Project Support budget	Budget for project support no longer required	(50)	0	0	0
Technical Changes	Budget Realignment - CBC Miscellaneous Expenses budget	An ex CBC miscellaneous expenses budget not applicable in NNC and now released.	(102)	0	0	0
Technical Changes	Budget Realignment - ENC Miscellaneous Expenses budget	An ex ENC miscellaneous expenses budget not applicable in NNC and now released	(35)	0	0	0
Technical Changes	Budget Realignment - Grant payments budget	Legacy council small grant payment budgets, not applicable in NNC and now released	(27)	0	0	0
Technical Changes	Travelling Expenses - Car mileage	Reduction in the travelling expenses budget, due to the increase in the number of virtual meetings.	(20)	0	0	0
Technical Changes	Budget Realignment - NCC LGSS budget	Miscellaneous expenses budgets released.	(48)	0	0	0
Transformation	Savings on Civica licence	Reduction in costs arising from the implementation of a new, council-wide income management system as a replacement for the existing legacy systems.	0	(58)	0	0
NCT	Budget Realignment / Income	Realignment of Income and change in fees charged to the Childrens Trust to reflect levels of support service provided.	(534)	0	0	0
Additional Income	Treasury Management	Additional Investment Income arising from rises in interest rates	(4,697)	836	2,050	410
<b>Total Savings</b>			<b>(5,620)</b>	<b>768</b>	<b>2,040</b>	<b>400</b>
<b>Finance &amp; Performance</b>		<b>Closing Budget</b>	<b>8,515</b>	<b>9,304</b>	<b>11,365</b>	<b>11,787</b>

Enabling and Support Services						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>HR &amp; Governance</b>		<b>Opening Budget</b>	<b>9,182</b>	<b>8,347</b>	<b>8,580</b>	<b>7,966</b>
Service Change / Development	Pay and Grading Project Costs	Removal of temporary funding for the Pay and Grading project on completion	(100)	0	0	0
Service Change/Development	Local Elections	Cost of elections - funded via the Elections Reserve	0	600	(600)	0
Contract Change & Other Inflation	Electoral Registration Printing & Postage Costs	Increase in printing Budgets to reflect higher demand and inflationary increases	40	0	0	0
<b>Total Pressures</b>			<b>(60)</b>	<b>600</b>	<b>(600)</b>	<b>0</b>
Staffing	Upper Tier Legal Services	Anticipated saving from bringing upper tier legal services in house	(117)	0	0	0
Service Change/Development	Budget Realignment - Elections	Ex District and Borough budgets not applicable in NNC and now released	(113)	0	0	0
Income Generation	Legal services commercialisation.	Commercialisation	(10)	(10)	0	0
Income Generation	Legal fees and charges.	A review and increase in fees and charges, through developments in the offer regarding wedding ceremonies.	(136)	0	36	0
Service Change/Development	Agenda printing.	Printing Agendas for committee members only.	(50)	0	0	0
Service Change/Development	Member allowance and expenses	A review of member training and travel budgets to reflect actual spend.	(41)	0	0	0
Staffing	Information Governance Restructure	Salary gradings lower than originally anticipated following restructure	(30)	0	0	0
Service Change/Development	Occupational Health Contract	Retendering OH contract and considering changes in levels of provision.	(30)	0	0	0
Staffing	Wellbeing Adviser	Removal of Wellbeing Adviser post	(34)	0	0	0
Service Change/Development	Customer Service	Changes to Customer Contact	(157)	(157)	0	0
Service Change/Development	Customer Services - Technology	Efficiency savings through optimisation of customer contact processes	0	(200)	(50)	0
NCT	Budget Realignment / Income	Realignment of Income and change in fees charged to the Childrens Trust to reflect levels of support service provided.	(57)	0	0	0
<b>Total Savings</b>			<b>(775)</b>	<b>(367)</b>	<b>(14)</b>	<b>0</b>
<b>HR &amp; Governance</b>		<b>Closing Budget</b>	<b>8,347</b>	<b>8,580</b>	<b>7,966</b>	<b>7,966</b>

Enabling and Support Services						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>IT &amp; Customer Services</b>		<b>Opening Budget</b>	<b>10,673</b>	<b>12,465</b>	<b>12,560</b>	<b>12,508</b>
Contract Changes & Other Inflation	ICT Contract - Capita Pay 360	Extension of IT contract costs for the current income management system	(153)	100	0	0
Contract Changes & Other Inflation	ICT Licensing - Civica Express	Revenue costs for Civica Xpress Elections licences previously budgeted as capital	30	0	0	0
Contract Changes & Other Inflation	ICT - Inflation on ICT licences	Inflationary increase on a range of ICT licences	100	100	100	100
Contract Changes & Other Inflation	ICT Licensing - Meraki	Renewal of Meraki licences required - not previously budgeted	8	0	0	0
Contract Changes & Other Inflation	Costs of vulnerability testing	Vulnerability testing required - not previously budgeted	30	0	0	0
Contract Changes & Other Inflation	ICT Licencing - Security Information and Event Management Tool	Renewal of licence costs for Security Information and Event Management Tool, which has been funded from Cyber grant for first 3 years	0	0	35	0
Contract Changes & Other Inflation	ICT - Baseline IAA budget ICT	WNC IAA related - Increase required in IAA budget to correct baseline for ICT services, following identification of errors in initial allocation of charges	91	0	0	0
Contract Changes & Other Inflation	ICT Licencing - Capita One Education	Education Case Management System contract costs - extension required to cover period until new NNC system implementation.	139	0	(139)	0
Contract Changes & Other Inflation	Education Case Management System - Annual Costs	Ongoing costs for the Education Case Management System	131	143	0	0
Contract Changes & Other Inflation	ICT - Baseline IAA budget for Business Systems	WNC IAA related - Increase required in IAA baseline budget for Business Systems team, following submissions to the Lead Authority Board	380	0	0	0
Contract Changes & Other Inflation	ICT- Digital Disaggregation costs	WNC IAA related - Additional costs associated with disaggregation of the Digital Team, through shortfall in disaggregated budget.	140	0	0	0
Contract Changes & Other Inflation	ICT - Data lines	Increased data line costs due to addition of Haylock House, Sheerness House and Wellingborough Norse lines	16	0	0	0
Contract Changes & Other Inflation	ICT - Income management system.	Increased cost of income management system following implementation of Unit4/Heycentric	69	0	0	0
Contract Changes & Other Inflation	ICT - WNC Contract inflation	WNC IAA related - Contract inflation pressures associated with services provided through the IAA	151	0	0	0
Contract Changes & Other Inflation	ICT - WNC Staff inflation	WNC IAA related - Staff inflation pressures associated with services provided through the IAA	92	2	2	2
Staff	ICT - Staff budgets for capitalisation	Assumptions regarding the ability to capitalise certain ICT staff costs not achievable due to move to cloud based services	91	0	0	0
Staff	ICT - Staff budgets	Reflects the increased need for staff to support critical applications	0	0	0	100

Technical Changes						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Service Change/Development	ICT Strategy	The revenue costs of the Silver level programme identified within the proposal document for the ICT Strategy.	1,061	(50)	0	(674)
<b>Total Pressures</b>			<b>2,376</b>	<b>295</b>	<b>(2)</b>	<b>(472)</b>
Contract Changes & Other Inflation	ICT - Contract Rationalisation	Rationalisation of service contracts - largely mobile telephone contracts	(50)	0	0	0
Contract Changes & Other Inflation	ICT - Application Rationalisation	Rationalisation of service usage - largely Microsoft contract	(50)	0	0	0
Contract Changes & Other Inflation	ICT Licences: Cadcorp	Savings on Cadcorp licences deriving from the GIS project	(15)	0	0	0
Contract Changes & Other Inflation	Telephony	Savings on corporate costs deriving from telephony project	(100)	0	0	0
Contract Changes & Other Inflation	Ark data centre	Savings resulting from withdrawal from Ark data centre and other changes to service delivery	(48)	0	0	0
Contract Changes & Other Inflation	ICT - Licence rationalisation	Savings delivered though rationalising a number of licensing arrangements	(195)	0	0	0
Contract Changes & Other Inflation	ICT: Idox Licenses	Available through the consolidation of licenses, identified by the Idox implementation project	(40)	0	0	0
Pay	Legacy Website Migration	Additional resource required in the Web Team to manage / deliver the migration of legacy authority websites	(86)	0	0	0
Service Change/Development	Customer Services - Technology	Future efficiency savings through optimising customer contact processes	0	(200)	(50)	0
<b>Total Savings</b>			<b>(584)</b>	<b>(200)</b>	<b>(50)</b>	<b>0</b>
<b>IT &amp; Customer Services</b>		<b>Closing Budget</b>	<b>12,465</b>	<b>12,560</b>	<b>12,508</b>	<b>12,036</b>

Enabling and Support Services						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Chief Executive's Office		Opening Budget	1,366	1,366	1,366	1,366
Total Pressures			0	0	0	0
Total Savings			0	0	0	0
Chief Executive's Office		Closing Budget	1,366	1,366	1,366	1,366
Enabling and Support Services		Closing Budget	30,693	31,810	33,205	33,155

Pressures / Savings by Directorate

Appendix B

Corporate						
Category	Proposal Title	Proposal Description	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Corporate</b>		<b>Opening Budget</b>	<b>26,252</b>	<b>34,397</b>	<b>42,742</b>	<b>47,504</b>
Demographic/service demand	MRP	Increase in the Minimum Revenue Provision (MRP) budget to fund the Council's Capital Financing Requirement	1,735	1,700	200	200
Staffing	Forecast pay inflation	Pay Contingency held centrally until allocation confirmed	3,872	4,989	4,805	4,787
Staffing	Pay & Grading review	Anticipated change in pay related costs following pay and grading review.	(415)	180	(122)	0
Contract & Other Inflation	Insurance Contract	Estimated increase in insurance premium and a review of the future policy requirements.	100	100	0	0
Demographic/service demand	Bank Charges	Bank Charges higher than budget	232	0	0	0
Demographic/service demand	Internal Interest	Removal of internal interest budget, no longer applicable	267	0	0	0
Demographic/service demand	Debt Management Expenses	Removal of credit debt management expenses budget	155	0	0	0
Contract & Other Inflation	Highway premiums	Inflationary increases in Highways insurance costs	450	0	0	0
Demographic/service demand	Contingency	Changes to the Corporate Contingency Budget following use of the contingency budget in 2023/24 to support on-going pressures.	2,578	0	0	0
Demographic/service demand	ICT Cloud solutions	Set aside to cover the revenue costs incurred as ICT systems move to cloud versions, and are no longer chargeable as capital.	500	1,500	0	0
<b>Total Pressures</b>			<b>9,474</b>	<b>8,469</b>	<b>4,883</b>	<b>4,987</b>
Technical Changes	Treasury Management	Reduced costs following the repayment of loans	(172)	0	0	0
Staffing	Turnover of staff	Increased Vacancy Factor to acknowledge higher turnover rates	(1,157)	(124)	(121)	(119)
<b>Total Savings</b>			<b>(1,329)</b>	<b>(124)</b>	<b>(121)</b>	<b>(119)</b>
<b>Corporate</b>		<b>Closing Budget</b>	<b>34,397</b>	<b>42,742</b>	<b>47,504</b>	<b>52,372</b>



### Dedicated Schools Grant (DSG)

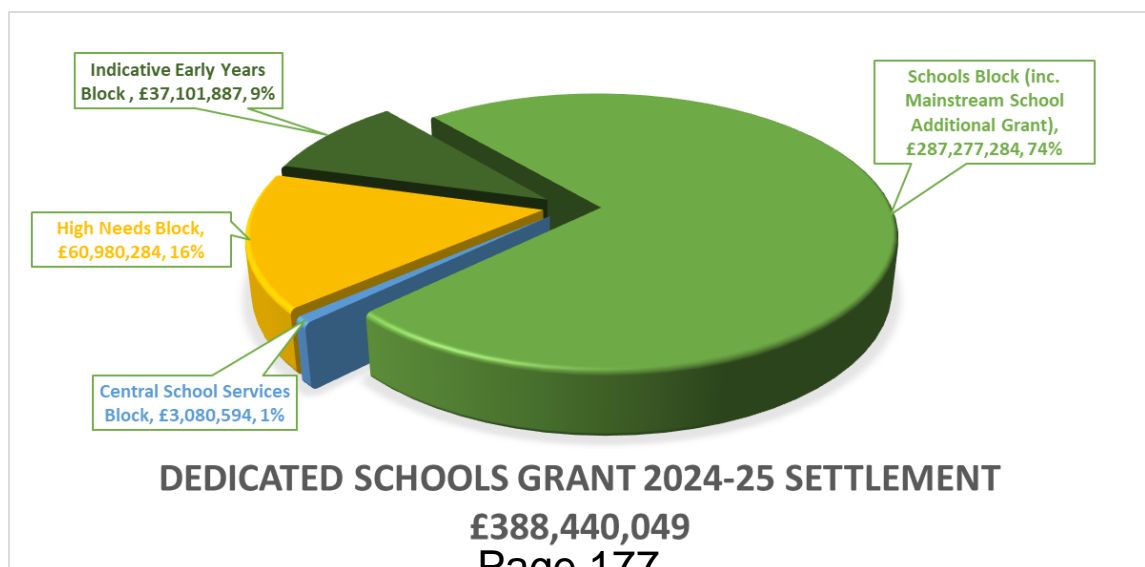
#### 1. Background

1.1 The Dedicated Schools Grant (DSG) is a ring-fenced grant allocated to the authority by the Government to support a range of education related services. The majority (>90%) of the DSG is allocated to the Local Authority (LA) and paid to providers based on a national formula which funds direct education provision including schools (Local authority maintained and academies), early years' providers and high needs education in Further Education (age 16 to 24). The remaining 10% is paid to nurseries, schools and higher education institutions for:

- pupils and students with special education needs and disabilities (referred to as high needs 'top ups'),
- funding to cover growth i.e., in-year increases in pupil and student numbers (referred to as 'growth funding')
- maintained school de-delegations (funding top sliced from the maintained individual school budgets (ISB) at their approval, and managed centrally by the LA for example school effectiveness, trade union facility time, contribution towards redundancy costs)
- funding for historic and ongoing commitments.

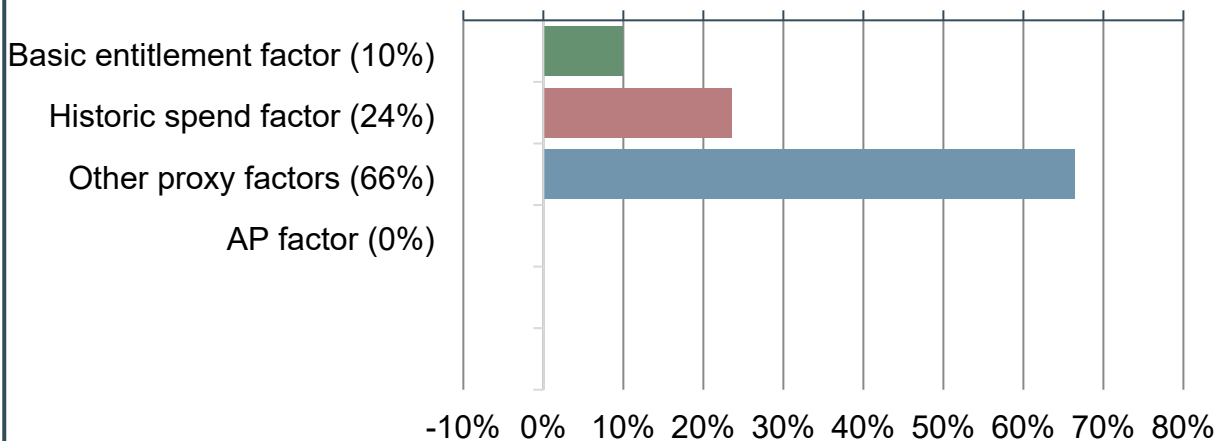
1.2 The individual school's budgets (ISB) for academies and funding for high needs 'places' in academies (set prior to the start of academic year) are paid to academies directly from the Education Skills and Funding Agency (ESFA). This funding is taken off the Dedicated Schools Grant before the grant is paid to LAs and is termed 'recoupment' for academies ISB and 'high needs place deductions' for funding for high needs 'places' in academies.

1.3 The Department for Education (DfE) currently operate a 4-block funding model for funding schools and pre-16 education including early years. The estimated level of funding received for North Northamptonshire Council is set out in the following chart.

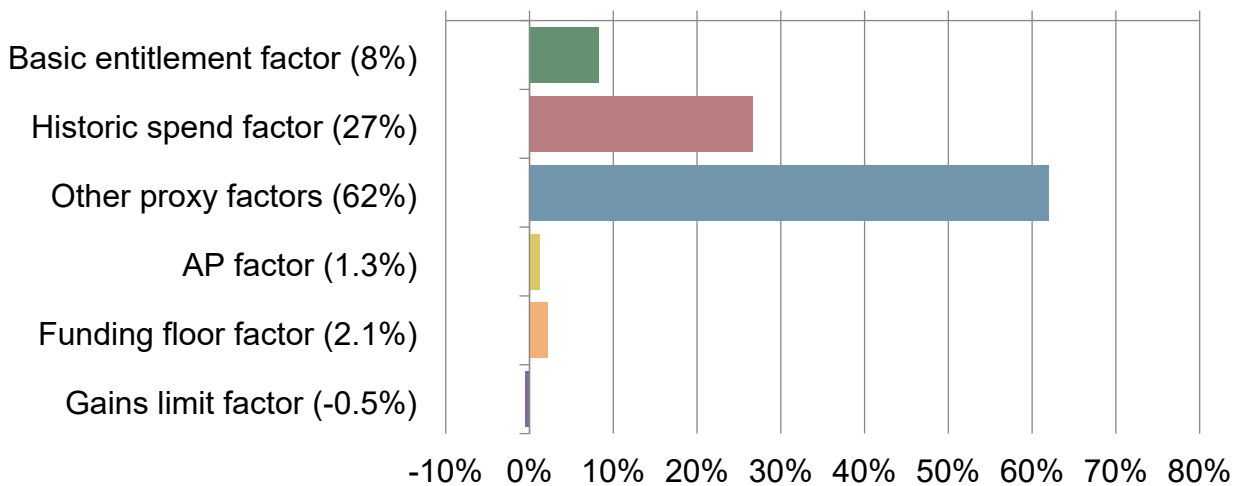


- 1.4 Each of the blocks covers different elements of education funding with the respective funding allocations being based on different underlying formulae and data sets.
- 1.5 The total DSG that the Authority receives is based on all schools' pupil numbers as per census data for the county irrespective of whether it is a maintained school or an academy. Each of the four blocks is allocated to the LA on the following basis.
- 1.6 **Schools Block**
- 99.27% of funding allocated to the LA is driven by pupil numbers and the Primary Unit of Funding (PUF) and Secondary Unit of Funding (SUF). The remaining 0.73% is funded through premises factors.
  - Allocations to schools for day-to-day spending in their individual school budgets through the schools funding formula and includes the Pupil Growth Fund for new and growing schools.
- 1.7 **Central Schools Services Block (CSSB)**
- 62.61% of CSSB is for funding ongoing responsibilities of the LA based on the schools Autumn 2023 census data at £36.91 per pupil and 37.39% of CSSB is funding for historical commitments (this is being unwound by Government and is reducing by 20% each year).
  - The historical commitments funding relates to funding for previously agreed commitments between the Schools Forum and the LA e.g., pensions costs for premature retirement cost of teachers.
- 1.8 **High Needs Block**
- Covers funding for the education of pupils with Special Educational Needs and Disabilities (SEND) for example those with an Education, Health and Care Plan. This covers ages 0-24 in a range of provision including special schools, special educational needs units in mainstream schools, alternative provision and independent specialist provision. This block also funds teams within the authority that support the high needs sector to meet the needs of high needs pupils.
  - The funding formula is produced by the DfE and is summarised in the following charts

## Formula Split for North Northamptonshire



## National Formula Split



### 1.9 Early Years Block

- Indicative funding allocated to the LA is based on two previous January School and Early Years Census applying the Early Years National Funding Formula (EYNFF). This is updated throughout the financial year.
- funds all early years' settings for 9 months, 2, 3 & 4 year olds with a statutory minimum of 95% allocated to schools, other private, voluntary and independent early years education providers and childminders through the Early Years funding formula. Schools Forum annually approve up to the remaining 5% of the 9 months, 2, 3 & 4 year old funding to be used to fund LA central functions to manage and administer the early years' arrangements.
- Funding for all early years' settings for 2 year old working parents entitlement is being introduced from 1<sup>st</sup> April 2024 and for under 2's (from 9 months) for working parents from 1<sup>st</sup> September 2024 as announced in the Spring 2023 and Autumn 2023 Statements.

- The DfE have re-aligned the funding by the local authority to providers for under 2's and 2 year old for working parents and the disadvantaged 2 year olds to replicate the funding formula for 3-and 4-year olds with the requirement of base rate, deprivation and other supplements and up to 5% centrally retained element in the respective funding formula for each funding stream in the Early Years Block.
  - The DfE have also extended the Early Years Pupil Premium and Disability Access Funding to include the under 2's and 2 year olds.
- 1.10 Maintained schools continue to receive funding directly from the LA through the DSG. The local authority's DSG grant is reduced in respect of academies who receive their funding direct from the DfE, reflecting the shift in responsibility for the funding of academies to the DfE. The removal of grant funding from the DSG paid to NNC to pay directly to academies is termed "recoupment". Academies are independent of the local authority and are accountable directly to the DfE. The DfE agency responsible for all school related funding is the Education and Skills Funding Agency (ESFA).
- 1.11 Within North Northamptonshire, there are currently 4 maintained nursery schools, 32 primary, 1 secondary and 1 special maintained school. There are also 79 primary, 19 secondary, 1 All-through and 7 special academies.
- 1.12 Schools Forum membership is made up of representatives from maintained and academy primary and secondary schools, nurseries, Council members. The meetings are open to the public and are held 5 times a year typically in October, December, January, March and July. The Schools Forum have a statutory role in ensuring that school funding across the county is equitable and fair by considering proposals from the council for such areas as the school funding formula and central expenditure from the DSG.
- 1.13 The LA consults with Schools Forum each year on the allocation of DSG funding in accordance with the legislation and guidelines issued by the DfE. This includes the local formula factors to be applied in the calculation of the school's individual budgets. As well as the requirement to consult with the Schools Forum on changes to formula funding, Schools Forum approves the central expenditure budgets for ongoing commitments, movements of funding between blocks and the growth fund policy.
- 1.14 The North Northamptonshire Schools Forum was appointed in October 2020. This was required not only for vesting day readiness to assume formal roles, but to make decisions, and receive information on the budget setting and policies for schools, academies, high needs and early years' providers that will take effect post vesting. Since Vesting Day Schools Forum have formally assumed the roles and membership. Membership will be valid for 4 years, to which when its due to expire each role will go out to recruit following the standard Schools Forum and Operational Good Practice Guide.

## 2. 2024-25 Funding Summary

- 2.1 The Department first published the 2024-25 policy paper of the National Funding Formula (NFF) for schools and high needs in July 2023. Following the discovery of a technical error made by officials during the initial calculations, an update was made to the schools NFF in October 2023. The technical error was due to incorrect processing of pupil numbers in the initial calculations. This error meant that the overall cost of the schools NFF was underestimated, and incorrect factor values were published in July. This is now updated with the new, correct, factor values. No other changes have been made to the structure of the NFF, or the rules governing the local formulae, since July. The total amount of funding in the core schools budget (which includes funding through the schools NFF, high needs NFF, and CSSB) will remain at £59.6 billion in 2024-25. The high needs NFF and CSSB are unaffected by this update. Details can be found at [National funding formula for schools and high needs 2024 to 2025 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)
- 2.2 The DfE also published the updated [National funding formula tables for schools and high needs: 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk) for three of the four DSG funding blocks. Early Years funding is based on January pupil census which meant allocations are published to a different timetable.
- 2.3 The latest [DSG funding announcements on 19<sup>th</sup> December 2023](https://www.gov.uk) for 2024-25 are provisional. The Schools, Central School Services and High Needs Block allocations are based on October 2023 census pupil numbers. This is the point at which individual school budgets can be set through North Northamptonshire's schools' funding formula.
- 2.4 The Government is committed to levelling up opportunity for all pupils and has invested significantly in education to achieve that. The total core schools budget will total over £59.6 billion in 2024-25 – the highest ever level per pupil, in real terms, as measured by the Institute for Fiscal Studies (IFS). This total includes the additional funding for teachers' pay announced in July 2023; the Teachers Pay Additional Grant (TPAG) provides an additional £482.5 million in 2023-24, and £827.5 million for 2024-25 for mainstream, special and alternative provision schools.
- 2.5 Funding through the mainstream schools national funding formula (NFF) is increasing by 1.9% per pupil in 2024-25, compared to 2023-24. Taken together with the funding increases seen in 2023-24, this means that funding through the schools NFF will be 7.6% higher per pupil in 2024-25, compared to 2022-23. For North Northamptonshire this average is 1.96% per pupil. This percentage varies from school to school as well as LA to LA [National funding formula tables for schools and high needs: 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk).
- 2.6 The schools national funding formula (NFF) continues to distribute this fairly, based on the needs of schools and their pupil cohorts. The main features in 2024-25 are:
- Introduction of a formulaic approach to allocating split sites funding. This ensures that split sites funding will be provided on a consistent basis across the country.

- The core factors in the schools NFF (such as the basic entitlement, and the lump sum that all schools attract) will increase by 1.4%.
- Through the minimum per pupil funding levels, every primary school will receive at least £4,610 per pupil, and every secondary school at least £5,995.
- The funding floor will ensure that every school will attract at least 0.5% more pupil-led funding per pupil, compared to its 2023-24 allocation.
- Rolling the 2023-24 mainstream schools additional grant (MSAG) into the schools NFF ensuring that this additional funding forms an ongoing part of schools' core budgets. Appropriate adjustments have been made to NFF factor values and baselines to reflect this.

2.7 2023-24 was the first year of transition to the direct schools NFF – with the end point being a system in which, to ensure full fairness and consistency in funding, every mainstream school in England is funded through the same national formula without adjustment through local funding formulae. Following a successful first year of transition, the DFE will continue with the same approach to tightening in 2024-25. As in 2023-24, local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except any locally determined premises factors. Local authorities will also be required to move their local formulae factors 10% closer to the NFF values, compared to where they were in 2023-24, unless they are already mirroring the NFF. North Northamptonshire Council is classified as mirroring the National Funding Formula.

2.8 High needs funding is increasing by a further £440 million, or 4.3%, in 2024-25, following the £970 million increase in 2023-24 and £1 billion increase in 2022-23. This brings the total high needs budget to £10.54 billion – an increase of over 60% since 2019-20. The high needs NFF will ensure that every local authority receives at least a 3% increase per head of their 2-18 population, with the majority of authorities seeing gains of more than 3%. For North Northamptonshire this increase is 4.1% per head of the 2-18 population. Alongside the continued investment in high needs, the Government remains committed to ensuring a financially sustainable system, where resources are effectively targeted to need. The DFE will continue to focus support on those local authorities with the most significant Dedicated Schools Grant (DSG) deficits, and to work on the longer term reforms set out in the Government's [SEND and alternative provision improvement plan - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/send-and-alternative-provision-improvement-plan), published in March 2023.

2.9 Central school services funding funds local authorities for the ongoing responsibilities they continue to have for all schools, and some historic commitments entered into before 2013-14. The total provisional funding for these responsibilities is £304 million in 2024-25. In line with the process introduced for 2020-21 to withdraw the funding for historic commitments over time, this element of funding will decrease by 20%.

2.10 Final allocations of mainstream schools and central schools services funding for 2024-25 have been calculated using the DFE announcement of local authorities' DSG allocations. Local authorities will continue to use that funding to determine their final allocations for all local mainstream schools.

The December DSG allocations also includes updated high needs funding allocations, based on the latest pupil data, but these are not final as there will be a further adjustment in 2024. As normal, local authorities will use the December allocations to finalise their schools' and high needs budgets. The Provisional 2024-25 DSG funding is based on the October 2023 census. The Early Years Block was estimated based on January 2023 census using the indicative rates issued by the DFE in November 2023. It also includes estimates by the DFE for the introduction of the new under 2's and 2-year-old entitlement to 15 hours of free childcare for eligible children of working parents starting from April 2024 for 2-year-olds and September 2024 for children aged between 9 months and 2 years old, but not including 2-year-olds.

2.11 The table below compares the Provisional 2024-25 DSG Settlement against the current 2023-24 DSG allocation. It includes the Mainstream Schools Additional Grant in the Schools Block and Teachers Pay and Pension Grant in the Early Years Block in 2022-23 as the DFE have incorporated these grants into the respective DSG blocks in 2024-25.

Block	2023-24 DSG Allocation	%	2024-25 DSG Settlement	%	2024-25 DSG Settlement Change from 2023-24 DSG	% Change
Schools Block (inc. Mainstream School Additional Grant)	£279,334,092	76.80%	£287,277,284	73.96%	£7,943,192	2.84%
Central School Services Block	£3,286,931	0.90%	£3,080,594	0.79%	-£206,337	-6.28%
High Needs Block	£57,919,150	15.93%	£60,980,284	15.70%	£3,061,134	5.29%
Indicative Early Years Block	£23,159,118	6.37%	£37,101,887	9.55%	£13,942,769	60.20%
<b>Total DSG</b>	<b>£363,699,291</b>	<b>100.00%</b>	<b>£388,440,049</b>	<b>100.00%</b>	<b>£24,740,758</b>	<b>6.80%</b>

**Note:**

1. Funding for Historic Commitments for Central School Services Block continues to decrease by 20% year on year by the DFE.
2. Estimated Early Years Block in 2024-25 includes:
  - a. 3 and 4-year-old universal 15 hours entitlement.
  - b. 3 and 4-year-old additional 15 hours entitlement for eligible children of working parents.
  - c. The rolling in of the early years element of the teachers' pay and teachers' pension employer contribution (TPPG).
  - d. Existing 2-year-old entitlement to 15 hours of free childcare for eligible children of disadvantaged parents.
  - e. New 2-year-old and under entitlement to 15 hours of free childcare for eligible children of working parents starting from April 2024 for 2-year-olds.
  - f. New under 2-year-old entitlement to 15 hours of free childcare for eligible children of working parents starting from September 2024.
  - g. Early Years Premium for under 2's, 2-, 3- and 4-year olds.
  - h. Disability Access Fund for under 2's, 2-, 3- and 4-year olds.
  - i. Maintained Nursery School Supplement inc TPPG

2.12 There are two parts to the DSG funding which have been based on historical prior year's expenditure, these are within the High Needs Block and Central Schools Services Block. The basis of the disaggregation for the historical High Needs Block has been the 2019-20 expenditure outturn, which gives the percentage of the High Needs Historical funding as 45.9% for the North Northamptonshire Council (NNC).

2.13 The basis of the split for the Central Schools Services Block of the legacy council was more complex but related to less than 1% of the overall DSG being disaggregated. Each budget has been reviewed individually and NNC receives either 50%, 46.4% or 43.1%. As the PFI scheme of £300k is in West Northamptonshire Council, this does not apply to NNC.

### 3. Budgetary Pressures in the High Needs Block

- 3.1 The most significant pressure within the DSG is the growth in the funding needed for young people with Special Educational Needs and Disabilities (SEND). It is seven years since reforms were introduced to better support children and young people with Special Educational Needs and Disabilities (SEND) but the allocation of funding available to support pupils with high needs has become a national issue.
- 3.2 The [Special Educational Needs and Disabilities \(SEND\) and Alternative Provision \(AP\) Improvement Plan \(publishing.service.gov.uk\)](https://publishing.service.gov.uk) explored the issues present within the current SEND system. It set out the government's proposals to improve outcomes for children and young people; improve experiences for families, reducing the current adversity and frustration they face; and deliver financial sustainability. It also considered the specific issues facing the alternative provision sector. This is because 82% of children and young people in state-place funded alternative provision have identified special educational needs (SEN) 2, and it is increasingly being used to supplement local SEND systems.
- 3.3 There continues to be pressures nationally around the levels of funding allocated for the High Needs Block which results from an increase in population, this brings risks around affordability of provision for pupils with high needs.
- 3.4 The structural High Needs deficit that North Northamptonshire Council inherited from the legacy Northamptonshire County Council was around £1.9m. There was an outstanding backlog of Education Health and Care Plan (EHCP) assessments in the system. North Northamptonshire have managed to reduce the waiting time for assessments to under 20 weeks in the past year as per statutory requirement. The consequence of implementing the payments for these assessments are causing North Northamptonshire High Needs Block to overspend the High Needs Block DSG budget allocation. The current forecast is an overspend by £9.019m by the end of 2023-24. Whilst mitigating actions are being taken to address this structural issue and implementation of preventative measures to abate further escalation of the deficit, it is still on the upward trajectory. These issues have been further compounded by the COVID pandemic leading to an increase in number of requests for assessments for EHCP.
- 3.5 As a consequence North Northamptonshire have been unable to set a balance [High Needs Block DSG budget for 2024-25](#). Schools Forum was presented with a proposed deficit budget plan for 2024-25 of £7.705m. This together with the forecast year end deficit for 2023-24 of £9.019m means North Northamptonshire will be setting a cumulative deficit budget of £16.724m in the 2024-25 High Needs Block budget after applying all available DSG Reserves brought forward and transfer of 0.5% from Schools Block to High Needs Block of £1.456m in 2024-25.
- 3.6 DfE regulations allow up to 0.5% of the Schools Block funding to be moved to the High Needs Block to cover the continuously increasing costs to support pupils with high needs. Any request to move more than 0.5% from



Schools Block will require a disapplication request submitted for the Secretary of State approval.

- 3.7 The DFE made changes to the regulations, now incorporated into the [School and Early Years Finance \(England\) Regulations 2023](#) in regulation 8, regulation 39 and schedule 2, to give statutory backing to a new process for handling DSG deficits. The Council must now:
- carry all the deficit forward to set against the schools budget in the next financial year; or
  - carry part of the deficit forward to set against the schools budget in the next financial year and carry the rest of it forward to the following financial year; or
  - not set any of the deficit against the schools budget in the next financial year but carry all the deficit forward to the following financial year.
- 3.8 These provisions will be repeated in future regulations so that part or all the deficit can be carried forward further a year at a time, to be dealt with through DSG that will be received in future years.
- 3.9 If the Council sets any part of the deficit against the schools budget for the next financial year, it must plan to eliminate that part of the deficit through funding from the DSG that it will receive during that financial year.
- 3.10 If the Council carries any part of the deficit forward to the following financial year, that means it is not planning to eliminate that part of the deficit from DSG received in the next financial year but will need to eliminate it from DSG received in future years.
- 3.11 The Department for Levelling Up, Housing and Communities (DLUHC) laid the [Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2020](#) on 6 November 2020, which then came into force on 29 November 2020. The regulations provide that any DSG deficit at the end of 2020-21 must not be charged to a general fund but must be charged to a separate fund established, charged, and used solely for the purpose of recognising deficits in respect of the schools budget. This has the effect of separating any such deficit from a local authority's general fund. DLUHC have now confirmed that these regulations will continue to operate up to the end of financial year 2025-26.
- 3.12 The [DSG conditions of grant](#) set out that any local authority with an overall deficit on its DSG account at the end of the financial year, or whose DSG surplus has substantially reduced during the year, must be able to present a plan to the department and cooperate in handling that situation by:
- providing information, as and when requested by the DFE about its plans for managing its DSG account in the 2023-24 financial year and subsequently.

- providing information, as and when requested by the DFE about pressures and potential savings on its high needs budget.
  - meeting with DFE's officials, as and when they request to discuss the local authority's plans and financial situation.
  - keeping the schools forum updated regularly about the local authority's DSG account and plans for handling it, including high needs pressures and potential savings.
- 3.13 The DFE have developed a [DSG deficit management plan](#) template and accompanying guidance for local authorities to use to develop evidence-based and strategic plans covering the provision available for children and young people with SEND. In all cases, the DFE expect local authorities' management plans to focus on how they will bring in-year spending in line with in-year resources.
- 3.14 The high needs [benchmarking tool](#) helps to facilitate a better understanding of how a local authority's high needs expenditure and use of provision compares with that of other authorities and to prompt local discussion of how current spending patterns might need to change. In addition, the DFE have published [research and guidance](#) on managing special educational needs provision and the high needs budget effectively.
- 3.15 The DFE is now running 3 programmes offering direct support in respect of the effectiveness and sustainability of local authorities' high needs systems, which together will work with all local authorities: the Safety Valve Intervention programme, the Delivering Better Value in SEND (DBV) programme and ESFA support programme. The aim of all 3 programmes is to secure sustainable management of local authorities' high needs systems.
- 3.16 The Safety Valve Intervention programme will continue to target the local authorities with the highest DSG deficits. The programme requires the local authorities involved to develop substantial plans for reform to rapidly place them on a sustainable footing. If the local authorities can demonstrate sufficiently that their DSG management plans create lasting sustainability, the department will enter into an agreement with the local authority. Upon the local authority demonstrating progress they will receive incremental funding to eliminate their historic deficits, generally spread over 5 financial years.
- 3.17 The new Delivering Better Value in SEND (DBV) programme will target authorities with less severe but either substantial and/or growing deficit issues, helping them reform their high needs systems, to provide effective and sustainable SEND services that will achieve better outcomes for children and young people with SEND. The DBV programme has similar aims to safety valve but maintains a slightly different approach to support local authorities with regards to the provision of SEND services. The programme will not include funding to eliminate historic deficits.
- 3.18 The ESFA will continue its programme of support for all remaining local authorities, supporting them to develop appropriate DSG management plans. The ESFA Local Authority Stakeholder Engagement Team will aim

to meet with all local authorities not included in the safety valve and DBV programmes and will provide support and challenge through a detailed review of management plans for the remaining local authorities in deficit, to help them achieve financial sustainability.

- 3.19 Some local authorities under the DfE's High Needs Safety Valve Intervention Programme have managed to secure substantial additional High Needs Block Funding from the DfE to address their High Needs Block deficit. To be successful in the bid for additional funding from the DfE the LA must be able to demonstrate to the DfE that the LA is committed and determined to reduce the High Needs Block deficit as an organisation. This includes investment by the council to match fund the mitigating actions required to reduce the High Needs Block deficit. NNC is about to embark on discussions with the DfE as to the strategy and options available to North Northamptonshire to address our escalating High Needs Block deficit.

#### **4 2024-25 Proposals presented to Schools Forum to set the 2024-25 DSG Budget**

4.1 The following [proposals](#) presented to Schools Forum for consideration for 2024-25 following consultation with schools are as follows:

- a) The adoption of the 2024-25 ACA adjusted National Funding Formula values in setting the 2024-25 mainstream funding formula for schools and academies.
- b) The national split sites funding factor has been built into the National Funding Formula by the DfE.
- c) Proposal for the Minimum Funding Guarantee to be set at 0.5%, capped at 0.5% and scaled 100%.
- d) It is forecast that the High Needs Block will overspend at the end of 2023-24. It has been proposed to Schools Forum that there will be a transfer from the Schools Block to the High Needs Block of 0.5% in 2024-25.
- e) Schools Forum agreed not to introduce a [Falling Pupil Roll Fund](#) following the DfE's decision to fund all local authorities for falling pupil roll for the first time in 2024-25. As North Northamptonshire did not receive this funding in 2024-25, we will not introduce a Falling Pupil Roll Fund in 2024-25.
- f) All remaining funding in [Schools Block](#) will be allocated to the Growth Fund which amounts to £2.27m.
- g) [Growth Fund Policy](#) remain the same as 2023-24.
- h) [Permanent Exclusion Clawback Policy](#) remain the same as 2023-24 with updated factor rates.
- i) Continuation of central services to be partly funded by Dedicated Schools Grant [Central School Services Block](#).

- j) Schools Forum agreed to de-delegate [De-delegation for Trade Union Facility Time](#) at the rate of £3.79 per pupil for maintained Primary and Secondary Schools.
  - k) Schools Forum agreed to de-delegate [De-delegation for School Effectiveness](#) at the rate of £12.78 per pupil for maintained Primary and Secondary Schools.
  - l) Schools Forum agreed to de-delegate the purchasing of [Maintained Schools Insurance Service](#) at £22.48 per pupil for maintained Primary and Secondary Schools.
- 4.2 The local authority may transfer 0.5% of the Schools Block allocation to the High Needs Block with Schools Forum consent. For North Northamptonshire, this is estimated to equate to £1.436m in 2024-25. It is forecast that the High Needs Block will overspend at the end of 2023-24. It was proposed to Schools Forum at the January 2024 meeting that there will be a transfer from the [Schools Block](#) to the High Needs Block of 0.5% in 2024-25 to which Schools Forum agreed.
- 4.3 The local authority also needs to decide the value at which the Minimum Funding Guarantee (MFG) should be set for 2024-25 - this must be set between 0% and 0.5% which means that the per pupil funding must increase by between 0% and 0.5% from the 2023-24 level. A couple of options of MFG between 0% and 5% were modelled and were discussed at the December 2023 Schools Forum. Schools Forum discussed which is the best option to adopt in the best interest of North Northamptonshire. The local authority also needs to decide whether North Northamptonshire Council should operate a funding cap and level of scaling on a per pupil, year on year increase, if required, to ensure affordability of the overall formula. It was recommended to Schools Forum to set the [MFG at 0.5% capped at 0.5% and scaled at 100%](#) in the January 2024 meeting to which Schools Forum agreed.
- 4.4 The continuous 20% annual reduction in historical commitments funding by the DfE in the Central School Services Block (CSSB) of the DSG means the continued use of the Central School Services Block must kept under review annually.
- 4.5 The results of the consultation will be presented to and voted on at the Schools Forum meeting on the 14<sup>th</sup> December 2023. The votes on the following items will be taken. In the January 2024 meeting Schools Forum agreed to:
- a) the adoption of the [2024-25 Area Cost Adjusted National Funding Formula values](#) in setting the 2024-25 mainstream funding formula for schools and academies.
  - b) the adoption of the national split sites funding factor that has been built into the National Funding Formula by the DfE.
  - c) set the [Minimum Funding Guarantee at 0.5%, capped at 0.5% and scaled at 100%](#) to ensure affordability of the Mainstream Schools Funding Formula. As it is forecast that the High Needs Block will

overspend at the end of 2023-24, it has been proposed to Schools Forum that there will be a transfer from the Schools Block to the High Needs Block of 0.5% in 2024-25.

- d) Schools Forum decided not to introduce a [Falling Pupil Roll Fund](#) following the DfE's decision to fund all local authorities for falling pupil roll for the first time in 2024-25 as North Northamptonshire did not receive any funding for falling pupil roll.
- e) allocate the remaining funding in Schools Block to the [Growth Fund](#) which amounts to £2.27m.
- f) [Growth Fund Policy](#) remain the same as 2023-24 with updated rates.
- g) [Permanent Exclusion Clawback Policy](#) remain the same as 2023-24 with updated factor rates.
- h) Continuation of central services to be partly funded by Dedicated Schools Grant [Central School Services Block](#). Consideration by Schools Forum whether to further de-delegate for Education Functions to cover the ongoing 20% reduction to Historical Commitment CSSB to address the shortfall in contribution to combined services.
- i) Schools Forum agreed to de-delegate [De-delegation for Trade Union Facility Time](#) at the rate of £3.79 per pupil for maintained Primary and Secondary Schools.
- j) Schools Forum agreed to de-delegate [De-delegation for School Effectiveness](#) at the rate of £12.78 per pupil for maintained Primary and Secondary Schools.
- k) Schools Forum agreed to de-delegate the purchasing of [Maintained Schools Insurance Service](#) at £22.48 per pupil for maintained Primary and Secondary Schools.

4.6 The final schools funding formula ultimately remains a local authority decision having consulted with schools and the Schools Forum. The time between the final DSG settlement from Government on 19<sup>th</sup> December 2023 and the submission deadline to the ESFA for the individual schools' budgets on 22<sup>nd</sup> January 2024 is tight to allow for adequate budget calculation, presentation to Schools Forum on the 18<sup>th</sup> January 2024 and presentation to North Northamptonshire Council Executive to review for final ratification. As a result of these short deadlines over a time when schools and academies usually have two weeks holiday, **the LA therefore propose to delegate authority to the Executive Director of Adults, Health Partnerships & Housing (DASS) & Children's Services (Interim Director for Children's Services) in consultation with the Cabinet Member for Children, Education and Skills and the Executive Director of Finance and Performance (s151 Officer) in consultation with the Cabinet Member for Finance and Transformation following consultation with the schools and Schools Forum to determine:**

- a) the 2024-25 school funding formula for Northamptonshire to enable the required submission to the Education and Skills Funding Agency on 22<sup>nd</sup> January 2024;

- b) North Northamptonshire Council's funding arrangements for 2024-25 for pupils with high needs in line with Department for Education guidance; and
- c) North Northamptonshire Council's funding arrangements for 2024-25 for the Early Years National Funding Formula in line with Department for Education guidance.

3.25 North Northamptonshire Schools Forum were briefed at the 2<sup>nd</sup> November 2023 Schools Forum and considered the outcome of consultation with schools and impacts at the 14<sup>th</sup> December 2023 meeting where relevant approvals in principle will be sought, following which NNC have set the schools' budgets with the approval and recommendation given by Schools Forum at the 18<sup>th</sup> January 2024 meeting and final approval by North Northamptonshire Council on 22<sup>nd</sup> February 2024.

### Reserves Strategy 2024-25

#### Background

---

The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Act require Precepting Authorities (and Billing Authorities) in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

In England and Wales, earmarked reserves remain legally part of the General Fund, although they are accounted for separately.

There are other safeguards in place that help to prevent local authorities over committing themselves financially. These include:

- The balanced budget requirement (Local Government Act 1992 s32 and s43).
- Chief Finance Officers duty to report on the robustness of estimates and adequacy of reserves (Local Government Act 2003 s25) when the Council is considering the budget requirement.
- Legislative requirement for each council to make arrangements for the proper administration of their financial affairs and that the Chief Finance Officer has responsibility for the administration of those affairs (section 151 of the Local Government Act 1972).
- The requirements of the Prudential Code.
- External Auditors will consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based.

These requirements are reinforced by section 114 of the Local Government Finance Act 1988, which requires the Chief Finance Officer to report to the Council if there is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted, and it is forecast that the Council will not have the resources to meet its expenditure in a particular financial year. The issue of a section 114 notice cannot be taken lightly and has serious operational implications. Indeed, the Council must consider the s114 notice within 21 days and during that period the Council is prohibited from entering into new agreements involving the incurring of expenditure.

Whilst it is primarily the responsibility of the Council and its Chief Finance Officer to maintain a sound financial position, external auditors will, as part of their wider responsibilities, consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual authorities in general.

CIPFA's Prudential Code requires the Chief Finance Officers to have full regard to affordability when making recommendations about the Council's future capital programme. Such consideration includes the level of long-term revenue commitments.

Indeed, in considering the affordability of its capital plans, the Council is required to consider all of the resources available to it and estimated for the future, together with the totality of its capital plans and revenue forecasts for the forthcoming year and the following two years. There is a requirement for three-year revenue forecasts across the public sector and this is achieved through the Medium-Term Financial Plan (MTFP).

CIPFA and the Local Authority Accounting Panel do not accept that there is a case for introducing a generally acceptable minimum level of reserves. Councils, on the advice of their Chief Finance Officers, should make their own judgements on such matters considering all relevant local circumstances. Such circumstances will vary between local areas. A well-managed organisation, for example, with a prudent approach to budgeting should be able to operate with a level of general reserves appropriate for the risks (both internal and external) to which it is exposed. In assessing the appropriate level of reserves, a well-managed organisation will ensure that the reserves are not only adequate, but also are necessary.

Section 26 of the Local Government Act 2003 gives Ministers in England and Wales a general power to set a minimum level of reserves for authorities.

However, the government has undertaken to apply this only to individual authorities in the circumstances where the authority does not act prudently, disregards the advice of its Chief Finance Officer and is heading for serious financial difficulty.

### **National Context**

---

The UK's economy still faces several uncertainties, risks and challenges as a result of significant increases in inflation and overall cost of living.

The Autumn Statement on 22<sup>nd</sup> November 2023 and the Provisional Finance Settlement on 18<sup>th</sup> December 2023 has confirmed the local government funding allocations for 2024-25 as was set out in the 2022 Autumn Statement. There is still uncertainty over the total funding available for the local government sector from 2025-26, but the Government have signalled fundamental changes in Local Government finance going forward. These changes could be significant, and it will make forecasting for 2025-26 and beyond difficult.

### **Local Context**

---

North Northamptonshire Council is a new Council, it commenced its services from 1<sup>st</sup> April 2021. It has been created by amalgamating the former council areas of Corby, East Northamptonshire, Kettering, and Wellingborough together with the proportion of Northamptonshire County Council covering the North of Northamptonshire.

The new Council will continue to face financial pressures. As noted above it is recognised nationally that there are significant budget challenges for local government in relation to Social Care demand and other cost pressures due to cost of living crisis.



Whilst the creation of the Unitary Council creates several opportunities to benefit the region, it is also recognised that there are some risks and costs. Specific risks for the 2024-25 budget include the challenges brought about significant inflationary increase and continued increase in demand for services, such as social care and children services. Whilst the Council has prepared a balanced financial position for 2024-25 it faces forecast funding shortfalls over the period of the medium term which must be addressed.

### **Types of Reserve**

---

The Council holds reserves for specific reasons that are included within the Medium-Term Financial Plan. These include a working balance to cover unexpected events and to meet forthcoming events where the precise event, date and amount required cannot accurately be predicted. In addition, the Council is required to hold non-cash backed reserves to adhere to proper accounting requirements when preparing its annual Statement of Accounts. There are four types of reserves, each of which are explored in more detail below:

- General Reserves and Minimum Level of Reserves
- Earmarked Reserves
- Earmarked Reserves – Capital
- Non-Cash Backed Reserves for Statement of Accounts

### **General Reserves & Minimum Level of Reserves**

---

The Council will hold a general reserve which sets out the minimum amount of reserves the council is required to hold for the following purposes:

- To meet forthcoming events where the precise date and amount required cannot be accurately predicted.
- A contingency to cushion the impact of unexpected events or emergencies.
- A reasonable amount to meet peaks and troughs in revenue and capital expenditure requirements.
- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
- The general reserves which include a minimum level of reserves to support the level the assessed level of risk.

The level of reserves will continue to be reviewed until the final budget proposals for approval by Council in February.

## **Earmarked Reserves**

---

The Council will hold earmarked reserves for the following purposes:

- A means of building up funds often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately but remain legally part of the General Fund.
- To mitigate specific risks in relation to the economic climate and the safety of the Council's financial assets. This would link closely with the Treasury Management and Prudential Code Strategy.
- To meet forthcoming capital expenditure needs where major capital schemes are being planned and the reserve will be utilised to reduce the cost of borrowing and capital charges to the revenue account.
- To meet smaller projects where expenditure is only met from this reserve, and which meets specific policy requirements.

## **Earmarked Reserve – Capital**

---

The Council will hold a Capital Receipts Reserve. This reserve holds the proceeds from the sale of assets and can only be used for capital purposes in accordance with the regulations.

## **Protocols for Establishing and Reviewing Earmarked Reserves**

---

For each earmarked reserve held by the Council there is a clear protocol set out, as follows:

- The reason for/purpose of the reserve.
- How and when the reserve can be used.
- Procedures for the reserves management and control.
- A process and timescale for review of the reserve to ensure continuing relevance and adequacy.

When establishing reserves, the Council needs to ensure compliance with the Code of Practice on Local Authority Accounting and in particular the need to distinguish between reserves and provisions. It will also need to pay due regard to the Council's Constitution and Financial Regulations.

When reviewing the Medium-Term Financial Plan, preparing the annual budgets and during the end of year accounts process the Council should consider the establishment and maintenance of reserves.

### **Non-Cash Backed Reserves for Statement of Accounts**

---

The Council also holds other reserves that arise out of the interaction of legislation and proper accounting practice. These reserves are technical in nature and are not cash-backed and cannot be used for any other purpose, there are detailed below:

- The **Pensions Reserve** – this is a specific accounting mechanism used to reconcile the payments made for the year to various statutory pension schemes.
- The **Revaluation Reserve** – this is a reserve that records unrealised gains in the value of fixed assets. The reserve increases when assets are revalued upwards and decreases as assets are depreciated or revalued downwards or disposed of.
- The **Capital Adjustment Account** – this is a specific accounting mechanism used to reconcile the different rates at which assets are depreciated under proper accounting practice and are financed through the capital controls system.
- The **Available-for-Sale Financial Instruments Reserve** – this is a reserve that records unrealised revaluation gains arising from holding available-for-sale investments, plus any unrealised losses that have not arisen from impairment of the assets.
- The **Financial Instruments Adjustment Reserve** – this is a specific accounting mechanism used to reconcile the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under proper accounting practice and are required by statute to be met from the General Fund.
- The **Unequal Pay Back Pay Account** – this is a specific accounting mechanism used to reconcile the different rates at which payments in relation to compensation for previous unequal pay are recognised under proper accounting practice and are required by statute to be met from the general fund. Currently none.
- **Collection Fund Adjustment account** – this is specific to the changes in accounting entries relating to the Collection Fund Accounts held by Billing Authorities.
- **Accumulated Absences Account** – this account represents the value of outstanding annual leave and time off in lieu as at 31st March each year.

Other such reserves may be created in future where developments in local authority accounting result in timing differences between the recognition of income and expenditure under proper accounting practice and under statute or regulation, such as the Capital Grants Unapplied where grants have been received but have not yet been set against relevant spend.

## **North Northamptonshire Council's Reserves**

---

This document aims to provide an over-arching strategy that defines the boundaries within which the approved budget and Medium-Term Financial Plan (MTFP) operate.

The General Reserve & Minimum Level of Reserves It has previously been established that General Reserves will be maintained at a level above the minimum of 5.0% of the total net revenue budget for the General Fund and 4% for the Housing Revenue Account. The minimum balance for the Corby Neighbourhood Account and Kettering Neighbourhood Account remains unchanged at £800k and £650k respectively.

The purpose of this reserve is to provide for any unexpected expenditure that cannot be managed within existing budgets. Such expenditure would be one-off and resulting from an extraordinary event.

Similarly, the General Reserve should be set at a prudent and not excessive level, as holding a high level of reserves can impact on resources and performance. As such the maximum level of General Reserves is set at 10.0% of the total net revenue budget.

Authorisation to finance such expenditure must be obtained in advance from the Council's Chief Finance Officer, in accordance with the scheme of delegation.

The request should be supported by a business case unless there is clear and necessary reason for urgency.

As the net budget position changes and risks are reviewed the level of General Reserve must be monitored to ensure that a minimum level is maintained.

**Appendix A** provides a comparison of North Northamptonshire's general and earmarked reserves to other similar sized unitary councils.

## **Earmarked Reserves**

---

Unlike General Reserves earmarked reserves have been identified for specific areas of expenditure where there are anticipated costs that can only be estimated. It is therefore prudent for the Council to identify such areas of expenditure and set aside amounts that limit future risk exposure.

Such expenditure usually arises out of changes in policy or where the organisation is working in collaboration with others to provide a specific service.

Expenditure relating to earmarked reserves has to specifically relate to the purpose of the reserve. There is no set limit to an earmarked reserve as it is to reflect the level of need required.

**Appendix B** details for each of the earmarked reserves the forecast balances for North Northamptonshire Council in 2024-25 financial year and estimated commitments against these reserves over the medium term.

## **Procedure for Use of Reserves**

---

The use of reserves requires approval of the Council's Chief Finance Officer. All requests should be supported by a business case unless there is an approved process for use. On occasion where an urgent request is being made this should comply with the Council's Constitution and Financial Regulations.

## **Monitoring**

---

The level of reserves is kept under continuous review. The Chief Finance Officer reports on the levels of reserves as part of the Medium-Term Financial Strategy updates together with the Reserves Strategy as part of the budget setting and outturn reports.

The current level of forecast reserves is not significant and if called upon will impact negatively on the financial viability and resilience of the Council. Reserves and their usage are carefully planned for and monitored throughout the year.

## **Risk Analysis**

---

Any recommendations that change the planned use of reserves reported within the Annual Budget and Outturn Reports will take account of the need for operational service delivery of the Council balanced against the need to retain prudent levels of reserves.

However, there are significant risks, which affect the level of reserves to be maintained, and it is for this reason that a minimum level of 5% of total net revenue budget has been set for the General Reserve.

The significant risks that have been considered, but which will also be kept under review and are outlined in the main budget report within the S25 opinion, set out in section 15.

## **STRATEGY REVIEW**

This strategy will be reviewed annually as part of the budget process. During the year changes may occur in the MTFs, which affect this strategy. Such changes will be monitored by the Chief Finance Officer and reported through the financial reporting process.

**Janice Gotts**

**Executive Director Finance and Performance (S151 Officer)**

APPENDIX A

Comparison of North Northamptonshire's general and earmarked reserves to other similar sized councils and groups of councils

	Population	Net Revenue Budget £000	Unallocated Reserves £000	Earmarked Reserves £000	% Unallocated Reserves as proportion of Net Revenue Budget	% Earmarked Reserves as proportion of Net Revenue Budget
<b>Total England</b>		68,647,957	4,534,210	21,506,516	6.6%	31.3%
<b>Total Unitary</b>		13,214,038	915,992	3,758,000	6.9%	28.4%
<b>Selected Unitary Councils</b>						
Bournemouth, Christchurch and Poole	400,192	298,872	19,837	43,340	6.6%	14.5%
Cheshire East	398,800	339,298	12,406	41,604	3.7%	12.3%
Dorset	379,584	361,277	31,515	148,359	8.7%	41.1%
Cheshire West and Chester	357,200	313,126	24,726	63,141	7.9%	20.2%
East Riding of Yorkshire	342,200	300,081	28,460	80,235	9.5%	26.7%
Northumberland	320,600	337,013	42,851	103,327	12.7%	30.7%
<b>North Northamptonshire</b>	359,500	375,333	24,170	99,464	6.4%	26.5%

Source: [Local authority revenue expenditure and financing England: 2023 to 2024 budget individual local authority data - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2023-to-2024-budget-individual-local-authority-data)

Appendix B

General Fund Reserves	Forecast Balance 31/03/2024 £'000	Transfer to Reserve 2024-25 £'000	Transfer from Reserve 2024-25 £'000	Forecast Balance 31/03/2025 £'000	PURPOSE OF RESERVE
<b>GENERAL FUND BALANCE</b>	<b>(24,170)</b>	<b>0</b>	<b>0</b>	<b>(24,170)</b>	To meet forthcoming events where the precise date and amount required cannot be accurately predicted, including sufficient contingency to cushion the impact of unexpected events or emergencies, a reasonable amount to meet peaks and troughs in revenue and capital expenditure requirements and a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
<b>EARMARKED RESERVES</b>					
<b>Smoothing Reserves</b>					
Regeneration and Economic Investments	<b>(2,500)</b>	0	0	<b>(2,500)</b>	To provide protection in relation to fluctuations in income or other costs relating to regeneration and economic investments.
Investment Income	<b>(5,920)</b>	0	442	<b>(5,478)</b>	To provide protection in relation to fluctuations in income from the Council's investment portfolio due to market uncertainty or uncertain future events and protect against investment income losses.
Recycling Commodities	<b>(2,000)</b>	0	0	<b>(2,000)</b>	To provide protection in relation to fluctuations in market prices for recycling commodities.
Homelessness	<b>(1,768)</b>	0	0	<b>(1,768)</b>	To provide protection in relation to uncertain demand for the service following legislative changes.

General Fund Reserves	Forecast Balance 31/03/2024 £'000	Transfer to Reserve 2024-25 £'000	Transfer from Reserve 2024-25 £'000	Forecast Balance 31/03/2025 £'000	PURPOSE OF RESERVE
Budget Delivery	(22,992)	0	1,815	(21,177)	Smoothing reserve to assist in medium term delivery of budget plans.
Legal Reserve	(1,135)	0	0	(1,135)	
Elections Reserve	(300)	(150)	0	(450)	
<b>Business Rates Retention Reserves</b>					
Business Rates Retention Risks	(24,299)	0	0	(24,299)	To manage smoothing and timing effects of business rates.
<b>Other Earmarked Reserves</b>					
Transformation Reserves	(5,027)	0	2,170	(2,857)	Reserve to support continued delivery of transformation activities and costs associated with Local Government Re-organisation.
<b>Building Maintenance Reserves</b>					
Building Repairs and Investment	(1,607)	0	0	(1,607)	To manage property repairs and maintenance issues.
<b>Planning Reserves</b>					
Planning Risks	(451)	0	0	(451)	To provide resources for revenue costs of the planning service to meet items such as legal costs, specialist advisors or consultants and other costs required to meet statutory guidelines or regulations.
<b>Regeneration Reserves</b>					





General Fund Reserves	Forecast Balance 31/03/2024 £'000	Transfer to Reserve 2024-25 £'000	Transfer from Reserve 2024-25 £'000	Forecast Balance 31/03/2025 £'000	PURPOSE OF RESERVE
Economic Development and Regeneration	(1,880)	0	0	(1,880)	To provide resources for the Council's planning service, assist with the Council's economic development strategy, provide funding for other one-off projects and to assist with the operation of the Council's asset management plan.
Community Projects	(5,166)	0	0	(5,166)	Funding for community projects.
<b>Specific Reserves</b>					
Burton Wold	(120)	0	0	(120)	The reserve has been created from contributions from the developers of the Burton Wold Wind Farm Project. The Council uses this contribution to award grants for energy efficiency and education works.
Capacity Fund	(1,200)	0	0	(1,200)	To provide resources to fund future expenditure associated with the Joint Delivery Unit, funded by external capacity funding.
Public Health Reserve	(11,750)	0	0	(11,750)	General Reserve comprising unspent Public Health grant to be to utilise in future years.
Adult Social Care Reserve	(4,000)	0	1,467	(2,533)	To mitigate risks related to the delivery of Adult Social Care.
Local Council Tax Support Reserve	(500)	0	0	(500)	To mitigate risks related to increases in Local Council tax Support claims.
Waste Management	(2,450)	0	0	(2,450)	To mitigate waste management risks.
Other Earmarked Reserves	(1,045)	0	0	(1,045)	Various other earmarked reserves.
<b>Capital Reserves - General Fund</b>					
Capital General Fund	(6,408)	0	0	(6,408)	To provide resources in support of capital programme development.

General Fund Reserves	Forecast Balance 31/03/2024 £'000	Transfer to Reserve 2024-25 £'000	Transfer from Reserve 2024-25 £'000	Forecast Balance 31/03/2025 £'000	PURPOSE OF RESERVE
<b>Insurance Reserves</b>					
Insurance Risk Reserve	(2,690)	0	0	(2,690)	Reserve based on actuarial assessment of Insurance Fund.
<b>TOTAL EARMARKED RESERVES</b>	<b>(105,208)</b>	<b>(150)</b>	<b>5,894</b>	<b>(99,464)</b>	
<b>TOTAL GENERAL FUND RESERVES AND BALANCES</b>	<b>(129,378)</b>	<b>(150)</b>	<b>5,894</b>	<b>(123,634)</b>	



## Equality Screening Assessment

The Equality Screening Assessment form must be completed to evidence what impact the proposal may have on equality groups within our community or workforce. Any proposal that results in a negative impact must have a full Equality Impact Assessment completed before approval is sought.

### 1: Proposal

Page 203

Requirement	Detail
Title of proposal	Draft Budget Proposals for North Northamptonshire Council 2024/25.
Type of proposal: new policy / change to policy / new service / change to service / removal of service / project / event/ budget	<p>The draft proposals within the budget set out the financial position for the authority and the pressures/savings emerging from the first year of operation alongside new savings and additional investment requirements for 2024/25 onwards. The budget is designed to support the priorities of the Council as set out within the Council’s Corporate Plan.</p> <p>The budget proposals:</p> <ul style="list-style-type: none"> <li>• Seek to protect service levels</li> <li>• continue the Local Council Tax Support Scheme at 25% which is the same as the previous year.</li> </ul>

Requirement	Detail
	<ul style="list-style-type: none"> <li>• support a core council tax increase of 2.99% and an adult social care precept of 2%</li> <li>• Where possible, deliver efficiencies through service redesign, transformation and improvements in technology.</li> <li>• Investment within Adult Social Care relating to better the continuation of strength-based working alongside support to enhance the specialist care provision.</li> <li>• Improve income through proactive risk-based treasury management investment</li> <li>• Review the fees and charges in a number of areas to recognise inflationary impact and other changes.</li> <li>• Include a number of technical budget proposals which do not require an equality impact assessment.</li> <li>• Some efficiencies will not require a full impact assessment.</li> </ul>
<p>What is the objective of this proposal?</p>	<p>To set the budget for 2024/25 which, by statute, must be balanced financially. This requires the Council accounting for pressures on services that require investment as well as identifying savings and efficiencies in order to balance the budget.</p> <p>In setting the budget the Council will take into account the contents of the Equality Act (2010) which contains a range of rights, powers and obligations to assist in the drive towards</p>

Requirement	Detail
	<p>equality. North Northamptonshire Council has a duty towards people who share 'Protected Characteristics' to have 'due regard' to:</p> <ul style="list-style-type: none"> <li>• Eliminating discrimination;</li> <li>• Promoting equality;</li> <li>• Fostering good relations.</li> </ul> <p>Having due regard means public authorities must consciously consider or think about the need to do the three things set out in the public sector equality duty.</p> <p>The Council must demonstrate compliance with the duties in its decision-making processes, which it does so by requiring decisions made at Executive to be accompanied, where appropriate, by Equality Impact Assessments (EqIAs) to measure the effect of the proposed decision or policy on people with protected characteristics:</p> <ul style="list-style-type: none"> <li>• Age</li> <li>• Disability</li> <li>• Gender reassignment</li> <li>• Marriage and civil partnership</li> <li>• Pregnancy and maternity</li> <li>• Race</li> </ul>

Requirement	Detail
	<ul style="list-style-type: none"> <li>• Religion and belief (including no belief)</li> <li>• Sex</li> <li>• Sexual orientation</li> </ul>
<p>Has there been/when will there be consultation on this proposal? (List all the groups / communities, including dates)</p>	<p>Consultation on the budget will commence as soon as practical after the draft budget has been approved (Executive meet on 21<sup>st</sup> December 2023 to consider the proposals) and end on 26<sup>th</sup> January 2024, covering a five-week period.</p>
<p>Did the consultation on this proposal highlight any positive or negative impact on protected groups? (If yes, give details)</p>	<p>The Equality Screening Assessment will be reviewed when the consultation has concluded.</p>
<p>What processes are in place to monitor and review the impact of this proposal?</p>	<p>Feedback from the wider consultation process and the comments from the Finance and Resources Scrutiny Committee.</p>
<p>Who will approve this proposal? (Committee, CLT)</p>	<p>Executive and Council</p>

## 2: Equality Consideration

Consider in turn each protected group to ensure we meet our legal obligations of the Equality Act (2010).

Protected Groups	General Equality Duty Considerations	Changes	Impact
<p><b>Age</b></p>	<ul style="list-style-type: none"> <li>• Include factual evidence of how some people in this group may be affected.</li> <li>• Consider the outcomes and processes.</li> <li>• Does this seek to <b>eliminate discrimination</b>?</li> <li>• Does this promote <b>fostering good relations</b>?</li> </ul>	<ul style="list-style-type: none"> <li>• What changes can be made to mitigate any negative impact?</li> <li>• Are there opportunities to <b>remove possible barriers or disadvantages</b> that a group may face?</li> </ul>	<p>Delete as appropriate. There can be more than one answer per protected group.</p>

Protected Groups	General Equality Duty Considerations	Changes	Impact
<p>Different age groups that may be affected by the proposal in different ways.</p>	<p><u>Proposal: Increased Utilisation of Capacity within the PPP Contract</u></p> <p>This is a continuation and expansion of savings approved in 2023/24 from reviewing the capacity within the PPP arrangements to maximise the use of the facilities and reduce the cost of placements compared to other independent providers.</p> <p><u>Proposal: Harmonise Minimum income guarantee Employment Support Allowance impact</u></p> <p>This is a proposal to review our charging policy and apply a consistent figure for minimum income guarantee as per Department Health and Social Care guidelines.</p>	<p>No negative impacts</p> <p>Minimal impact - there will be a short-term impact for people on employment and support allowance whereby there is a preferential local minimum income guarantee. However, after year one there, will be no impact as the minimum income guarantee will be harmonised and there will be equality of minimum income guarantee across all benefit recipients who receive a care package. This impact will be minimised by utilising personalised Disability Related Expenditure (DRE) assessments to</p>	<p>Delete as appropriate. There can be more than one answer per protected group.</p> <p>Positive</p> <p>Neutral following mitigations</p>

Protected Groups	General Equality Duty Considerations	Changes	Impact
	<ul style="list-style-type: none"> <li>• Include factual evidence of how some people in this group may be affected.</li> <li>• Consider the outcomes and processes.</li> <li>• Does this seek to <b>eliminate discrimination</b>?</li> <li>• Does this promote <b>fostering good relations</b>?</li> </ul> <p><u>Proposal: Financial Assessments – Discharge To Assess process</u></p> <p>This is a review of internal process to ensure that the financial assessment process is applied consistently and in a timely manner to ensure that people who are eligible to make a contribution towards their care packages do so.</p> <p><u>Proposal: Review in house services and implementation of phase 2 and phase 3</u></p> <p>This is a review of the in-house services to ensure that the provision provided is appropriate and identify where there may be alternative options</p>	<ul style="list-style-type: none"> <li>• What changes can be made to mitigate any negative impact?</li> <li>• Are there opportunities to <b>remove possible barriers or disadvantages</b> that a group may face?</li> </ul> <p>ensure that all DRE is taken into account when determining the level of financial contribution individuals make to their care packages.</p> <p>No negative impact. This is a process improvement that will mean people drawing on services understand the financial assessment process and charge earlier meaning that they are better informed and do not risk building up any form of contribution debt.</p> <p>Minimal impact – whilst the proposals may lead to a different service for people – the alternative is likely to be a comparable alternative. Service will work closely with</p>	<p>Delete as appropriate.</p> <p>There can be more than one answer per protected group.</p> <p>Positive</p> <p>Neutral</p>



Protected Groups	General Equality Duty Considerations	Changes	Impact
	<p>more suited to the needs of the individuals concerned.</p> <p><u>Proposal: Demand Management efficiency review</u></p> <ul style="list-style-type: none"> <li>- high-cost placements,</li> <li>- learning disabilities care model</li> <li>- Systems &amp; processes</li> </ul> <p>Review of care packages for individuals and to support providers to adopt a strengths-based progression model which will not only improve outcomes for the individual but realise efficiencies.</p> <p><u>Proposal: Single Handed Care Project</u></p> <ul style="list-style-type: none"> <li>- Double handed care package reviews</li> <li>- All user groups.</li> <li>- Maximise opportunities to undertake reviews.</li> <li>- Promote more independent living.</li> </ul> <p>Often care packages are provided at a time of crisis or at pace to facilitate a discharge from hospital or to free up capacity in a discharge pathway (reablement or Tuvuda). This means that positive risk taking cannot always be maximised and the default is to 'prescribe' double handed packages of care rather</p>	<p>people to identify alternative options if the proposals require changes.</p> <p>No negative impacts</p> <p>Minimal impact – whilst the proposals may lead to a different service for people – the alternative is likely to be a comparable alternative. Service will work closely with people to identify alternative options if the proposals require changes.</p>	<p>Delete as appropriate. There can be more than one answer per protected group.</p> <p>Neutral</p> <p>Neutral</p>

Protected Groups	General Equality Duty Considerations	Changes	Impact
	<p>than to explore additional therapy input and training to maximise opportunities for people to be supported by one care worker. The premise of this project is to expand the existing single handed care team so a review can be completed of all double handed packages of care at pace with an aspiration to move towards a greater proportion of single-handed care visits. This will enable.</p> <ul style="list-style-type: none"> <li>• Positive outcomes for the people of North Northants.</li> <li>• Maximising independence &amp; safety.</li> <li>• Appropriate use of resource – equipment/ provider market etc</li> </ul> <p><u>Proposal: Shared Lives Offer</u></p> <p>Currently we mainly have placements for people supported with Learning Difficulties, but also some needing physical support. We have no placements for people supported with Autism or Mental Health issues and this is an area that we would look to increase on when we recruit more Carers. For NNC Shared Lives team, a programme of activity is being drawn up to support the incremental increase of recruitment of Shared Lives carers.</p>	<p>• What changes can be made to mitigate any negative impact?</p> <p>• Are there opportunities to <b>remove possible barriers or disadvantages</b> that a group may face?</p> <p>No negative impact. This is a process improvement that will mean people drawing on services will have an alternative community provision that could improve their outcomes.</p>	<p>Delete as appropriate.</p> <p>There can be more than one answer per protected group.</p> <p>Neutral</p>

Protected Groups	General Equality Duty Considerations	Changes	Impact
	<ul style="list-style-type: none"> <li>• Include factual evidence of how some people in this group may be affected.</li> <li>• Consider the outcomes and processes.</li> <li>• Does this seek to <b>eliminate discrimination</b>?</li> <li>• Does this promote <b>fostering good relations</b>?</li> </ul> <p>The main objective is to recruit an additional 20 Shared Lives Carers by March 2027.</p> <p>Shared lives schemes support adults with care and support needs to live in the community with a family as it is harder for them to live on their own. This enables people who use shared lives schemes to have better outcomes and opportunities that they may not necessarily get through other care options.</p>	<ul style="list-style-type: none"> <li>• What changes can be made to mitigate any negative impact?</li> <li>• Are there opportunities to <b>remove possible barriers or disadvantages</b> that a group may face?</li> </ul>	<p>Delete as appropriate.</p> <p>There can be more than one answer per protected group.</p>
<p><b>Sex</b></p> <p>Is one sex affected more than another or are they affected the same?</p>	<p>Neutral. The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Sex.</p>	<p>Any concerns regarding the impact in relation to this protected group will be highlighted through the consultation.</p>	<p>Neutral</p>
<p><b>Disability</b></p> <p>It is likely to have an effect on a particular type of disability? Why?</p>	<p>Neutral. The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Disability</p>	<p>Any concerns regarding the impact in relation to this protected group will be highlighted through the consultation.</p>	<p>Neutral</p>

Protected Groups	General Equality Duty Considerations	Changes	Impact
<p><b>Gender Reassignment</b></p> <p>Will there be an impact on trans males and/or trans females?</p>	<p>Neutral. The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Gender Reassignment.</p>	<p>Any concerns regarding the impact in relation to this protected group will be highlighted through the consultation.</p>	<p>Neutral</p>
<p><b>Race</b></p> <p>Are people from one ethnic group affected more than people from another ethnic group?</p>	<p>Neutral. The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Race.</p>	<p>Any concerns regarding the impact in relation to this protected group will be highlighted through the consultation.</p>	<p>Neutral</p>
<p><b>Sexual Orientation</b></p> <p>Are people of one sexual orientation affected differently to people of another sexual orientation?</p>	<p>Neutral. The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Sexual Orientation.</p>	<p>Any concerns regarding the impact in relation to this protected group will be highlighted through the consultation</p>	<p>Neutral</p>
<p><b>Marriage &amp; Civil Partnership</b></p> <p>Are people in a Marriage or Civil Partnership treated less favourably?</p>	<p>Neutral. The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Marriage and Civil Partnerships.</p>	<p>Any concerns regarding the impact in relation to this protected group will be highlighted through the consultation</p>	<p>Neutral</p>
<p><b>Pregnancy &amp; Maternity</b></p> <p>Are people who are pregnant, or have a baby of 6 months old or younger, affected by this proposal?</p>	<p>Neutral. The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Marriage and Civil Partnerships.</p>	<p>Any concerns regarding the impact in relation to this protected group will be highlighted through the consultation</p>	<p>Neutral</p>

Protected Groups	General Equality Duty Considerations	Changes	Impact
<p><b>Religion or Belief</b></p> <p>Does the proposal affect people differently depending on whether they have or do not have a religion or a belief?</p>	<p>Neutral. The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Religion or Belief</p>	<p>Any concerns regarding the impact in relation to this protected group will be highlighted through the consultation</p>	<p>Neutral</p>
<p><b>Health &amp; Wellbeing</b></p> <p>1. Health behaviours (Eg: diet, exercise, alcohol, smoking)</p> <p>2. Support (Eg: community cohesion, rural isolation)</p> <p>3. Socio economic (eg: income, education).</p> <p>4. Environment (Eg: green spaces, fuel poverty, housing standards).</p>	<p>Overall, the proposals within Adult Social Care have a positive impact on Health and Wellbeing, by supporting the independence of individuals looking for support in a community setting. Further developments aim to improve the support to individuals through an enhanced model of care within the Specialist Care Centre.</p>	<p>Positive</p>	<p>Positive</p>

Page 213

### 3: Equality Impact

Question	Response
<p>What overall impact does the proposal have on the protected groups?</p> <p>If a negative impact is identified anywhere in section 2, the response will be Negative Impact.</p>	<p>Overall, a positive impact</p>
<p>Does an Equality Impact Assessment need to be completed?</p> <p>(Yes, if any negative impact is found.)</p>	<p>No – not at this stage. This will be considered in light of the consultation.</p>

Question	Response
	If yes, this Equality Screening Assessment must be adjoined to the Equality Impact Assessment.
Copy attached to Committee Report?	Yes
Copy attached to Options Appraisal?	No
Copy attached to proposal document/report/policy?	Yes – Committee Report

#### 4: Ownership

Page 214

Question	Response
Department	Finance and Performance
Section	Finance
Lead Officer's Name	Janice Gotts
Lead Officer's Title	Executive Director of Finance and Performance (S151 Officer)
Lead Officer's Contact Details	<a href="mailto:Janice.gotts@northnorthants.gov.uk">Janice.gotts@northnorthants.gov.uk</a>
Lead Officer's Signature	
Date completed	19.01.24

Completed forms must be sent to [NNC Equalities](#)

## Appendix G (1)

### Notes from the meeting of the Budget Scrutiny Panel Phase 2 – Children’s Services (Northamptonshire Children’s Trust) – 4<sup>th</sup> December 2023

#### Present

#### Budget Scrutiny Panel Members

Cllr Lyn Buckingham (Chair)  
Cllr Lora Lawman (Vice-Chair)  
Cllr Russell Roberts  
Cllr Paul Marks  
Cllr Jim Hakewill

#### Executive Members

Cllr Scott Edwards (Children’s Services)  
Cllr Lloyd Bunday (Finance and Transformation)

#### Observers

Cllr Gill Mercer

#### Northamptonshire Children’s Trust Officers

Colin Foster (Chief Executive of Northamptonshire Children’s Trust)  
Andrew Tagg (Director of Finance and Resources)

#### Children’s Services Officers

David Watts (Exec Director for Children’s Services)  
Neil Goddard (Assistant Director of Education)  
Susan Tanner (AD)

#### Finance Officers

Mark Dickenson (AD for Finance and Strategy)  
Janice Gotts (Executive Director for Finance and Performance)  
Claire Edwards (AD for Finance Accountancy)

#### Democratic Services Officers

Ben Smith (Head of Democratic Services/Statutory Scrutiny Officer)  
Raj Sohal (Democratic Services Officer)

## Northamptonshire Children's Trust Contract Sum 2024/25

The Committee considered a presentation by the Chief Executive of The Northamptonshire Children's Trust (NCT), which outlined its 2024/25 Contract Sum submission.

During discussion, the principal points were noted:

- Members queried what transformation work was being undertaken to mitigate any potential unforeseen budget pressures.
- Members queried whether additional provision had been built into the NCT's budget to address potential future pressures.
- Members requested a timeline of planned transformation work for scrutiny to assess progress.
- Members queried how confident officers of the NCT were that it would secure sufficient staffing to deliver its proposed transformation projects and whether a heavier reliance would be placed on agency or full-time staff.
- Members queried what investment the NCT had received from North Northamptonshire Council for its IT systems and how transformation work in this area was progressing.
- One member suggested that the local authority and NCT fund voluntary sector organisations, such as 'Home Start', to assist in service delivery and relieve internal pressures.
- Members queried what impact the living wage would have on wages within the budgetary year.
- Members queried which services the NCT considered transferring back to North Northamptonshire Council.

In response, the Chief Executive of the NCT clarified that:

- The recruitment of social workers on a permanent basis and the cost of placements for children were both significant and challenging pressures. The NCT sought to mitigate further pressures in this area.
- The NCT had built inflation provision in to its budget of over £5M, with an additional £2.7M allocated for potential future growth pressures of an increasing care population. Projections of growth had been accurate to date however, placement costs were modelled based upon averages rates of growth. The NCT had also built uplifts into contracts with independent sector service providers.
- A series of business cases would go to the Transformation and Efficiencies Board and would include timelines for planned work.



- The budget for children's homes was £3.7M and the NCT did not seek to create savings that would place financial burden on the Council. These services would be funded through transformation work and service provision would be transferred from the Trust back to North Northamptonshire Council.
- The actual contract sum for transformation was £177.9M, under 'Block 1' core funding. The local authority had, in principal, agreed to fund 'Block 2' transformation work of £2.58M.
- There had been a delay in recruitment and officers of the NCT desired to carry out effective investment in staffing. £2.58M was allocated for short-term measures, which the Chief Executive suggested would create £4M in savings, with a further reduction of costs as soon as caseloads reached a manageable level. The medium term financial plan set out detailed staffing costs and other 'demand and inflationary' pressures.
- There was an agreement for 'Eclipse' IT system implementation for the NCT. Procurement for a new children's social care IT system had also progressed and the deadline for submission of contracts was two weeks prior to the meeting. Officers of the Trust were testing potential providers' systems and would decide by February 2024. The NCT intended for its new IT system to be live by Easter 2025.
- Additional support for service provision and funding for voluntary sector organisations existed through early help activity within the contract sum. Family hub work also tied in with the voluntary sector.
- The NCT had mirrored the Council's 4% increase relating to pay. The national living wage had increased by 9.83%.
- The NCT would consider transferring children's homes and non-statutory services back to North Northamptonshire Council.
- The medium-term financial plan would be made available by Friday 8th December.

**End of Meeting**

## Appendix G (2)

### Notes from the meeting of the Budget Scrutiny Panel Phase 2 – Enabling Services – 8<sup>th</sup> January 2024

#### Present

#### Budget Scrutiny Panel Members

Cllr Lyn Buckingham (Chair)  
Cllr Lora Lawman (Vice-Chair)  
Cllr Jim Hakewill  
Cllr Richard Levell  
Cllr Anne Lee  
Cllr Paul Marks  
Cllr Russell Roberts

Apologies were received from Cllr Zoe McGhee (Cllr Lee substituting)

#### Executive Members

Cllr Lloyd Bunday (Finance and Transformation)

#### Enabling Services Officers

Guy Holloway (Assistant Chief Executive)  
Adele Wylie (Executive Director of Customer and Governance)  
Simon Mills (Assistant Director of Customer Experience)  
Jeandre Hunter (Head of Procurement)  
Lucy Hogston (Assistant Director of Revenue and Benefits)  
Rachel Ashley-Caunt (Chief Internal Auditor)  
Sanjit Sull (Assistant Director of Legal and Governance)  
Sadie Nightingale (Head of Registrations and Coroners)  
Heather Jackson (Head of Elections)

#### Finance Officers

Janice Gotts (Executive Director for Finance and Performance)  
Mark Dickenson (Assistant Director for Finance and Strategy)  
Claire Edwards (Assistant Director for Finance Accountancy)  
Jeff Abbott (Strategic Finance Business Partner)  
Niall Blowfield (Senior Finance Business Partner)

#### Democratic Services Officers

Louise Tyers (Senior Democratic Services Officer)

The Committee considered a presentation by the officers of Enabling Services, which outlined the proposed 2024/25 directorate budget and the key risks relating to services the directorate delivered.

During discussion, the principal points were noted:

### **Overview**

- i) There would be a balanced budget for 2024/25, however there would be significant pressures in future years. Acknowledging that a balanced budget was a necessity, but some members felt that services which mattered to residents were being taken out of the budget to support the demand-led budgets.
- ii) In response to a question as to how many of the FTE posts within the department were funded, officers confirmed that all posts were budgeted for however, a vacancy factor was also included to allow for turnover. A question was also asked on how many people were actually in post.

**Action:** The Executive Director of Customer and Governance undertook to speak to HR colleagues about how the information can be obtained whilst ERP Gold was unavailable.

### **Finance and Performance**

- iii) It would be helpful for next year that along with a figure for pressures/savings, it was also shown as a percentage of the budget.
- iv) It was the additional income of £4.6m from rises in interest rates guaranteed or would it be affected by changes in the rates over the year? Officers advised that it was a fixed rate of return and would not fluctuate.

### **Customer and Governance**

- v) The Council was looking at alternative ways to fund the Wellbeing Advisor post which was shown as a saving. It was a vacant post so there would be no redundancy.
- vi) Officers explained that the additional income for legal services commercialisation was around looking to support town and parish councils with their legal requirements. There would also be additional income around the school admissions process.
- vii) The proposed service plan objective of developing a business case for legal delivery of children's services was in the early stages and would be looking at bringing those legal services for the Children's Trust in-house.
- viii) Concern was raised at possible changes to customer contacts. In response, officers advised that the Council would be reviewing how customers interact with the Council and the best way of engaging in the future. Multiple outreach

sessions had been inherited and it was a matter of understanding them and analysing customer needs. Any changes would be data driven.

- ix) Concern was raised that a proposed saving of £157k had been put into the budget before Members had been consulted about the potential impact on communities.
- x) There was concern that the proposed savings on changes in levels of occupational health provision could have a significant impact with longer waiting times for assessments. It was queried if the possible impacts had been considered?

**Action:** The Executive Director undertook to respond outside of the meeting on whether the possible impacts on the level of occupational health provision had been considered.

## ICT

- xi) ICT was one of the biggest risk areas for the Council and investment was needed. The Plan B if the systems failed, possibly due to a cyber-breach, was queried? Officers agreed that cyber breaches can have a significant effect on the Council. The strategy had been developed over the past 18 months and it was important that good virus protection was in place. Staff attitudes and behaviours were also very important around cyber-security.
- xii) The Silver Level Programme was queried as being necessary and whether it had received the correct challenge? It was confirmed that it had been discussed at a high level and appropriate business cases would be needed to draw down funding.
- xiii) It was queried if the Council received value for money for our ICT and what protection there was in the contract with West Northamptonshire Council to enable full disaggregation. Officers confirmed that comparisons on the North Northamptonshire Council's spend with other authorities had been drawn and that it was not above average, however the Council was less mature than some authorities. Disaggregation of ICT was being discussed with members and officers and a number of governance decisions still needed to be made.
- xiv) It was also queried whether the Council was making best use of economies of scale in ICT. It was confirmed that the biggest economy of scale would be a move from multiple systems across former sovereign council areas to single systems.
- xv) The Education Case Management System contract was a significant pressure. Officers clarified that this was required to extend the existing contract until a new NNC system was implemented.
- xvi) Concern was expressed at shutting down the four legacy websites as they held a large amount of information, which was often needed for analysing decisions. The cost of maintaining those sites for a number of years compared

to turning them off was queried. Officers advised that whilst they were keen to get as much onto the new website, they did not wish to lose information. Information around reports and minutes would remain available, similar to what had happened to the previous County Council information.

### **Chief Executive's Office**

No budget changes were proposed.

### **Corporate Services**

- xvii) LOBO loans – there was a potential for £17m to be called in over the next 12 months and this had been projected in our treasury forecasting.
- xviii) Pay contingency had been included as the pay award for 2023/24 had been slightly higher than had been budgeted for and the difference had come out of general contingency. If anything came out of general contingency, it was topped up if used.
- xix) Following the financial issues at Birmingham City Council around equal pay, it was queried whether this was a risk for NNC? Officers confirmed that work was being done to ensure that we were not in that position.

**End of Meeting**

## **Appendix G (3)**

### **Notes from the meeting of the Budget Scrutiny Panel Phase 2 – Public Health & Wellbeing – 12 January 2024**

#### **Present:**

#### **Corporate Scrutiny Committee Members**

Cllr Lyn Buckingham (Chair)  
Cllr Lora Lawman (Vice-Chair)  
Cllr Jim Hakewill  
Cllr Anne Lee  
Cllr Paul Marks  
Cllr Steven North  
Cllr Russell Roberts

Apologies were received from Cllr Levell and Cllr Zoe McGhee (Cllr Lee substituting)

#### **Executive Members**

Cllr Lloyd Bunday (Finance and Transformation)  
Cllr Jason Smithers (Leader of the Council)  
Cllr Helen Howell (Deputy Leader of the Council and Executive Member for Sport, Leisure, Culture & Tourism)

#### **Observers**

Cllr Emily Fedorowycz

#### **Public Health & Wellbeing Officers**

Jane Bethea (Director of Public Health)  
Shirley Plenderleith (Assistant Director of Public Health)  
Kerry Purnell (Assistant Director Communities & Leisure)

#### **Finance Officers**

Janice Gotts (Executive Director for Finance and Performance)  
Mark Dickenson (Assistant Director for Finance and Strategy)  
Claire Edwards (Assistant Director for Finance Accountancy)  
Maria Idoine (Strategic Finance Business Partner)

#### **Democratic Services Officers**

Ben Smith (Head of Democratic Services/Statutory Scrutiny Officer)  
Louise Tyers (Senior Democratic Services Officer)

The Committee considered a presentation by the officers of Public Health and Wellbeing, which outlined the proposed 2024/25 directorate budget and the key risks relating to services the directorate delivered.

During discussion, the principal points were noted:

### **Public Health**

- i) Members welcomed the progress that was being made with public health.
- ii) Mental health in schools was a very significant issue as it could affect the whole family and the school. It was queried how were they being supported? In response, the Director of Public Health confirmed that since the pandemic, increasing levels of anxiety with young people had been seen, along with increases in self-harm. Public health was delivering a Schools Resilience Programme which included building resilience, providing CAMHS funding and Reach, a youth counselling offer.
- iii) With mental health for young people, schools had indicated that there were long waiting lists to access services, it was asked how waiting times were being monitored? Officers advised that a mental health collaborative oversaw mental health. The ICB commissioned services and public health identified gaps and saw its role to fill those gaps. There was a national problem accessing mental health services and public health had a role in identifying issues and using funding in an innovative way.
- iv) At the request of Members, the Director explained how the funding for drug and alcohol treatment was allocated, with three areas covered – children's, families and adult treatment. Members asked how decisions were made about deciding that funding was spent in these areas rather than mental health for children and young people. The Director explained that all programmes were subject to review. There were some mandatory functions, for example 0-19 services, substance treatment and there were other funding bodies for children's mental health.
- v) It was acknowledged that our needs did not always align with the priorities of central government. It was accepted that there was often tension in meeting priorities, but that the Council undertook needs assessments to understand what our priorities were. A Health and Wellbeing Strategy was being developed to meet local needs.
- vi) Part of public health's role was supporting the NHS in identifying where there was a gap in provision. We had a key role in influencing the system and working in an integrated way with the NHS was a good opportunity to integrate services around people, for example substance abuse and mental health.
- vii) In response to questions around recommissioning of services, officers advised that when a service was looking to be recommissioned, a health needs assessment was undertaken and there would also be engagement with

the market. One of the biggest increases in the costs of recommissioned in the NHS was Agenda for Change, where there had been salary increases which needed to be covered.

- viii) Disaggregation was not always best value when it cost more for each council to deliver a service. The Director confirmed that there was an excellent relationship with WNC and disaggregation led to greater control of services but there was a need to keep within budget. If it was thought that disaggregation would put the Council at risk, officers would argue against it. The Leader affirmed that disaggregation was about getting the best service for residents and it was not always about money, but it needed to be remembered that our needs were different to the West.

### **Communities and Leisure**

- (xi) In response as to what was happening with the Kettering Art Gallery, the Assistant Director of Communities and Leisure confirmed that the library had recently moved into the Cornerstone building. There was an issue with the ground floor of the building, particularly with rain, and those issues could not be fully mitigated until the roof was watertight.
- (xii) Officers were asked to explain the proposed pressure of £692k in 2025/26 for domestic abuse funding. Officers explained that if the government did not continue with grant funding then it would become a pressure on our budget and decisions would need to be made. A funding announcement was expected to be made shortly.
- (xiii) With regards to the refugee resettlement programme, once a person was granted asylum it was queried what impact that had on the Council? Officers confirmed that there were different funding streams for each programme. It was accepted that there was some strain around housing when a person was granted asylum as they had 28 days to vacate the temporary accommodation they were provided with. For NNC, there had been three cases and it was working with housing around the options for their transfer to settled accommodation. There was no intention to use the general fund as there was separate funding received from the government.
- (xv) The Kettering Leisure Village had been on the Executive Forward Plan for January but had not come forward. Officers confirmed that the business plan, with a full assessment of the options, would be considered by the Executive in March and prior to that by the Place and Economy Scrutiny Committee in February.
- (xvi) It was queried whether each venue within the Culture, Tourism and Heritage Business Plan should be separated and each have their own profit and loss accounts. The Assistant Director confirmed that each venue had been brought together to maximise efficiencies, but each venue had its own separate accounts. The Deputy Leader advised that Chester House, and the other venues, had been brought together in a single service wide plan. The Chester House Estate had been subsidising the other venues. There had



been five years of investment into Chester House and in two years it would become self-sustainable, which would benefit the Council.

**Action:** The separate profit and loss accounts for each venue to be provided (noting they may be commercially sensitive and not for publication).

(xvii) It was questioned what Chester House was costing as the Council was giving a subsidy to a venue which was competing against other private venues and whether the proposed replacement of the greenhouse was value for money? Officers advised that the Council's contribution to Chester House was expected to be zero, by 2027/28 and that they would also be looking to increase commerciality of other parts of the service. There was an ambition to refurbish the greenhouse and develop its use and appropriate funding sources would be examined.

(xviii) Officers were asked to look at the Business Plan as there appeared to be some minor inconsistencies through the document.

**Action:** Officers to look at the figures in the Business Plan and to share the outcome with the Committee.

**End of Meeting**

## Appendix G (4)

### Notes from the meeting of the Budget Scrutiny Panel Phase 2 – Children’s Services (except SEND) – 16 January 2024

#### Present

##### Corporate Scrutiny Committee Members

Cllr Lyn Buckingham (Chair)  
Cllr Lora Lawman (Vice-Chair)  
Cllr Jim Hakewill  
Cllr Richard Levell  
Cllr Anne Lee  
Cllr Paul Marks  
Cllr Russell Roberts

Apologies for absence received from Cllr Zoe McGhee (Cllr Lee substituting)

##### Executive Members

Cllr Lloyd Bunday (Finance and Transformation)  
Cllr Scott Edwards (Children, Families, Education & Skills)

##### Observers

Cllr Keli Watts

##### Children’s Services Officers

David Watts (Director of Children’s Services)  
Neil Goddard (Assistant Director of Education)  
Richard Woodward (Head of Business and Performance)

##### Finance Officers

Janice Gotts (Executive Director for Finance and Performance)  
Mark Dickenson (Assistant Director for Finance and Strategy)  
Claire Edwards (Assistant Director for Finance Accountancy)  
Yoke O’Brien (Strategic Finance Business Partner)  
David Akinsanya (Senior Finance Business Partner)

##### Democratic Services Officers

Ben Smith (Head of Democratic Services/Statutory Scrutiny Officer)  
Louise Tyers (Senior Democratic Services Officer)

The Committee considered a presentation by the officers of Children's Services, which outlined the proposed 2024/25 directorate budget and the key risks relating to services the directorate delivered.

During discussion, the principal points were noted:

### **Education**

- (i) Clarification was sought as to what the pressure of £112k was for income not practically chargeable following disaggregation. Officers explained that this was the element West Northamptonshire Council would have contributed to costs but now would not due to disaggregation.
- (ii) The inclusion of a saving of £59k for attendance fines was accepted as a prudent measure. Officers confirmed that there was enough evidence from previous years that this was recurrent year on year, though the objective was for all children to attend school regularly. This inclusion reflected what actually happened and was not a target.
- (iii) It was stated that disaggregation should not be based on an ideology but on funding. Officers advised that disaggregation enabled better management of the risks and reduced the Council's exposure to changes by our external partners.
- (iv) With the announced establishment of a Spending Board, it was queried how this would work alongside scrutiny? The Executive Director advised that the two were distinct pieces of work with scrutiny looking at the strategic side and the Spending Board looking operationally. The Executive Director of Finance clarified that it was everyone's responsibility to ensure prudent financial management and ensure spending was undertaken in the most appropriate way.
- (v) It was considered that appropriate service levels should be at the heart of scrutiny's budget discussions during 2024/25 by ensuring that there were sufficient funds to deliver statutory services but also by considering what could be done around other areas to reduce spending on statutory services.
- (vi) It was noted that free school meals were funded through the Household Support Fund. The Executive Director advised that questions had been raised about the Household Support fund nationally and councils were waiting for clarification. The Council could not assume that it would continue but was ready if it did so. Members supported the need for the Household Support Fund to continue and that there should be multiple years settlements.
- (vii) Officers advised that in respect of the implications for the schools support block from government being reduced year on year there would be a need in the future to undertake a review of what services could be provided to schools.

- (viii) In respect of funding of improvement recommendations arising from the Ofsted inspection an improvement programme would be developed, along with consideration of how to prioritise funding.
- (ix) Some schools were charging parents for additional curriculum support and these hidden fees and charges were a concern. Officers advised that the underlying principle was that education was free. Schools were able to charge curriculum supplements due to their financial positions. The alternative would be not to offer any additional support at all. Most schools would support disadvantaged families where they could.
- (x) It was noted that the SEND Accountability Board had recently considered a report on Educational Health and Care Plans and a request was made for the Corporate Scrutiny Committee to see that report.

**Action:** The Assistant Director of Education to circulate the presentation.

- (xi) Members requested an update on the backlog of EHCP reports. Officers confirmed that the statutory target was 20 weeks for the preparation of an EHCP. Performance was now just over 70%, whereas in the former County Council, it had fallen as low as 7%. Significant moves had been made to clear the backlog, but that had led to an unintended consequence of putting pressure on the dedicated schools grant to deliver the Plans.

### **Commissioning and Partnerships**

- (xii) The majority of the pressures within Commissioning and Partnerships was the investment into the Children's Trust Contract Sum.
- (xiii) Clarification was sought on what the one-off investment in the Children's Trust was. Officers advised that it included social worker capacity. There was a pressure on the workforce nationally when recruiting social workers. The Trust currently used a mixture of permanent, agency and managed teams. There were particular pressures on front-end social work teams including vacancies and rising caseloads. The use of agency staff changed on a daily basis and rather than include these costs in the contract sum, a one-off payment was made.

**Action:** Officers to provide a breakdown of the workforce between permanent, agency and managed teams.

- (xiv) Members sought an explanation as to why there was an increase in demand for services. The Executive Director explained that there were a number of parts including an element of risk aversion when partners referred cases. About 50% of referrals resulted in no further action and the Trust was looking to provide partners with the tools to help with referrals. Also, whilst there was early help, it was often not as early as would be liked.

- (xv) It was welcomed that the Children's Trust budget appeared to be starting to be managed. Officers confirmed that the Trust and both councils had managed to agree the contract sum on time. A Transformation and Efficiency Board had also been established.

**Action:** Officers to provide details of the projects turned down at the Transformation and Efficiency Board, once known.

### **Dedicated Schools Grant**

- (xvi) A recent report had stated that some of the alternative provision the Council used had been rated as inadequate. Officers confirmed that two of the larger providers the Council sent children to have been rated inadequate and it had precluded from any new pupils being sent to them. Both had now improved, and the Council was happy to send pupils to them again.
- (xvii) The cost of out of area placements was high, and it was queried whether everything was being done to provide more places in North Northamptonshire? Officers explained that a bid had been made to the government for a new alternative provision school in North Northamptonshire, which the government would fund. The Council could choose to build a facility itself, but it would be a significant investment. It was also looking at developing ways to educate pupils as close to home as possible.
- (xviii) How the further academisation of schools may affect the budget was also discussed. Officers confirmed that there would be an impact as some of the services were based on the number of schools.
- (xix) Regarding the impact be on the budget for funding for 2 year olds, officers advised that it was difficult to say at this stage but take up had been assumed, and would be adjusted through the year.
- (xx) The amount of children who did not have a school place due to SEND numbered around 100 children awaiting places.
- (xxi) The requirement slides in the presentation pack should be included in the response to the Executive as it succinctly puts down what is required.
- (xxii) When academy schools excluded a pupil, it put pressure on the authority as it had to support those pupils. It was queried if officers believed that academies were too quick to exclude pupils? In response, officers advised that they worked with all schools to minimise exclusions. However, nationally there was evidence to suggest that academies were quick to exclude. This put pressure on authorities as alternative provision was expensive.
- (xxiii) It was queried whether post-16 provision, particularly for SEND, had improved? It was responded that within North Northamptonshire there

was limited Post-16 provision. The breadth of curriculum was an issue as it was very academic with a limited vocational offer.

- (xxiv) It was noted that officers supporting early years were not present at this meeting, it was suggested that the Early Years Strategic Advisor could provide a briefing note/presentation on early years and answer any subsequent questions.

**Action:** Officers to examine the possibility of a briefing note/presentation on early years from the Early Years Strategic Advisor.

**End of Meeting**

## **Appendix G (5)**

### **Notes of the meeting of the Budget Scrutiny Panel Phase 2 – Children’s Services (Early Year’s Block) – 19 January 2024**

#### **Present**

#### **Budget Scrutiny Panel Members**

Cllr Lyn Buckingham (Chair)  
Cllr Lora Lawman (Vice-Chair)  
Cllr Anne Lee  
Cllr Paul Marks  
Cllr Steven North  
Cllr Russell Roberts

An apology was received from Councillor Level and Councillor Zoe McGhee (Cllr Lee substituting).

#### **Executive Members**

Cllr Lloyd Bunday (Finance and Transformation)

#### **Observer**

Cllr John McGhee and Cllr Keli Watts

#### **Children’s Services Officers**

David Watts (Director of Children’s Services)  
Kelly Mills (Information and Support Team Manager)

#### **Finance Officers**

Janice Gotts (Executive Director for Finance and Performance)  
Mark Dickenson (Assistant Director for Finance and Strategy)  
Claire Edwards (Assistant Director for Finance Accountancy)  
Yoke O’Brien (Strategic Finance Business Partner - Children Services)

#### **Democratic Services Officers**

Ben Smith (Head of Democratic Services/Statutory Scrutiny Officer)  
Raj Sohal (Democratic Services Officer)

The Budget Scrutiny Panel considered a presentation by Kelly Mills and Yoke O’Brien, which outlined the allocation and spend of Early Years Block funding of the Dedicated Schools Grant (DSG) and in relation to Special Educational Needs and Disabilities (SEND).

During discussion, the principal points were noted:

### **Early Needs Block**

- (i) If not enough people were to access SEND funding would it be handed back to the Department for Education and was funding sufficient to address issues? Officers explained that funding was an issue and that of the SEND funding 5% was retained centrally and 95% passported on to providers through the Early Years Funding Formula;
- (ii) It was queried what could be done to improve SEND provision for Early Years? Officers responded that there was a SEND and inclusion fund to support children with low level and emerging needs in early years settings to support them with resources; this has been in place for over a year. SEN Inclusion Funding was also available for children with high level and complex needs and requiring an EHCP;
- (iii) It was pleasing to note that there were currently no childminder vacancies with enough spaces available to satisfy demand. This had been helped by the Government provision of start-up grants for newly registering childminders (£600 through registering with OFSTED and £1200 in two instalments through a childminder agency).

**End of Meeting**



## **Appendix G (6)**

### **Budget Scrutiny Phase 2 – Place and Environment – 19<sup>th</sup> January 2024**

#### **Present:**

#### **Budget Scrutiny Panel Members**

Cllr Lyn Buckingham (Chair)  
Cllr Lora Lawman (Vice-Chair)  
Cllr Anne Lee  
Cllr Paul Marks  
Cllr Steven North  
Cllr Russell Roberts

An apology was received from Councillor Hakewill, Councillor Level and Councillor Zoe McGhee (Cllr Lee substituting).

#### **Executive Members**

Cllr Lloyd Bunday (Finance and Transformation)  
Cllr Matt Binley (Highways, Travel and Assets)  
Cllr David Howes (Rural Communities and Localism)  
Cllr David Brackenbury (Growth and Regeneration)  
Cllr Harriett Pentland (Climate and Green Environment)

Apologies were received from Councillor Mark Rowley.

#### **Observers**

Cllr Keli Watts

#### **Place and Environment Officers**

Graeme Kane (Interim Executive Director of Place and Economy)  
Rob Harbour (AD Growth and Regeneration)  
Jonathan Waterworth (AD Assets and Environment)  
Steve Smith (AD Highways and Waste)  
Iain Smith (AD Regulatory Services)

#### **Finance Officers**

Janice Gotts (Executive Director for Finance and Performance)  
Mark Dickenson (Assistant Director for Finance and Strategy)  
Claire Edwards (Assistant Director for Finance Accountancy)  
Sundeep Sangha (Strategic Finance Business Partner)

## **Democratic Services Officers**

Ben Smith (Head of Democratic Services/Statutory Scrutiny Officer)  
Carol Mundy (Senior Democratic Services Officer)

The Panel considered a presentation by the officers of the Place and Economy Directorate, which outlined the proposed 2024/25 directorate budget and the key risks relating to services the directorate delivered.

During discussion, the following principal points were noted:

### **Assets and Environment**

- (i) Members asked about the budget realignment of income in relation to the Children's Trust. It was confirmed that this was a saving and reflected the levels of support service provided.
- (ii) A question about the differing dates for each review of fees and charges was raised, as it was thought that these were all reviewed as at 1 April each year. Officers clarified that fees and charges can be increased at any time within the year. Due to inflationary pressures and the need to protect budgets a business decision was made in 2023 to increase some charges from 1 January 2023. This did not relate to every charge and for example any increases in the Garden Waste charge are intended to apply from 1 April in each year.
- (iii) Reference was made to car parking fees and charges and the harmonisation of these across North Northamptonshire. It was noted that there remained in place different costs. One member recalled that parking charges had been welcomed in town centres at one time to encourage turn-over of vehicles, rather than someone parking all day. Officers clarified that the fees and charges would be incorporated in the Parking Strategy. It was noted that parking charges for the country parks would increase to £3.50.
- (iv) In relation to the garden waste collection officers were asked if the direct debit system was in place yet and whether users could pay by instalments. Officers confirmed that the direct debit system was on track, but it would not allow instalment payments. The payment had to be taken as a one-off.

### **Growth and Regeneration**

- (v) Members noted that the restructure was still in the process of being completed and that the aim was to have it in place by summer 2024. There had been some delays due to the corporate pay and grading review also taking place at the same time and the need to align job evaluations for new posts with that of the new pay structure for the Council.
- (vi) Flood Management and Climate Change - Members raised their concern over climate change and the high risk of flooding which was of concern and asked about the cost pressures in the Flood and Water Management Service

of £56k for 2024/25 and number of officers who worked in this area. Reference was also made to natural springs and whether this issue was known to the authority.

- (vii) It was confirmed that this area fell within the Kier contract who provided the Flood and Water Management Service as an extension of its wider contract with the Council, with several specialists available to be called upon within the wider organisation for advice, thus ensuring resilience and additional resources which was more beneficial than the previous flood and water management arrangements. Details of natural springs where there were issues would also be useful to be aware of.
- (viii) There was ongoing work in relation to the Section 106 process and officers clarified that harmonisation work was ongoing to ensure that the legacy councils' information was available on a full database on a single IT platform.
- (ix) Vacant Posts and Contract Employees.  
Officers clarified that there was ongoing work to ensure that planning officers were recruited to the vacant positions, rather than contractors being engaged.
- (x) Subscriptions, which were non-essential would no longer be subscribed to.
- (xi) Planning Process – Members were pleased that there would soon be one IT platform available across the whole of North Northamptonshire to deal with the planning process. Officers were asked about the current planning income and how this fluctuated.
- (xii) Officers confirmed that fees were charged for a planning application and had been set by the government, with fees recently being increased for the first time in several years. The number of applications received and dealt within the set performance period of 13 weeks was increasing. It was difficult to estimate if the current financial climate would result in the receipt of fewer applications.

### **Regulatory Services**

- (xiii) Members asked about dangerous dogs and whether this fell under regulatory services. Officers clarified that the enforcement would fall under the Police. However, regulatory services would be involved regarding animal welfare.
- (xiv) Thanks were extended to the team for ongoing work undertaken in the Wellingborough area.

### **Highways and Waste**

- (xv) The following issues were raised by members of being of high importance to the public:
  - Missed bins;

- Fly-tipping;
- Bulky Waste
- The future of the Household Waste and Recycling Centres;
- Potholes
- Highway repairs

Officers clarified the current position and reported on the work being progressed on each subject matter.

- (xvi) Members asked if like for like comparisons in relation to pothole issues were carried out between neighbouring councils. This did not happen currently, but the Department of Transport was in the process of issuing guidance on this.
- (xvii) The Isham Bypass was raised, with frustration expressed that the timescale for action was getting very close and the concern that funding could be lost. It was confirmed that there was ongoing work taking place to update traffic figures following the Covid pandemic.
- (xviii) Changes were taking place to the Bulky waste service with the number of items per collection being increased. Fly-tipping remained an issue and would continue to be monitored.
- (xix) Pothole repairs – officers were asked for their opinion on the use of the Thermal and Roadmaster equipment. It was confirmed that both were used successfully. Ongoing work was taking place with Kier about quality control, but target figures exceeded what had been agreed.
- (xx) Home to School transportation was referenced and it was confirmed that following disaggregation that the budget pressures had slightly reduced for the coming year. The impact of the cutting back of bus services would be carefully monitored.
- (xxi) Concern was raised about the reduction in funding for local cycling and walking infrastructure plans (LCWIPs) particularly as two had recently been approved. It was confirmed that work would continue on the approved LCWIPs in Corby and Kettering. Government funding would continue to be sought. The Wellingborough and Rushden LCWIPs exercise would continue.
- (xxii) Requests for double yellow lines and the timescale for these to be implemented was raised. Officers clarified that the cost and timescale for making an order was considerable and as such several would be worked on at the same time to save costs. Each had to be advertised and consulted on and on average cost over £4,000 per request and considerable officer time.

### **Draft Capital Programme**

- (xxiii) No questions were raised on the draft capital programme.

**End of Meeting**

## Appendix G (7)

### Notes from the meeting of the Budget Scrutiny Panel Phase 2 - Adults, Health Partnerships, Housing - 19th January 2024

#### Present

#### Budget Scrutiny Panel Members

Cllr Lyn Buckingham (Chair)  
Cllr Lora Lawman (Vice-Chair)  
Cllr Anne Lee  
Cllr Paul Marks  
Cllr Steven North  
Cllr Russell Roberts

Apologies were received from Councillor Hakewill, Councillor Levell and Councillor Zoe McGhee (Cllr Lee substituting).

#### Adults, Communities and Health Officers

David Watts (Executive Director of Adult Social Care)  
Sam Fitzgerald (Assistant Director of Adult Services)  
Matthew Jenkins (Assistant Director of Commissioning and Performance)  
Zakia Loughhead (Assistant Director of Safeguarding and Wellbeing)  
Evonne Coleman-Thomas (Assistant Director of Housing)

#### Executive Members

Cllr Lloyd Bunday (Finance and Transformation)  
Cllr Mark Rowley (Housing, Communities and Levelling Up)

#### Observers

Cllr John McGhee and Cllr Keli Watts

#### Finance Officers

Janice Gotts (Executive Director for Finance and Performance)  
Mark Dickenson (Assistant Director for Finance and Strategy)  
Claire Edwards (Assistant Director for Finance Accountancy)  
Maria Idione (Strategic Finance Business Partner)

The Committee considered a presentation by the officers of Adults, Health Partnerships and Housing, which outlined the proposed 2024/25 directorate budget and the key risks relating to services the directorate delivered.

During discussion, the principal points were noted:

## **Adult Social Care**

- (i) The service presented an updated position since the draft budget was published. There was an underlying pressure of £9.2m of which this has been partially mitigated by savings / efficiencies of £5.1m – resulting in a net pressure of £4.1m. Clarification was given that for 2024/25 the £4.1m would be funded through smoothing reserves.
- (ii) A detailed overview of the pressures and savings, including descriptions of the programme of works were shared with Members.
- (iii) One member emphasised that the budget must be ‘dynamic’, due to the demand-led nature of need affecting service provision.
- (iv) Members queried whether provision had been built into the budget to ensure that services would not be adversely impacted if unforeseen expenditure should result in a significant deficit position.
- (v) One member queried whether issues of hospital capacity and demographic growth would increase the budget pressure relating to adult social care services and whether this pressure fell on the local authority, rather than the NHS Foundation Trust.
- (vi) Members acknowledged that the model of adult social care had led to an increased reliance on independent providers of services. They queried whether this was sustainable to address the increased levels of need arising from demographic growth.
- (vii) The eligibility criteria was nationally-set, to determine requirement of service provision.
- (viii) Demand for adult social care services had increased as a result of demographic growth in this area. The local authority aimed to reduce need, through providing alternative pathways to care. This included meeting with patients earlier during the process of being discharged from hospital, to best determine subsequent care needs and improve early help.
- (ix) Through commissioning, the local authority had secured several contracts with independent providers and maintained sufficient capacity for home care. Officers were confident that payment rates to service providers were sustainable. The vacancy rate within the independent care market had also decreased during the course of the previous year.

## **Strategic Partnerships**

- (x) One member emphasised the importance of maintaining strategic partnerships, to reduce the cost and maximise efficiency of service delivery.

## **Housing Revenue Account**

- (xi) Members queried how many accommodation properties the local authority owned across North Northamptonshire.
- (xii) Members queried the rates of bad debt provision.
- (xiii) Members queried whether energy efficiency measures had been established for Council properties.

In response, officers clarified that:

- (xiv) The local authority owned around 8,000 properties across North Northamptonshire.
- (xv) Bad debts provision was maintained at the same rates and would be re-assessed on an annual basis.
- (xvi) Energy efficiencies were determined when contracts with energy providers were secured, and regular reviews of these contracts were undertaken.

**End of Meeting**

This page is intentionally left blank



# North Northamptonshire Council

Treasury Management Strategy Statement

Minimum Revenue Provision Policy

Investment Strategy

2024/25

# Treasury Management Strategy Statement

## 1. Introduction

- 1.1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and/or invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
- 1.2. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 1.3. Investments held for service purposes or for commercial profit are considered in the (Non Treasury) Investment Strategy.

## 2. External Context

- 2.1. **Economic background:** The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Council's treasury management strategy for 2024/25. A detailed review of the economic background is set out in **Appendix C** to this report.
- 2.2. For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average interest rate/yield of 5.01%. A detailed look at the economic and interest rate forecast is set out in **Appendix A** to this report.

## 3. Local Context

- 3.1. On 31st December 2023, the Council held £210.6m of treasury investments and £442.7m of borrowing. This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

*Table 1: Balance sheet summary and forecast.*

	31.3.23 Draft £m	31.3.24 Forecast £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
Capital financing requirement	750.093	745.581	745.700	744.460	738.129
Less: Other debt liabilities *	104.123	99.396	93.518	87.197	80.554
<b>Loans CFR</b>	<b>645.969</b>	<b>646.185</b>	<b>652.182</b>	<b>657.263</b>	<b>657.575</b>
Less: External borrowing **	463.572	438.167	440.219	438.242	438.242
<b>Internal borrowing</b>	<b>182.398</b>	<b>208.018</b>	<b>211.964</b>	<b>219.021</b>	<b>219.333</b>
Less: Balance sheet resources	407.100	407.100	407.100	407.100	413.900
<b>Treasury investments</b>	<b>224.702</b>	<b>199.082</b>	<b>195.136</b>	<b>188.079</b>	<b>194.567</b>

\* leases and PFI liabilities that form part of the Authority's total debt

\*\* shows only loans to which the Authority is committed and excludes optional refinancing

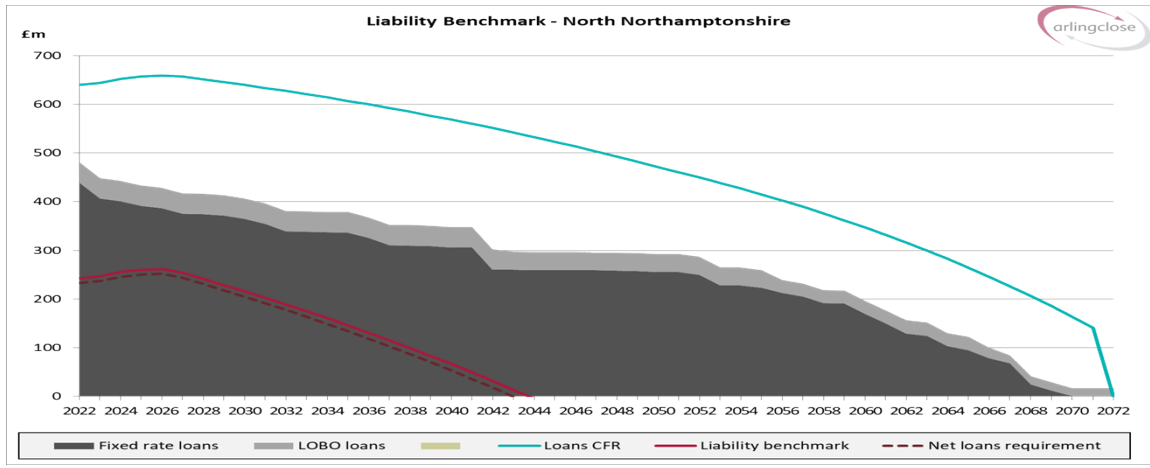
- 3.2. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 3.3. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2024/25.
- 3.4. The CFR reflected for 2024/25 is still draft and is subject to change until the disaggregated balance sheet from the former County Council has been agreed and audited.

### Liability benchmark

- 3.5. To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.
- 3.6. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.
- 3.7. *Table 2: Prudential Indicator: Liability benchmark*

	31.3.23	31.3.24	31.3.25	31.3.26	31.3.27
	Draft	Estimate	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
Loans CFR	645.969	646.185	652.182	657.263	657.575
Less: Balance sheet resources	-407.100	-407.100	-407.100	-407.100	-413.895
<b>Net loans requirement</b>	238.870	239.086	245.082	250.163	243.680
Plus: Liquidity allowance	10.000	10.000	10.000	10.000	10.000
<b>Liability benchmark</b>	<b>248.870</b>	<b>249.086</b>	<b>255.082</b>	<b>260.163</b>	<b>253.680</b>

- 3.8. Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes average capital expenditure funded by borrowing of £8m a year, minimum revenue provision on new capital expenditure based on a 25-year asset life and income, expenditure and reserves all increasing by inflation of 2.0% a year. This is shown in the chart below together with the maturity profile of the Council's existing borrowing:



### **Borrowing Strategy**

- 3.9. The Council currently holds £438.2m of loans, a decrease of £25.4m on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Council does not expect to need to borrow in 2024/25.
- 3.10. **Objectives:** The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.
- 3.11. **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 3.12. By doing so, the Council is able to reduce net borrowing costs and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly.
- 3.13. **Affordable borrowing limit:** The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

*Table 3: Authorised limit and operational boundary for external debt in £m*

	2023/24	2024/25	2025/26	2026/27
Authorised Limit - borrowing	781.623	781.884	789.140	795.288
Authorised Limit - PFI and leases	125.989	120.269	113.156	105.508
<b>Authorised Limit - total external debt</b>	<b>907.612</b>	<b>902.153</b>	<b>902.297</b>	<b>900.797</b>
Operational Boundary - borrowing	710.57	710.80	717.40	722.99
Operational Boundary - PFI and leases	114.54	109.34	102.87	95.92
<b>Operational Boundary - total external debt</b>	<b>825.10</b>	<b>820.14</b>	<b>820.27</b>	<b>818.91</b>

- 3.14. The Council has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local

authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.

- 3.15. Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 3.16. In addition, the Council may borrow further short-term loans to cover unplanned cash flow shortages.
- 3.17. **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
  - UK Infrastructure Bank Ltd
  - any institution approved for investments (see below)
  - any other bank or building society authorised to operate in the UK
  - any other UK public sector body
  - UK public and private sector pension funds except the Cambridgeshire and Northamptonshire Pensions Scheme.
  - capital market bond investors
  - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- 3.18. **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
  - hire purchase
  - Private Finance Initiative
  - sale and leaseback
  - similar asset-based finance
- 3.19. **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Full Council.
- 3.20. **LOBOs:** The Council holds £37m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost.
- 3.21. In September 2023, Commerzbank exercised its option to increase the interest rate on a £5m loan previously held by the council under the proposed disaggregation agreement with West Northamptonshire Council. Rather than accept the proposed new interest rate of 6.44% (previous rate was 4.32%) for the remainder of the duration of the loan, officers opted to repay the loan from internal resources.
- 3.22. £10m of these LOBOs have options during 2024/25, and with interest rates having risen recently, there is a good chance that lenders will exercise their options, although the

chance of a recall has diminished with recent forecast of a sharp fall in interest rates in 2024. If they do, the Council will likely take the option to repay LOBO loans to reduce refinancing risk in later years. Total borrowing via LOBO loans will be limited to £37m.

- 3.23. **Short-term and variable rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.
- 3.24. **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

#### 4. **Treasury Investment Strategy**

- 4.1. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between £168.9m and £239.9m. Due to debt repayment and further internal resources used to fund the capital programme, it is expected that investment balances will be lower in 2024/25.
- 4.2. **Objectives:** The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.
- 4.3. **Strategy:** As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.
- 4.4. **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.
- 4.5. **Business models:** Under the IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

4.6. **Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in table 3 below, subject to the limits shown.

4.7. *Table 3: Treasury investment counterparties and limits*

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£10m	Unlimited
Secured investments *	25 years	£20m	Unlimited
Banks (unsecured) *	13 months	£10m	Unlimited
Building societies (unsecured) *	13 months	£5m	£20m
Registered providers (unsecured) *	5 years	£5m	£25m
Money market funds *	n/a	£20m	Unlimited
Strategic pooled funds	n/a	£20m	£20m
Real estate investment trusts	n/a	£20m	£50m
Other investments *	5 years	£10m	£20m

4.8. \* **Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than [A-]. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be considered.

4.9. For entities without published credit ratings, investments may be made either

- a) where external advice indicates the entity to be of similar credit quality; or
- b) to a maximum of £5m per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

4.10. **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities, and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

4.11. **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

4.12. **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

4.13. **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in

England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

- 4.14. **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 4.15. **Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.
- 4.16. **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.
- 4.17. **Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.
- 4.18. **Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £10m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.
- 4.19. As the Council still operates a number of legacy bank accounts, it is often the case that balances are left in some of the accounts overnight. Balances on these accounts will generally be kept below £2m, but there may be instances where this limit will be exceeded. These banks are classed as operational bank accounts and therefore the £10m overall limit for operational bank accounts would apply.
- 4.20. **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
  - no new investments will be made,
  - any existing investments that can be recalled or sold at no cost will be, and
  - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.



- 4.21. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “negative watch”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 4.22. **Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 4.23. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.
- 4.24. Limits are also placed on fund managers, investments in brokers’ nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

*Table 4: Additional investment limits*

	<b>Cash limit</b>
Any group of pooled funds under the same management	£20m
Negotiable instruments held in a broker’s nominee account	£50m
Foreign countries	£10m

- 4.25. **Liquidity management:** The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council’s medium-term financial plan and cash flow forecast.

## **5. Treasury Management Prudential Indicators**

- 5.1. The Council measures and manages its exposures to treasury management risks using the following indicators.
- 5.2. **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating/credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking

the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit [rating / score]	A- / 7

- 5.3. **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount it can borrow each quarter without giving prior notice.

Liquidity risk indicator	Target
Total sum borrowed in past 3 months without prior notice	£50m

- 5.4. **Interest rate exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£368,412
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	(£368,412)

- 5.5. The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

- 5.6. **Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Maturity structure of fixed interest rate borrowing 2023/24		
	Lower	Upper
Under 12 months	0%	30%
12 months to 2 years	0%	30%
2 years to 5 years	0%	30%
5 years to 10 years	0%	35%
10 years to 20 years	0%	40%
20 years to 30 years	0%	35%
30 years to 40 years	0%	50%
40 years to 50 years	0%	50%
Over 50 years	0%	25%

- 5.7. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

- 5.8. **Long-term treasury management investments:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price risk indicator	2024/25	2025/26	2026/27	No fixed date
Limit on principal invested beyond year end	£120m	£110m	£100m	£100m

- 5.9. Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

## **Related Matters**

- 5.10. The CIPFA Code requires the Council to include the following in its treasury management strategy.
- 5.11. **Financial derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 5.12. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 5.13. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
- 5.14. In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 5.15. **Housing Revenue Account:** On 1<sup>st</sup> April 2012, the legacy councils of Kettering Borough Council and Corby Borough Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured annually and interest transferred between the General Fund and HRA at the Council's average interest rate on treasury investments excluding strategic pooled funds, adjusted for credit risk if a net investment balance and at the Council's average rate of borrowing if a net borrowing balance.
- 5.16. **Markets in Financial Instruments Directive:** The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

## **6. Financial Implications**

- 6.1. The budget for investment income in 2024/25 is £8.2m, based on an average interest rate of 5.01%. The budget for debt interest paid in 2024/25 is £11.1m, based on an average debt portfolio of £440.23m at an average interest rate of 3.14%. If actual levels of

investments and borrowing, or actual interest rates, differ from those forecasts, performance against budget will be correspondingly different.

- 6.2. Where investment income exceeds budget, e.g. from higher risk investments including pooled funds, or debt interest paid falls below budget, e.g. from cheap short-term borrowing, the revenue savings will be transferred to a treasury management reserve to cover the risk of capital losses or higher interest rates payable in future years.
- 6.3. The Council invests in three property funds which are currently valued at £25.4m. The increase in interest rate has impacted valuation of properties and property funds downwards, but all three funds are generating returns that are in line with expectation.
- 6.4. The Lothbury Property Fund (LPT) currently valued at £7.7m is one of the three funds the Council has invested into and is in the process of being merged with another, much larger, fund (UBS Triton Property Fund). The proposed merger is an alternative to closure of LPT fund. If the merger is not approved, the fund assets will be liquidated with the proceeds along with cash holdings distributed among all investors in proportion to their holdings in the Fund.
- 6.5. The Council's investment in property funds is considered long term investments and a counterbalance to short term investments which dominate the investment portfolio. Although, these investments continue to perform in line with expectation in terms of yield, there are periods when capital valuations of underlying property assets are down. This has the effect of reducing the value of the property fund and consequently the council's investment in these funds.
- 6.6. Under current regulations, the IFRS 9 statutory override for local authorities, allows the Council to remove the impacts of movements in pooled funds valuations (capital gains/losses) from the budget. However, following the most recent extension to this regulation, the government indicated that the statutory override would cease from March 2025. If this happens, from March 2026, the Council will have to account for movement in fair valuation of pooled fund assets in the budget, so that any unrealised capital gains/losses arising from fair value movements would have to be recognised in the year they are incurred.
- 6.7. In anticipation of the end of the statutory override and to mitigate future temporary movement in fair values of assets in pooled funds that could distort performance against budget, savings from the treasury budget including all additional income from investments or reduction in financing costs will be transferred to a treasury management reserve. This reserve will be used to mitigate against fluctuations in annual fair value movements which should minimise the impact of unrealised capital gains/losses on the revenue budget.

#### **Other Options Considered**

- 6.8. The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Section 151 Officer, having consulted the Cabinet Member for Finance and Transformation, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater

Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

## **Appendix A – Arlingclose Economic & Interest Rate Forecast – November 2023**

### **Underlying assumptions:**

- UK inflation and wage growth remain elevated but, following a no-change MPC decision in November, Bank Rate appears to have peaked in this rate cycle. Near-term rate cuts are unlikely, although downside risks will increase as the UK economy likely slides into recession and inflation falls more quickly.
- The much-repeated message from the MPC is that monetary policy will remain tight as inflation is expected to moderate to target slowly. In the Bank's forecast, wage and services inflation, in particular, will keep CPI above the 2% target until 2026.
- The UK economy has so far been relatively resilient, but recent data indicates a further deceleration in business and household activity growth as higher interest rates start to bite. Global demand will remain soft, offering little assistance in offsetting weakening domestic demand. A recession remains a likely outcome.
- Employment demand is easing, although the tight labour market has resulted in higher nominal wage growth. Anecdotal evidence suggests slowing recruitment and pay growth, and we expect unemployment to rise further. As unemployment rises and interest rates remain high, consumer sentiment will deteriorate. Household spending will therefore be weak. Higher interest rates will also weigh on business investment and spending.
- Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC's attention will remain on underlying inflation measures and wage data. We believe policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further 'second-round' effects has diminished.
- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require significant policy loosening in the future to boost activity.
- Global bond yields will remain volatile, particularly with the focus on US economic data and its monetary and fiscal policy. Like the BoE, the Federal Reserve and other central banks see persistently high policy rates through 2023 and 2024 as key to dampening domestic inflationary pressure. Bond markets will need to absorb significant new supply, particularly from the US government.
- There is a heightened risk of geo-political events causing substantial volatility in yields.

### **Forecast:**

- The MPC held Bank Rate at 5.25% in November. We believe this is the peak for Bank Rate.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- The immediate risks around Bank Rate remain on the upside, but these diminish over the next few quarters and shift to the downside before balancing out, due to the weakening UK economy and dampening effects on inflation.
- Arlingclose expects long-term gilt yields to eventually fall from current levels (amid continued volatility) reflecting the lower medium-term path for Bank Rate. However, yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply.

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
<b>Official Bank Rate</b>													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>3-month money market rate</b>													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
Central Case	5.40	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.05	3.05
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>5yr gilt yield</b>													
Upside risk	0.00	0.50	0.70	0.70	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.28	4.35	4.30	4.25	4.10	4.00	3.75	3.50	3.40	3.30	3.30	3.30	3.35
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>10yr gilt yield</b>													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	4.32	4.40	4.35	4.30	4.25	4.15	4.00	3.80	3.75	3.65	3.60	3.65	3.70
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>20yr gilt yield</b>													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	4.78	4.70	4.65	4.55	4.45	4.35	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>50yr gilt yield</b>													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	4.38	4.30	4.25	4.20	4.15	4.15	4.10	4.10	4.10	4.10	4.10	4.10	4.10
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

UK Infrastructure Bank Rate = Gilt yield + 0.40%

## Appendix B – Existing Investment & Debt Portfolio Position

	<b>31/12/23 Actual portfolio £m</b>	<b>31/12/23 Average rate %</b>
<b>External borrowing:</b>		
Public Works Loan Board	395.524	3.01
Local authorities	0.200	0.00
LOBO loans from banks	37.000	4.25
Other loans	10.000	3.89
<b>Total external borrowing</b>	<b>442.724</b>	<b>3.13</b>
<b>Other long-term liabilities:</b>		
Private Finance Initiative	38.812	N/A
Leases	2.964	N/A
<b>Total other long-term liabilities</b>	<b>41.776</b>	<b>N/A</b>
<b>Total gross external debt</b>	<b>484.500</b>	<b>N/A</b>
<b>Treasury investments:</b>		
Local authorities	172.000	5.47
Banks (unsecured)	9.857	5.42
Money market funds	1.586	5.38
Real estate investment trusts	26.602	3.18
Other investments	0.591	0.00
<b>Total treasury investments</b>	<b>210.636</b>	<b>5.16</b>
<b>Net debt</b>	<b>273.864</b>	<b>N/A</b>



## **Appendix C – Detailed Economic Background**

The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level in September and then again in November. Members of the BoE's Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%. The three dissenters wanted to increase rates by another 0.25%.

The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with near-term risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.

Office for National Statistics (ONS) figures showed CPI inflation was 6.7% in September 2023, unchanged from the previous month but above the 6.6% expected. Core CPI inflation fell to 6.1% from 6.2%, in line with predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling, declining to around 4% by the end of calendar 2023 but taking until early 2025 to reach the 2% target and then falling below target during the second half 2025 and into 2026.

ONS figures showed the UK economy grew by 0.2% between April and June 2023. The BoE forecasts GDP will likely stagnate in Q3 but increase modestly by 0.1% in Q4, a deterioration in the outlook compared to the August MPR. The BoE forecasts that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.

The labour market appears to be loosening, but only very slowly. The unemployment rate rose slightly to 4.2% between June and August 2023, from 4.0% in the previous 3-month period, but the lack of consistency in the data between the two periods made comparisons difficult. Earnings growth remained strong, with regular pay (excluding bonuses) up 7.8% over the period and total pay (including bonuses) up 8.1%. Adjusted for inflation, regular pay was 1.1% and total pay 1.3%. Looking forward, the MPR showed the unemployment rate is expected to be around 4.25% in the second half of calendar 2023, but then rising steadily over the forecast horizon to around 5% in late 2025/early 2026.

Having increased its key interest rate to a target range of 5.25-5.50% in August 2023, the US Federal Reserve paused in September and November, maintaining the Fed Funds rate target at this level. It is likely this level represents the peak in US rates, but central bank policymakers emphasised that any additional tightening would be dependent on the cumulative impact of rate rises to date, together with inflation and developments in the economy and financial markets.

US GDP grew at an annualised rate of 4.9% between July and September 2023, ahead of expectations for a 4.3% expansion and the 2.1% reading for Q2. But as the impact from higher rates is felt in the coming months, a weakening of economic activity is likely. Annual CPI inflation remained at 3.7% in September after increasing from 3% and 3.2% consecutively in June and July.

Eurozone inflation has declined steadily since the start of 2023, falling to an annual rate of 2.9% in October 2023. Economic growth has been weak, and GDP was shown to have contracted by 0.1% in the three months to September 2023. In line with other central banks, the European Central Bank has been increasing rates, taking its deposit facility, fixed rate tender, and marginal lending rates to 3.75%, 4.25% and 4.50% respectively.

**Credit outlook:** Credit Default Swap (CDS) prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in Q2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.

On an annual basis, CDS price volatility has so far been lower in 2023 compared to 2022, but this year has seen more of a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.

Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.

Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.

There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.

However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

**Interest rate forecast (November 2023):** Although UK inflation and wage growth remain elevated, the Council's treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England's Monetary Policy Committee will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.

Arlingclose expects long-term gilt yields to eventually fall from current levels (amid continued volatility) reflecting the lower medium-term path for Bank Rate. However, yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

Like the BoE, the Federal Reserve and other central banks see persistently high policy rates through 2023 and 2024 as key to dampening domestic inflationary pressure. Bond markets will need to absorb significant new supply, particularly from the US government.

## Minimum Revenue Provision Statement

### 1. Annual Minimum Revenue Provision Statement 2024/25

- 1.1. Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the former Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in 2018.
- 1.2. The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 1.3. The MHCLG Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

### **Northamptonshire County Council (NCC) Historic Debt Liability accumulated to 31st March 2007 – Transferred to North Northamptonshire Council (NNC)**

- 1.4. A change in this policy was introduced in and applied from 2017/18, whereby the annuity method calculation methodology was backdated to apply from 2007/08 onwards. This recalculation when compared against actual MRP charges identified an amount of overprovision, which has been applied prospectively from 2017/18 onwards until fully exhausted.

### **NCC Debt Liability accumulated from 1st April 2007 (Transferred to NNC)**

- 1.5. Up until 2016/17, MRP was provided for capital expenditure incurred from 1<sup>st</sup> April 2007 onwards under Option 3 of the Guidance, based on the estimated useful life of the assets and using an equal annual instalment method. MRP was charged from the year after the assets funded became operational.
- 1.6. A change in this policy was introduced in and applied from 2017/18, whereby MRP calculation was changed to an annuity calculation methodology backdated to apply from 2007/08. This recalculation when compared against actual MRP charges identified an amount of overprovision, which will be applied prospectively from 2017/18 onwards until fully exhausted.

### **District and Borough Council Debt (Transferred to NNC)**

- 1.7. MRP relating to the historic debt liability incurred for years up to and including 2007 – 2008 were charged at the rate of 4% on the reducing balance, in accordance with Option 1 of the guidance, the “regulatory method”.
- 1.8. The debt liability relating to capital expenditure incurred from 2008-2009 onwards was subject to MRP under Option 3, the “asset life method”, and was charged over a period that is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, was related to the estimated life of that building.
- 1.9. Estimated useful life periods were determined in line with accounting guidance and regulations. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, the Council generally adopted these periods. However, the Council reserved the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

### **Debt Liability accumulated from 1<sup>st</sup> April 2021**

- 1.10. For unsupported capital expenditure incurred from 1st April 2007 onwards, MRP will be charged from the year after the assets funded have become operational.
- 1.11. The Council will charge MRP using option 3, the “asset life method”.
- 1.12. Estimated useful life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods set out in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.
- 1.13. As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis that most reasonably reflects the anticipated period of benefit that arises from the expenditure. Whatever type of expenditure is involved, it will be grouped together in a manner that best reflects the nature of the main component of expenditure with substantially different useful economic lives.
- 1.14. The Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.
  - **Leases and Private Finance Initiatives (PFI)** – For assets acquired by leases or PFIs, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
  - **Operating Leases** – Where former operating leases have been brought onto the balance sheet due to the adoption of the *IFRS 16 Leases* accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums

and/or incentives, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.

- **Loans to Third Parties** – For capital expenditure loans to third parties, the Council will make nil MRP unless
  - a) the loan is an investment for commercial purposes and no repayment was received in year or
  - b) an expected credit loss was recognised or increased in-year but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment on loans that are investments for commercial purposes, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. Sufficient MRP will be charged to ensure that the outstanding capital financing requirement (CFR) on the loan is no higher than the principal amount outstanding less the expected credit loss. This option was proposed by the government in its recent MRP consultation and in the Council's view is consistent with the current regulations.
  
- **Revenue Expenditure Funded from Capital Under Statute (REFCUS)** - Estimated life periods will be determined in line with accounting guidance and regulations. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, the Council will generally adopt these periods. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.
  
- No MRP will be charged in respect of assets held within the Housing Revenue Account.

1.15. Capital expenditure incurred during 2024/25 will not be subject to a MRP charge until 2025/26 or later.

1.16. Based on the Council's latest estimate of its capital financing requirement (CFR) on 31<sup>st</sup> March 2023, the budget for MRP has been set as follows:

	31.03.2023 Draft CFR	2023/24 Draft MRP/ Loan Repayment
	£'000	£'000
General Fund	534,829	(3,368)
Loans to other bodies repaid in instalments	0	0
Voluntary overpayment (or use of prior year overpaym	(5,720)	(5,720)
<b>Total General Fund</b>	<b>529,110</b>	<b>(9,088)</b>
HRA CFR	116,859	(3,500)
<b>Total</b>	<b>645,969</b>	<b>(3,500)</b>

- 1.17. **Overpayments:** In earlier years, a predecessor Authority (NCC) of the Council had made voluntary overpayments of MRP that are available to reduce the revenue charges in later years. It is planned to draw down £5.96m of this in 2024/25.

MRP Overpayments Estimates	£'000
Actual balance 31.03.2023	19,949
Approved drawdown 2023/24	(5,720)
Expected balance 31.03.2024	14,229
Planned drawdown 2024/25	(5,959)
Forecast balance 31.03.2025	8,270

## (Non Treasury) Investment Strategy

### 1. Introduction

- 1.1. The Council invests its money for three broad purposes:
  - a) because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
  - b) to support local public services by lending to or buying shares in other organisations (**service investments**), and
  - c) to earn investment income (known as **commercial investments** where this is the main purpose).
- 1.2. This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.
- 1.3. The statutory guidance defines investments as “all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios.” The Council interprets this to exclude
  - a) trade receivables which meet the accounting definition of financial assets but are not investments in the everyday sense of the word, and
  - b) property held partially to generate a profit but primarily for the provision of local public services. This aligns the Council’s definition of an investment with that in the 2021 edition of the CIPFA Prudential Code.

### 2. Treasury Management Investments

- 2.1. The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £139m and £210m during the 2024/25 financial year.
- 2.2. **Contribution:** The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.
- 2.3. **Further details:** Full details of the Council’s policies and its plan for 2024/25 for treasury management investments are covered in the treasury management strategy.

### **Service Investments: Loans**

- 2.4. **Contribution:** The Council may lend money to its subsidiaries, its suppliers, local businesses, local charities, housing associations, local residents and its employees to support local public services and stimulate local economic growth. Northamptonshire County Council (NCC) entered into a joint service agreement with other councils and as part of that formed Local Government Shared Services (LGSS). NCC provided working loan of £900k to LGSS now Pathfinder Legal Services Limited (PLSL). In April 2021, the loan was shared equally between the Council and WNC when the two unitary authorities were formed. The council further agreed to convert 50% (£237.5k) of its share of the debt to share equity leaving a £237.5k in loan debt to the Council.
- 2.5. **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

- 2.6. *Table 1: Loans for service purposes*

Category of borrower	31.3.2024 Draft			2024/25
	Balance owing £'000	Loss allowance £'000	Net figure in accounts £'000	Approved Limit £'000
Subsidiaries	238	0	238	2,000
Local businesses	0	0	0	1,000
Local charities	0	0	0	250
Employees	0	0	0	200
<b>TOTAL</b>	<b>238</b>	<b>0</b>	<b>238</b>	<b>3,450</b>

- 2.7. Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.
- 2.8. **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding service loans by

### **Service Investments: Shares**

- 2.9. **Contribution:** The Council invests in the shares of its subsidiaries to support local public services and stimulate local economic growth. The Council converted some of the original working capital loan provided to PLSL to share equity in April 2021. The council also owns equity worth £110k in the United Kingdom Municipal Bond Agency.
- 2.10. **Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:



Table 2: Shares held for service purposes

Category of company	31.3.2024 Draft			2024/25
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
	£'000	£'000	£'000	£'000
Subsidiaries	348	0	348	2,000

- 2.11. **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding shares.
- 2.12. **Liquidity:** The investment are a combination of small investments in a subsidiary of the Council and jointly (public sector owned) corporations. The amount invested has little on the Council's liquidity position and there are no plans to increase investment in this subsidiary or make further investments in shares.
- 2.13. **Non-specified Investments:** Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Council's upper limits on non-specified investments. The Council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

#### **Commercial Investments: Property**

- 2.14. **Contribution:** The Council invests in regional commercial property with the intention of making a profit that will be spent on local public services.

Table 3: Property held for investment purposes

Property	Actual	31.03.2023 Draft		31.03.2024 Expected	
	Purchase Cost £'000	Gains or (losses) £'000	Value in accounts £'000	Gains or (losses) £'000	Value in accounts £'000
Denby	14,000	2,300	16,300	0	16,300
Wakefield	5,200	(400)	4,800	0	4,800
<b>Total</b>	<b>19,200</b>	<b>1,900</b>	<b>21,100</b>	<b>0</b>	<b>21,100</b>

- 2.15. **Security:** In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs. Taking as a whole, the accounting valuation of the commercial investment property portfolio exceeds total purchase costs.
- 2.16. A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2023/24 year end accounts preparation and audit process value these properties below their cumulative purchase cost, then an updated investment strategy will be presented to Full Council detailing the impact of the loss on

the security of investments and any revenue consequences arising therefrom. Currently, the valuations do not have any impact on revenue.

- 2.17. **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding property investments.
- 2.18. Prior to going ahead with the purchase of a long-term investment, a valuation report is commissioned from expert external advisers. This comprehensive report reviewed the micro/macro economic environment and how the investment will meet the Council needs now and in the future. Where the investment had an existing occupier, the review will undertake a credit check/rating on such customers. For the two commercial properties in the Council's portfolio, the existing tenants were rated as low risk and the recommended level of credit that could be extended to the tenants were significantly higher than the annual rent value due on the properties. Further, both tenants were considered to be relatively financially strong at the time of the initial review
- 2.19. The value of these investments is reviewed annually. This valuation is used to adjust the accounting value of the investment as part of the end of year closure of accounts process. The valuation is also used to review performance and ongoing viability of the investment in the medium to long term and whether the Council should consider exiting the investment.
- 2.20. **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Council will undertake annual review of these investment with a view to determining their ongoing strategic value within the Council's overall investment portfolio. Where a commercial property is deemed no longer of strategic value within the investment portfolio the process of disposal will commence early to ensure an efficient disposal.

### **3. Capacity, Skills and Culture**

- 3.1. **Elected members and statutory officers:** Officers involved in treasury management are experienced in the managing local authority treasury management functions with relevant qualification at all levels of staff structure. Treasury officers also attend training events/ seminars organised by external parties including the council's treasury management advisors.
- 3.2. This Council deems that its treasury officers have sufficient experience to manage the treasury activities that is approved under its TMSS/AIS. Where further training or experience is required for activities that are beyond current range of treasury management activities, treasury officers will be required to attend such training. Also, the Council's treasury advisor will be expected to support treasury decisions in such situations.
- 3.3. **Commercial deals:** The Council does not plan to invest further in commercial property deals. If this changes in future, the Council will ensure that officers involved in negotiations are fully appraised of the requirement of the core principles of the

prudential framework and the regulatory regime within which local authorities are required to operate.

3.4. **Corporate governance:** The following activities are undertaken to monitor the Council's treasury activities:

- Full Council, following review by the Executive Committee, approves an annual Treasury Management Strategy Statement, Minimum Revenue Provision Policy and Investment Strategy;
- fortnightly/monthly meetings between treasury officers and senior finance management team to review treasury activities;
- monthly budget monitoring reports that updates senior management and Executive Committee on progress toward delivering treasury budget objectives;
- quarterly reports to the Executive Committee and bi-annual reports to Full Council reviewing all treasury activities including reporting against all treasury and prudential indicators set out in the approved annual Treasury Management Strategy Statement.

#### 4. **Investment Indicators**

4.1. The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

4.2. **Total risk exposure:** The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third-party loans.

*Table 4: Total investment exposure*

Total investment exposure (£'000)	31.03.2023 Actual	31.03.2024 Forecast	31.03.2025 Forecast
Treasury management investments	186,886	181,866	164,325
Service investments: Loans	238	238	238
Service investments: Shares	348	348	348
Commercial investments: Property	19,687	19,687	19,687
<b>TOTAL INVESTMENTS / EXPOSURE</b>	<b>207,158</b>	<b>202,138</b>	<b>184,597</b>

4.3. **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the assets listed in table 3 of this report could be described as investments being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

4.4. **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government

accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

*Table 5: Investment rate of return (net of all costs)*

<b>Investments net rate of return</b>	<b>2022/23 Draft</b>	<b>2023/24 Budget</b>	<b>2024/25 Budget</b>
Treasury management investments	1.91%	2.50%	5.01%
Service investments: Loans	0.00%	0.00%	0.50%
Service investments: Shares	0.00%	0.00%	0.50%
Commercial investments: Property	1.00%	1.00%	1.00%
<b>ALL INVESTMENTS</b>	<b>1.82%</b>	<b>2.35%</b>	<b>4.57%</b>

## Appendix I

### LEGAL BACKGROUND TO SETTING THE REVENUE BUDGET AND COUNCIL TAX

#### 1. INTRODUCTION

1.1 The council tax is basically a tax on property with a personal element in the form of discounts and reductions. Discounts include the 25% discount in respect of dwellings occupied by a single person. Reductions include reductions in pursuance of the Council's council tax reduction scheme made under the Local Government Finance Act 2012 which has replaced council tax benefit.

1.2 All dwellings are listed in one of eight valuation bands and the amount of council tax payable in respect of each dwelling (before discounts and other reductions) is in a set proportion between each band. The Headline Tax is calculated for Band D and the tax in the remaining bands is worked out as a proportion of this amount. The lowest Band (A) is two-thirds of Band D and the highest Band (H) is twice Band D and three-times Band A. The proportions are as follows:

A:	B:	C:	D:	E:	F:	G:	H:
6:	7:	8:	9:	11:	13:	15:	18:

1.3 There are three main stages in setting the council tax:-

STAGE 1 - The Council calculates its own **council tax requirement**, (i.e. its net revenue expenditure), including levies issued to it but not precepts.

STAGE 2 - The Council then calculates its **basic amount of council tax** which is the North Northamptonshire Council (NNC) element of the council tax for Band D and which takes account of council tax requirement and the council tax base calculated at an earlier stage and after that the NNC element of the remaining bands.

STAGE 3 - Finally, the Council sets the council tax for the area in bands, being the aggregate of the NNC element of the tax, the Town and Parish Council Precepts and the element of the tax precepted by the Northamptonshire Police Authority and Northamptonshire Fire and Rescue Authority.

2. **STAGE 1 - THE COUNCIL TAX REQUIREMENT**
- 2.1 Members should note that the Localism Act 2011 amended the Local Government Finance Act 1992 ("LGFA 2011") to introduce a duty to calculate a "council tax requirement".
- 2.2 Section 31A of the LGFA 1992 requires the Council to make three calculations, in effect -
- a) an estimate of the Council's gross revenue expenditure - Section 31A(2);
  - b) an estimate of anticipated income - Section 31A(3);
  - c) a calculation of the difference between (i) and (ii) above, (i.e. net revenue expenditure) - Section 31A(4) – this is known as the **council tax requirement**.
- 2.3 More specifically, in its Section 31A(2) calculation of gross expenditure the Council should include –
- a) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) (a) to (f) of the Act taking into account all precepts issued to it by Parish Councils. (Gross expenditure, parish expenses any contingencies, any provision for reserves).
- 2.4 The Section 31A(3) calculation is the aggregate of the sums to be set off against gross expenditure, namely -
- a) being the aggregate of the amounts which the Council estimates for the items set out in Section 31 (A) (3) (a) to (d) of the Act. (Gross income, any use of reserves).
- 2.5 Section 31A(4) then requires the calculation under Section 31A(3) to be subtracted from that under Section 31A(2) to produce a calculation of estimated net expenditure known as the **council tax requirement**.
- 2.6 These calculations must be made before 11 March, although they are not invalid merely because they are made on or after that date. However, until the calculations are made any purported setting of the Council Tax will be treated as null and void.
- 2.7 It should be noted that the general fund has to stand the cost of any temporary lending to the collection fund to cover late payments/non-collection.
- 2.8 It should be noted that significant amounts of expenditure are financed through government grants (such as the Dedicated Schools Grant for schools budget related expenditure) and not directly through council tax. Such expenditure will be calculated under Section 31A(2)(a) and will be offset by the specific grants which will be included in the calculation under Section 31A(3)(a).

### 3. **THE LEVEL OF THE COUNCIL TAX REQUIREMENT**

3.1 The level of the Section 31A calculations, and in particular the calculation of the council tax requirement is of crucial importance both legally and financially. In particular -

- the amount of the council tax requirement must be sufficient to meet the Council's legal and financial commitments and ensure the proper discharge of its statutory duties.
- the amount of the council tax requirement must ensure a balanced budget.
- the amount of the council tax requirement must leave the Council with adequate financial reserves.
- the level of the council tax requirement must not be unreasonable having regard to the Council's fiduciary duty to its Council Taxpayers and ratepayers.
- the amount of the council tax requirement will be relevant to the question of whether or not the Council is required to hold a council tax referendum (see paragraph 5).

3.2 The level of the council tax requirement, together with the council tax base (see paragraph 4.3) will determine the Council's basic amount of council tax.

### 4. **STAGE 2 - THE COUNCIL'S BASIC AMOUNT OF COUNCIL TAX**

4.1 Having calculated its council tax requirement, the Council is then required under Section 31B, LGFA 1992 to calculate its **basic amount of council tax**. This is North Northamptonshire Council's element of Band D Council Tax. Then, under Section 36, it must calculate the North Northamptonshire element of all the bands as a proportion of the Band D calculation.

#### 4.2 **Section 31B Calculation**

The North Northamptonshire Element of the Band D Council Tax is known as the basic amount of council tax. This is calculated by applying the following formula -

$$\frac{R}{T}$$

where -

R is the council tax requirement, and

T is the council tax base.

#### 4.3 **Council Tax Base**

The council tax base is basically the Band D - equivalent number of properties across North Northamptonshire adjusted to take account of discounts premiums and reductions and multiplied by the estimated collection rate. North Northamptonshire has calculated the council tax base for 2024/25 to be 115,847. It should be noted that the basis of calculations has changed as a result of localisation of council tax support and that the effect of the authority's council tax reduction scheme operates to reduce council tax base.

#### 4.4 **Section 36 Calculation**

Having calculated the basic amount of council tax (i.e. the North Northamptonshire element of the Band D tax) the Council is then required to convert it into a North Northamptonshire element for all Bands by multiplying it by the formula  $N/D$  where -

N is the proportion for the band as set out in 1.2

### 5. **COUNCIL TAX REFERENDUM**

- 5.1 The Localism Act 2011 ("LA 2011") abolished council tax capping and replaced it with a requirement to hold a council tax referendum if an authority increases its council tax by an amount exceeding a level set out in principles determined by the Secretary of State and approved by the House of Commons. The new requirement appears in Chapter 4ZA of Part 1 of the LGFA 1992 which was inserted by Schedule 5 of the LA 2011.
- 5.2 The provisions require the Council to determine whether its "basic amount of council tax" for a financial year is excessive. This question must be decided in accordance with a set of principles determined by the Secretary of State. The Secretary of State had indicated the principles he was minded to set. In relation to North Northamptonshire an increase of more than 4.99%, (including 2% for adult social care) is deemed "excessive" in 2024/25.
- 5.3 The legislation places the onus on each authority to determine whether its basic amount of council tax is excessive by reference to the Secretary of State's principles. Where a precepting authority has determined that its increase is excessive, it must arrange for a referendum to be held.
- 5.4 If an authority determines that it has set an excessive increase, it must also make "substitute calculations" to produce a basic amount of council tax which does not exceed the principles. The substitute calculations would automatically take effect in the event that the voters reject the authority's increase in a referendum. The costs of this referendum are the responsibility of the authority which triggered it.



## **6. STAGE 3 - SETTING THE COUNCIL TAX**

- 6.1 The final part of the process is for the Council as billing authority to set the overall council tax for each band. Whereas the billing authorities and major precepting authorities **calculate** their own council tax requirements, their own basic amounts of council tax and amounts for each band, the **setting** of the council tax is solely the responsibility of the Council as billing authority.
- 6.2 Section 30 of the 1992 Act provides that the amounts set for each band will be the aggregate of the Council's element for each band calculated under Section 36 and the amount calculated for each band by each of the major precepting authorities.
- 6.4 The council tax cannot be set before 11 March unless all precepting authorities have issued their precepts; nor can it be set before the Council has made the other required calculations. Otherwise, any purported setting of the tax will be treated as not having occurred.
- 6.5 The Council has a clear legal duty to set a council tax and a resolution not to set a council tax would be unlawful, being in breach of Section 30, LGFA 1992. So would be a resolution to set a council tax which deliberately did not balance the various calculations.

## **7. CONSTITUTIONAL ARRANGEMENTS**

- 7.1 Members should note that under the Council's constitutional arrangements, the functions of calculating the council tax requirement and the basic amount of council tax and the function of setting the council tax are the responsibility of Council.

## **8. RESTRICTIONS ON VOTING**

- 8.1 Members should be aware of the provisions of Section 106 of the Local Government Finance Act 1992, which applies to members where -
- (a) they are present at a meeting of the Council, Executive or a Committee and at the time of the meeting an amount of council tax is payable by them and has remained unpaid for at least two months, and
  - (b) any budget or council tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.
- 8.2 In these circumstances, any such members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter in 8.1 (b) above. It should be noted that such members are not debarred from speaking on these matters.

- 8.3 Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

# North Northamptonshire Council

Flexible Use of Capital Receipts Strategy 2024-25 to 2027-28

## 1. Background and Rules of Qualification

- 1.1. On 18<sup>th</sup> December 2023, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) announced that the Flexible Use of Capital Receipts will be extended to 31<sup>st</sup> March 2030. The Government have engaged with councils to identify and develop options for the use of capital resources and borrowing to support and encourage invest-to-save activity and more flexibilities to use capitalisation without the requirement to approach Government.
- 1.2. The Government have engaged with councils to identify and develop options for the use of capital resources and borrowing to support and encourage invest-to-save activity and more flexibilities to use capitalisation without the requirement to approach Government.

Options for consideration were:

- **Supporting invest-to-save activity.** Increasing the flexibilities to use capital receipts and borrowing to finance the costs of transformation and efficiency projects.
  - **Local management of budget pressures.** Providing greater flexibilities on the use of capital receipts, including the scope to meet general budget pressures, and potential additional flexibilities where the proceeds relate to the sale of investment properties.
- 1.3. This strategy has been updated and produced for the period 2024/25 to 2027/28 in light of the extension, any revised guidance as a result of the consultation will be included in the strategy when known.

## 2. Objective and Purpose

- 2.1. The strategy is intended to enable the Council to potentially take advantage of this flexibility if appropriate.
- 2.2. This strategy sets out the priority objectives for major change, which will shape the effective, and efficient delivery of demand led services to improve outcomes for residents at an optimum cost. These priorities are listed below;
  - Prevention / Demand Management – supporting the most vulnerable service users
  - Partnerships – greater collaboration across the public sector
  - Transformation – delivering services more efficiently and effectively
- 2.3. The delivery of these priorities will be structured through a series of projects and work streams under one new governance framework and through the Transformation Team to ensure that progress is co-ordinated, regularly reviewed and to ensure that the outcomes of these projects feed into the delivery of corporate objectives.
- 2.4. A number of measures have been applied in order to ensure that the qualifying criteria are met. These include a robust approval process that is applied whenever the use of

capital receipts is considered, to ensure that this funding source is only applied to qualifying expenditure. Additionally, detailed monitoring will be undertaken to provide assurance over the value of qualifying spend, benefits realisation and the delivery of anticipated outcomes.

- 2.5. This strategy seeks to allow the flexible use of capital receipts but does not determine they have to be used for the purpose set out. It provides flexibility to use capital receipts to fund the expenditure detailed if it is determined that is the best funding stream to use.

### 3. Financial Overview

- 3.1. The Secretary of State's direction requires that details of the actual and proposed application of capital receipts are published within this strategy, including updates from the previous financial year to the Strategy.
- 3.2. North Northamptonshire Council's strategy for the Flexible Use of Capital Receipts has identified a number of on-going projects which are reflected in section 5 of this report and are estimated to be £7.6m.
- 3.3. There is no impact on the Council's Prudential Indicators as capital receipts have not been earmarked to pay down debt repayments.

### 4 Capital Receipts

- 4.1. 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 that the estimated unused capital receipts brought forward from 2023-24 will be around £20m – the capital programme for 2024-25 assumes that the use of capital receipts will be around £3m – after allowing for the use of Capital Direction and Flexible Capital Receipts the balance is estimated to be around £11.5m.

### 5. Eligible Projects

- 5.1. Projects that have been identified as being potentially eligible for capital receipt funding are summarised below, with an outline of the project and potential planned use of receipts. This list is not definitive list and further potential eligible projects could be identified during the course of the year, if this is the case, further revisions will be made to the strategy.

Project	Description	Service Transformation/Savings	Service Area	Planned use of receipts
				£'000
Transformation Support	Staff costs to support council wide transformation projects	Reflected in projects detailed below	Council wide	£2,500
Children's Trust Transformation	To deliver additional resources in reducing placement costs with children's services	Review of delivery of children's services to support ongoing delivery of savings	Children's Trust	£1,044

Project	Description	Service Transformation/Savings	Service Area	Planned use of receipts
				£'000
Case Management System	Delivery of new case management system	Potential to reduce ongoing service costs	Children's Trust	£1,276
Specialist Care Centre	Phase 1 of provider service transformation	Reduction in demand due to provider transformation for specialist care centres £2.0m	Adults Social Care	Include in transformation above
Revenue's & Benefits	Consolidation of operating 4 separate revenues and benefit teams and integration on to a single operating system	Potential to reduce ongoing service costs c£275k	Enabling Services	Include in transformation above
IT	Review of IT infrastructure platforms across NNC and future ways of working	Potential to reduce ongoing service costs across NNC c£0.6m	Assistant Chief Exec	£2,800

## North Northamptonshire Council Draft Budget 2024/25 – Consultation Analysis Report

### Introduction

1. The purpose of this report is to set out the Draft Budget consultation process, and key consultation findings (including an understanding of who participated in the consultation), the results of which will be used to help inform decisions on the North Northamptonshire Council's Budget for 2024/25.

### Executive decisions and formal consultation

2. The [Draft Budget 2024/25 and Medium-Term Financial Plan](#) was approved by Executive on 21 December 2023 and consultation on the budget proposals began later that day. The consultation concluded on 26 January 2024.
3. The public consultation was conducted by the Council's Consultation and Engagement Team. The structure and design of the consultation set out the budget proposals and enabled both online and non-digital means of participation, in accordance with nationally recognised good practice.

### How was the consultation promoted?

4. The consultation was hosted on the Council's Consultation and Engagement Hub website, [Your Voice Matters](#), and promoted on the homepage of the Council's website. Councillors, local MPs, town and parish Councils, partner organisations, voluntary and community sector organisations, representatives of protected characteristic groups, local business groups including Chamber of Commerce and Federation of Small Businesses, and members of both the North Northamptonshire Residents' Panel (circa 700 members) and the Council's Consultation Register were invited to give their views and asked to promote the consultation to their members, or within their local area where appropriate.
5. Opportunities to take part in the consultation were also promoted in the local media via press releases. The press release went to 26 newsrooms (local and national, print and broadcast including the Northants Telegraph and BBC Radio Northampton), plus individual reporters and other local news sites. It was promoted through the Council's website, e-newsletters and social media channels, enabling both internal (e.g. staff) as well as external consultees to get involved in the process. The Facebook Reach (i.e. the number of people who saw any content from or about the consultation web page) was 20,395; the X (formerly known as Twitter) impressions (i.e. the number of times any content from or about the consultation webpage entered a person's screen) was 2,292; and LinkedIn impressions were 1,615. Social media followers were directed to the consultation webpage to facilitate informed feedback.
6. Several reminders were distributed via various communications channels during the consultation period, including a further press release to the above newsrooms.

### **How did consultees have their say?**

7. Local people, organisations and other interested parties were able to have their say about the Draft Budget proposals in a range of ways, by:
  - Visiting the [Draft Budget Consultation webpage](#) and completing the questionnaire or requesting a paper questionnaire. Access to the online questionnaire was also made available free of charge at any North Northamptonshire Council library
  - Emailing [YourVoiceMatters@northnorthants.gov.uk](mailto:YourVoiceMatters@northnorthants.gov.uk)
  - Writing to Budget Consultation Response, North Northamptonshire Council, Sheerness House, Meadow Road, Kettering, NN16 8TL
  - Contacting us by telephone to give verbal feedback
  - A toolkit was developed to enable user groups/forums to hold their own discussions and provide their feedback as a collective group

### **Number and type of responses received**

8. During the draft budget consultation period, using the various means available to consultees, local people and organisations contributed to the consultation 475 times. Nearly all of the feedback received was via the questionnaire, with 466 respondents participating via the questionnaire, and nine respondents submitting a written response. Google analytics recorded 1,706 unique visitors to the consultation overview page. It is unclear why many visitors to the consultation page did not respond to the consultation and/or open the questionnaire. Although we do not know why these respondents did not engage further, there is anecdotal evidence to suggest in these instances many of these stakeholders are apathetic towards the proposals and its subsequent consultation.
9. Within the questionnaire, respondents could choose which questions they responded to, and so there are lower response numbers to each question when compared with the overall number of participants, depending on whether participants had a particular interest in the subject matter.
10. During the consultation period, regular summaries of consultation responses received were circulated to senior Finance officers and all responses received were circulated to decision makers upon conclusion of the consultation to enable them to see each response in full.

### **What did people say?**

11. This report is a summary of the feedback received. It is recommended that it is read in conjunction with the full consultation results, including the detail and suggestions contained within some of the written comments. The full consultation results have been made available to Members and are available to view on the [consultation webpage](#).
12. The questionnaire was structured so that respondents could give their views on any of the individual proposals if they chose to do so. This means we were able to summarise views by proposal and collate the views from the different consultation channels.



13. An [equality screening assessment for the budget proposals](#) was published alongside the Executive papers and made available via the questionnaire. The equality screening assessment found the proposals would have either a positive or neutral impact on the protected groups outlined within the Equality Act 2010.

### Draft Budget 2024/25 Consultation Questionnaire

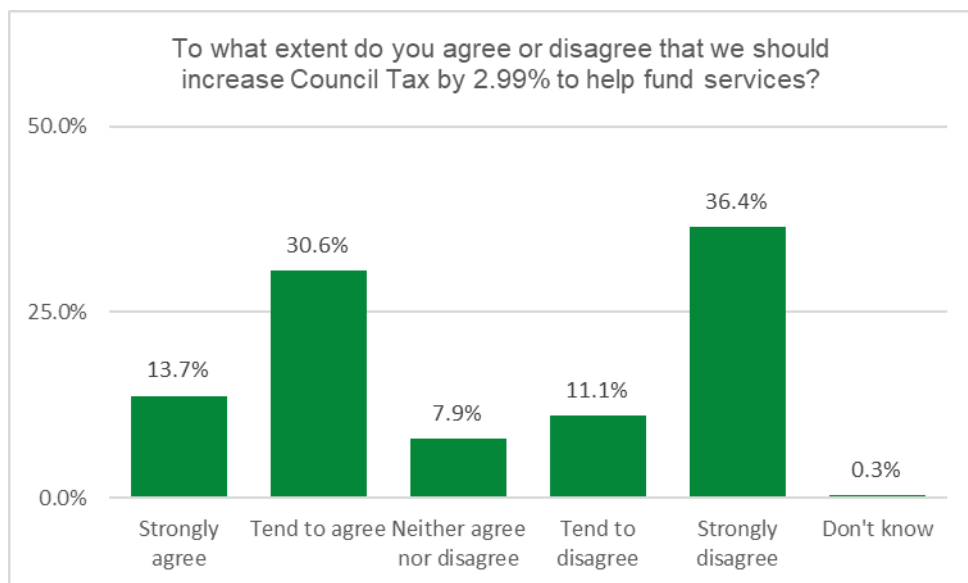
14. In total, 466 respondents filled out a questionnaire on the draft Budget proposals, either partially or fully. Respondents did not have to answer every question and so the total number of responses for each question differs and is shown in relation to each question.
15. Respondents were asked in what capacity they were responding to the consultation. There were 456 responses to this question, with respondents being able to select more than one option if applicable. Nearly all the respondents said they were local residents (91.7%). The second highest respondents were North Northamptonshire Council employees (14.0%), followed by service users (7.9%). The following table details the various respondent types to the consultation questionnaire.

	Response number	Percentage (%)
A local resident	418	91.7%
A service user	36	7.9%
A North Northamptonshire Council employee	64	14.0%
A North Northamptonshire Council Councillor	6	1.3%
A representative of a Town/Parish Council	5	1.1%
A Town or Parish Councillor	19	4.2%
A representative of the voluntary sector or a community organisation	12	2.6%
A representative of the local business community	8	1.8%
A representative of a health partner organisation	2	0.4%
A representative of a user group	3	0.7%
Other	4	0.9%

### Proposed Council Tax rate increase

16. The Council is proposing to increase Council Tax up to the level currently allowed by the government, without triggering a referendum – 4.99%. This increased rate includes a general increase of 2.99% and the allowable Adult Social Care precept increase, which is 2%.
17. This 4.99% increase would result in a 2024/25 Band D Council Tax increase for North Northamptonshire Council of £82.71 per year, which is £1.59p per week.

18. It should be noted that these figures do not include the Council Tax for individual town and parish councils or the Council Tax set for fire and police by the Northamptonshire Police, Fire and Crime Commissioner. These are not within the scope of this consultation and these amounts are added afterwards before people receive their final bills.
19. The Council's proposal to increase the core Council tax rate by 2.99% in 2024/25 means an average (Band D) Council Tax payer's rate would increase £49.56 per year (£0.95p per week) for the North Northamptonshire Council precept.
20. Respondents were asked to what extent they agree or disagree with the proposal to increase Council Tax by 2.99% to help fund services. There were 343 responses to this question. A total of 44.3% said they strongly agree or tend to agree with the proposal and 47.5% said they strongly disagree or tend to disagree.



21. Respondents were then asked why they answered the previous question in the way that they did. There were 204 comments made in relation to this question.
22. A total of 61 respondents who agreed with the proposal provided comments. Approximately three quarters of those respondents acknowledged that a Council Tax increase was needed to finance the level of service required, and potential improvements. They felt services are stretched. However, there was a feeling that residents need to see results, and improvement of services.
23. Nearly a quarter of respondents expressed frustration at the current service levels with concern as to whether improvements could be delivered. There is a perception that efficiencies need to be improved and bureaucracy reduced. It was acknowledged that households final Council Tax increases will include other precepts including those set by the Police, Fire and Crime Commissioner.

24. A few respondents expressed their frustration at Central Government due to funding cuts and how it spends central funds and that services such as Adult Social Care and Childrens services are difficult to budget for.
25. A small number of respondents expressed concern of the additional pressure on family finances and their wellbeing.
26. A number of respondents offered some suggestions and/or ideas of what they perceive is needed, including the requirement for a vision for enhanced Social Care; road improvements and maintenance; supporting the arts and libraries; and monitoring of contracted work. Others suggestions included removal of any superfluous services; the charge for green waste being included in Council Tax; and 4.99% increase being too high of an increase. There was also objection to funds being made available for the Travellers Temporary Stopping site near Junction 3 of the A14, due to the proposed logistics site nearby.
27. A total of 15 respondents who neither agreed nor disagreed with the proposal made a comment. Just over half of these comments expressed general agreement to the potential increase in Council Tax, however there was concern expressed as to whether the funds would be spent wisely.
28. A third of these respondents shared a perception of an unsatisfactory level of service, and that the Council's reputation could be damaged due to perceived lack of value for money. It was felt past Council Tax increases haven't improved services, and that there should be a review of how funds are spent.
29. A small number of comments recognised the additional financial pressure any potential increase in Council Tax could put on some families.
30. A few saving suggestions were offered including removal of the fuel allowance for employees and reducing facilities due to hybrid working. There is a perception that savings can be made, and additional tax is not the best approach, or that a small increase would be more palatable. It was also suggested that the garden waste charge should be included within Council Tax.
31. There were 127 respondents that commented as to why they disagreed with the proposed increase.
32. Nearly half of respondents' comments indicated a perception of current services being less than satisfactory, with a few feeling that the maximum increase will happen despite how residents respond to the consultation. There is a feeling that the increase is a default position; that the Council wastes funds and any additional funds through Council Tax will not be used effectively. It was commented that too much is spent on consultants and agency staff. Respondents felt more needs to be done to maintain streets, roads, refuse collection, and flood defences. It was felt there are lessons to be learned from the situation with Northamptonshire County Council.

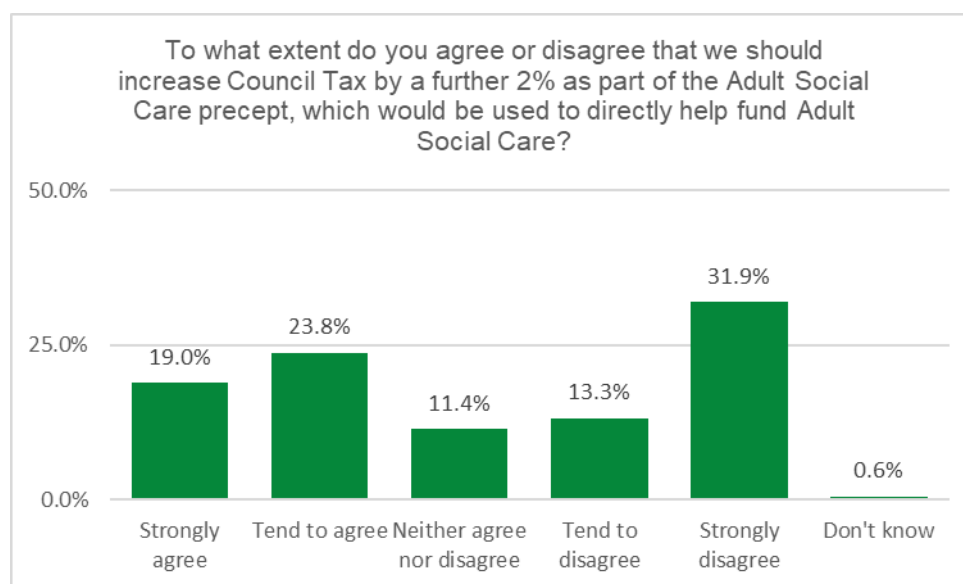
33. Some respondents questioned Councillors decision-making with views that perceived 'vanity projects' that do not offer comparable benefits to the tax paying public being prioritised, with respondents citing the Kettering library roof/Cornerstone, electric car charging points and Chester House. It was felt more activities are needed to keep young people occupied and more investment in schools.
34. There was an opinion from a few responses that with the additional Adult Social Care, Town and Parish Councils, and Police, Fire and Crime Commissioner precepts the true tax increase will be much higher than indicated. It was felt revenue from new housing estates should be sufficient to allow a smaller increase in Council Tax and that some estates pay their own maintenance fees, but don't see a reduction in their Council Tax. One comment indicated that the Council should be aware of the high inflation rate increases in some contracts and it is unfair to use this as a reason to increase Council Tax.
35. Approximately one third of comments indicated concern regarding the additional financial pressure and continued cost of living crisis, with bills going up and income not matching that increase. There is a perception from these respondents that those on benefits are receiving additional support while those employed are not.
36. There is a perception that more funds should be available due to the number of new homes in the county. The value of properties does not reflect the ability for those residents to pay their Council Tax as disposable income changes. Additionally, there were a few comments regarding frustration over perceived cuts to services within Rothwell and objection to the proposed Travellers Temporary Stopping site nearby, citing their opinion that money could be better spent elsewhere, unsuitability of the site especially when compared with alternative sites and frustration at the Council funding such services.
37. There were a small number of comments expressing frustration at Central Government priorities and lack of funds and recognition of current UK wide challenges.
38. A small number of comments referenced the capital programme and the calculations used with a perception of not being transparent.
39. A small number of respondents shared some suggestions which included a smaller 1% increase being more palatable; a Council Tax freeze until fuel costs are reduced; tackling the overspend and any potential waste of resource, including the running costs for various buildings which may not be at capacity; that Councillor allowances and senior management salaries should be reduced; and that more should be done to chase debt. It was also commented that more should be done to tackle the perceived poor management of social care services. It was suggested that only statutory services should be offered, and the Council should be attracting businesses to help fund services.
40. The one respondent who said, 'Don't know' and made a comment expressed frustration at what they perceived to be the Council intruding on people's lives.
41. Any respondents who felt the proposal would have a negative impact were then asked to tell us what they thought the impact would be, along with any suggestions on how any

potential negative impacts could be reduced or avoided. A total of 137 respondents provided comment.

42. Over half of respondents expressed concern that any Council Tax increase would have a detrimental effect on finances of families who are already experiencing cost of living pressures. They said that wages have not increased by the same level as costs. Some indicated that benefits have gone up and recipients of those benefits are not impacted by the same degree. With fees and charges being increased and the additional partner organisation precepts they felt many households' financial burdens will be high.
43. About a fifth of the comments shared frustration on the perceived level of current services which they felt were inadequate. Respondents want to see where the additional funds would go, and gave examples of the roads, special educational needs and disabilities (SEND) provision, and parking enforcement as being areas where they want to see improvement.
44. There was further frustration that employees are receiving pay increases and Councillors receiving allowances and a feeling that the Council don't care about residents. There was reference that residents had previously been able to come into offices to seek support but that has been stopped. There was also a couple of comments regarding the spend on electric vehicle charging points and that most residents cannot afford to buy an electric car, and those that have one should pay for their own charging point.
45. Several respondents indicated that the potential increase in Council Tax could potentially lead to a reduction in wellbeing of residents, increased debt to the Council, as well as homelessness, more children relying on free school meals and an increased need for Council housing.
46. A small number of respondents expressed frustration that more funds are not available from Central Government, and that Councils should continue lobbying for a three-year settlement. One comment indicated that Council Tax and general taxation should be abandoned, and that residents who work hard will amass finances to support themselves.
47. A similar number of respondents accepted that an increase was needed but expressed concern that funds would not be used in the most appropriate way.
48. Suggestions that were shared included focus on community and training/employing local youth; review of top salaries, with a £60k salary cap; that the pay structure activity should have been a priority, and it has resulted in excessive consultants and contractors costs, and caused unrest with staff. It was also suggested that skilled staff are paid at a rate that makes them feel valued and reduce agency fees that fill the gap. Other suggestions included a reduction in the number of council staff, and reduction of hours worked; putting a hold on non-urgent capital spend; reduce digital infrastructure; carry out less consultations; ensure employees are included in any reviews of services; the Council should only spend on statutory services; that the potential Council Tax increase to be delayed for 12 months; there should be a smaller percentage increase; and payment should be means tested or only increased for the higher Council Tax bands. Additionally,

there was further objection to the proposed Travellers Temporary Stopping Site and a request for a new swimming pool in Kettering.

49. The questionnaire then outlined the Council's proposal to increase the Council Tax rate by a further 2% in 2024/25 as part of the Adult Social Care precept, which would be used to directly help fund Adult Social Care, meaning an average (Band D) Council Tax payer's rate would increase £33.15 per year (£0.64p per week) for the North Northamptonshire Council precept.
50. Respondents were asked to what extent they agree or disagree with the proposal to increase Council Tax by a further 2% as part of the Adult Social Care precept, which would be used to directly fund Adult Social Care. There were 332 responses to this question. Similar to the core council increase proposal most respondents opposed the increase, although disagreement for the proposed Adult Social Care precept increase was slightly less when compared with the core increase. A total of 42.8% of respondents said they strongly agree or tend to agree with the proposal, whilst 45.2% said they strongly disagree or tend to disagree.



51. Respondents were then asked why they answered the previous question in the way that they did. There were 151 comments made in relation to this question.
52. A total of 48 respondents who agreed with the proposal provided comments. Over half of these respondents indicated that there was acceptance and understanding that an increase in funds was required to provide the level of service for Adult Social Care, with some adding the increase was preferable to cutting services, particularly with the increasing number of service users adding pressure to the service. Although there was some uncertainty that funds would be used efficiently.
53. Several respondents felt improvements to the service were needed, particularly as it is the Council's largest spend and North Northamptonshire having an ageing population. It was suggested a full review be carried out to understand the needs of service users.

54. A small number of comments indicated frustration at Central Government with cuts to funding. There was an indication that the Council should be lobbying for more funds and that we need to enhance links with the NHS.
55. A couple of saving suggestions were shared including building more homes to resolve the housing crisis, with rent being means tested and supporting communities. Additionally the Council should look at how we can work in partnership with charities and organisations with specialist skills to prevent reliance on services.
56. A total of six respondents who neither agreed nor disagreed with the proposal made comment. The comments indicated hesitation to agree or disagree as there was a feeling that it was unclear what the funds would be spent on; a lack of conviction that the increase was needed; that Childrens services need a financial injection too; it did not impact the particular respondent; it was a difficult question due to residents' finances; and a belief that regardless of the consultation findings the Council will do what it wants to.
57. A total of 95 respondents who disagreed with the proposal provided comments. A little over a third of comments indicated frustration at the level of service from Adult Social Care, with a feeling that some issues have been inherited from the former Northamptonshire County Council, passing on to the unitary without any significant changes being made. Some added that they found it difficult to access services, particularly while in work, which can impact mental wellbeing. There was also perception that the money will be used for other services and for paying higher salaries.
58. Several respondents referenced the additional financial burden that any potential Council Tax increase would have on households, particularly in light of the continued cost of living crisis and wages not increasing to the same degree, adding to mental wellbeing pressures.
59. There was expression that social care funding should come from Central Government and services could be provided through the NHS. Additionally that the Council and Government should work more closely together and a sense that Central Government funding could be better prioritised.
60. Other comments included a call for more services in the village areas and a review of the top 20% of Adult Social Care users – with an indication of some spending control issues having been identified by other Councils.
61. Approximately a quarter of respondents offered saving suggestions including funding the Adult Social Care service from reserves; reviewing spend and efficiencies, including within the Childrens Trust. It was suggested that as the service is the largest budget in the Council other ways to generate revenue for it should be explored. Providing only statutory services was also a suggested option – with a perception that there was little appetite to pay for services for others who might need those services due to their own actions or poor financial planning. One comment queried how funds were spent in lockdown when facilities were shut. Another thought the spend on care homes run by private companies should be reviewed and perceived them to be making extensive profit from the Council.

62. It was also suggested that rather than a percentage increase there could be a set amount which was deemed fairer; a smaller increase; no increase at all; or a rate of inflation increase. There was a comment that the Council and/or Council Tax should not exist, and that services should be disbanded, the view being that those with financial means to pay for services will do so and those without will get support via welfare. It was also commented that there should be additional funds available through income from all the housing being built in the county and a reduction in electric vehicle charging spend would contribute towards a saving.
63. There were two respondents who had not indicated if they agreed or disagreed with the proposal but still made comment. One indicated a desire for the Adult Social Care precept to be firmly ringfenced and the other said better management of the funds would ensure more efficiency.
64. Any respondents who felt the proposal would have a negative impact were then asked to say what they thought the impact would be, along with any suggestions on how any potential negative impacts could be reduced or avoided. A total of 82 respondents commented.
65. Approximately one third of comments indicated that additional financial pressure on top of the current cost of living situation would put strain on families as wages are not rising in line with inflation. One comment indicated a feeling that the younger generation would be disproportionately affected and forced further into poverty to support an older generation who have benefited from pension increases and not planned for their future.
66. A similar number of respondents offered saving suggestions which included delaying any potential Council Tax increase by 12 months; means testing payments; putting unnecessary spending and non-urgent capital expenditure on hold; and seeking increased efficiencies within the service and revisiting contracts for better value for money. Charging for the services that are used by individuals, rather than everyone paying the same and that individuals should plan and prepare for the support they may need in the future was also suggested. Other suggestions included investing in preventative care and community groups to reduce long term cost and reliance on the service; capping the amount of landlord supported housing funds that can be claimed; and a call to look to revitalise areas to encourage new working families who will spend their money locally and support local businesses and infrastructure.
67. A few comments were made perceiving a lower than inflation increase being a reduction in services. A small number of respondents felt aggrieved that they had to pay towards social services when they may not receive the service themselves, and begrudged others who either pay less or no Council Tax but still receive the benefit of services. Among these comments it was generally felt there was poor service; that economies and efficiencies should be made; salaries and Councillor allowances should be reduced; all budgets should be reviewed; and to ensure a fit for purpose Council Tax Reduction Scheme.
68. A small number of respondents commented that more funds should come from Central Government and that social care should be centrally funded and managed, like the NHS.



**Capital Programme 2024-28**

69. The Capital Programme and its appendices includes all capital expenditure and income, including the acquisition, replacement and enhancement of assets financed from government grants, external contributions, revenue contributions, capital receipts and borrowing.
70. It sets out the key objectives and broad principles to be applied by the Council when considering capital investment and its funding, and provides the context for how the Medium-Term Capital Programme seeks to support the realisation of the Council's vision and corporate priorities.
71. The Capital Programme has been developed to ensure a robust mechanism to deliver our priorities within the finances available.
72. Respondents were given the above explanation and provided with the [Capital Programme 2024-28](#) and its appendices, and were invited to contact the Council if they would like further details about any of the schemes.
73. Respondents were asked if they had any comments on any of these schemes. A total of 56 comments were received about these schemes, covering a range of different subjects.
74. The subject that received the most comments was regarding the capital funding for the Travellers Temporary Stopping Site, near Junction 3 of the A14, with 23 respondents expressing their strong opposition to this proposal. They questioned the ongoing validity and location of the proposed site. It was felt the site offered poor value for money; would not be sufficiently used; and that alternative sites offered a better solution and would have less impact on the environment. Respondents felt this proposal should not be a priority, especially during times of financial pressure for the council and that the monies could be better spent on other capital infrastructure, especially those that improved the environment. It was felt there was wide public opposition to the proposal; that it was not wanted within the travellers community, and that it should undergo further consultation. It was also commented that the cost of the site should be funded by the site users and not from wider taxation or borrowed funding.
75. One respondent copied the contents of a submitted email, expressing their objection to the site. These comments were copied into several comment boxes throughout the questionnaire. This respondents' comments echoed other feedback mentioned above. To avoid duplication within this report the contents of this email is summarised below within the 'emailed/written responses' section.
76. The next most comment theme was regarding highway, cycleways and footpaths. More funding was requested to improve and repair local roads, including those in rural communities. There was also a call for more investment and thought for cycle networks and footpaths and a transparent road adoption process.
77. A few respondents commented on the Local Electric Vehicles Infrastructure (LEVI) funding. Like the above it was felt that this infrastructure funding should not come from the

Council's finances but private resources. It was also commented that this funding could be put to better use elsewhere; and that it should be easier for homeowners to have charging points installed at their property.

78. Several other subjects mentioned by just a handful of respondents included:

- Management of the Housing Revenue Account (HRA) should be done by the Council and not the private sector; and that local housing should only be sourced for local residents.
- Concern there were too many new housing developments, which are putting increased pressure on services.
- A call for more investment to improve and modernise town centres.
- More support for rural communities.
- More investment in bus services, including both rural and towns, and improved bus shelters.
- That the cost for new waste/ recycling bins should be paid for by those residents living in legacy local authority areas who did not already have them; and a call for the waste collection service to be run more efficiently.
- The amount of the IT Strategy investment was also questioned.
- Similar to some previous comments, there was challenge as to why the investment in Superfast Broadband was being paid for out of public funds and not the service providers. It was felt this funding could be better used elsewhere.

79. A small number of alternative and cost saving suggestions were made. These included bringing building design services in-house; better optimisation of infrastructure; reduce investment into highways to maintain the status quo; reduce borrowing for capital expenditure so projects only go ahead if fully funded; reduce/rent surplus office space; and having a less generous Council Tax Support Scheme.

80. Other comments included a request for improved partnership working; a need for services to be funded; to reduce taxpayers funding to the Corby East Midlands International Pool; dissatisfaction that the Kettering Library roof was not well maintained; more equity in housing modifications for people with disabilities; and an opinion of a lack of transparency on discretionary funds spending.

### **Alternative suggestions and other comments**

81. Respondents were then reminded that the budget report sets out the latest estimated funding position, service budget pressures, key financial risks and challenges influencing the development of North Northamptonshire Council's financial plans for 2024/25 and the ongoing financial impact of those plans, together with the medium-term estimates of funding and spending requirements.

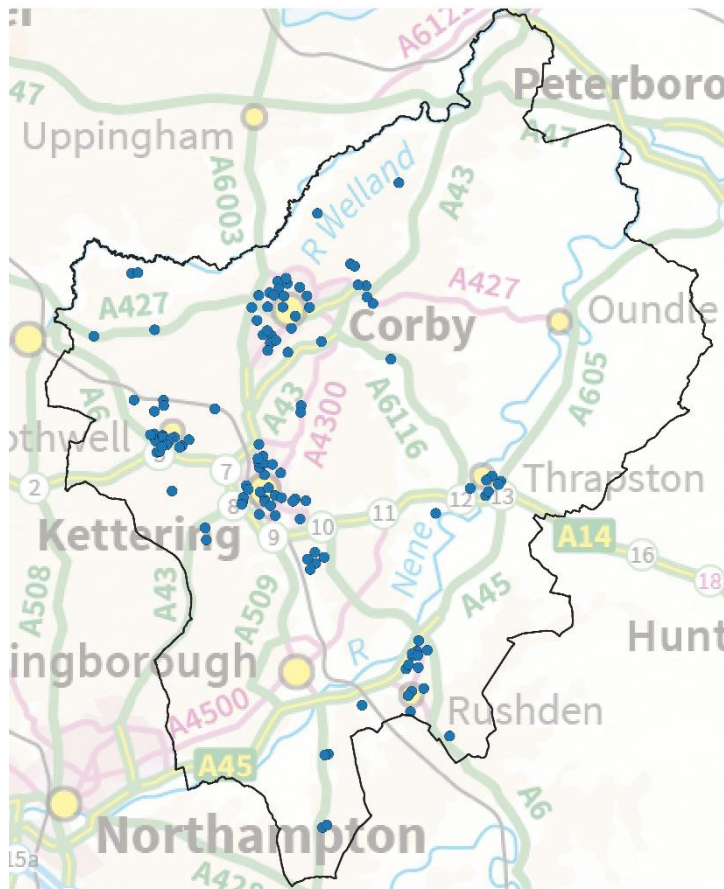
82. Respondents were reminded that the consultation questionnaire focusses on the new proposals for the draft budget 2024/25 that will likely affect residents. However, respondents were welcome to comment on anything within the Draft Budget.

83. Respondents were asked if they had any other comments they would like to make, including any alternative ideas about how the Council could save the same amount of money or generate the same amount of income as outlined in the proposals. There were 48 comments made in relation to this question. A variety of comments were received to this question, with some respondents repeating previous comments.
84. Similar to the previous question, the most frequently mentioned theme was the objection to the proposed Travellers Temporary Stopping Site. Many of these comments mirrored feedback previously given. Additional comments included concerns over the wellbeing of the site users due to road safety and pollution.
85. Several comments were regarding the dissatisfaction with road maintenance. Some respondents felt more funding should be provided. There was also a call for improved bus services.
86. A small number of respondents said they felt there were too many council staff, and that staff and Councillor allowances were too high and should be reduced.
87. A similar number of respondents expressed their thoughts on the environment and felt council offices should be run more energy efficiently. There were mixed opinions regarding electric vehicles (EV's). It was comment that the Council fleet should be replaced with EV's, whereas other respondents felt plans for EV facilities should be removed and not fall within council funding.
88. A small number of respondents felt it would be financially astute for the council to invest in property and use its assets as an income generator. It was also commented that cost effective materials should be used to maintain council buildings.
89. A similar number of people felt the funding for IT was high and questioned if it could be reduced.
90. A couple of respondents asked for more investment into town centres.
91. A small number of alternative and cost saving suggestions were made. These included delaying some projects, including the superfast broadband expansion and the replacement of waste vehicles; reviewing income generation; undertaking an expenditure and efficiency review; improved partnership working with local businesses; and bringing more services in-house.
92. Other comments included a belief the Council's priorities were wrong; that expert opinions should be sought before making decisions; and that all proposals should undergo public debate. There was a request for improved waste collection services; increased school funding and special educational needs support; and more funding for heritage services, including the arts, museums, and adult learning.

### **Demographic information**

93. Within the demographic section of the questionnaire organisational respondents were asked to provide more detail about their organisation by providing their organisations name and their job title/ role. The five respondents who provided this information identified themselves as parish and town councils, and a patient participation group. We have not listed the job titles/ roles of respondents within this report to ensure respondents' anonymity is retained.

94. Individual respondents were asked to provide their postcode to give us an understanding of where respondents live. There were 172 valid postcodes provided for North Northamptonshire. The below map broadly shows where these respondents reside. A total of 28 postcodes were incomplete.



**Draft Budget 2024-25 consultation**

© Crown copyright and database rights 2024 Ordnance Survey licence no. 100019331

95. Respondents who were not responding on behalf of an organisation were asked to complete the Council's equality monitoring form to help us understand the characteristics of people who have taken part in the consultation.

96. The vast majority of respondents chose not to provide their demographic information. Full statistical data of the responses is available within the appendix to this report. The following is a brief summary of the data received.

97. The majority of respondents who completed the equality monitoring form identified themselves as female (56.3%), with 43.7% being male. The most frequent age given by respondents were those aged between 50 to 64 years (50.0%).
98. A total of 56.3% of respondents who completed the equality monitoring form were married, with 18.8% being single (never married); 12.5% widowed; and 6.3% in a civil partnership and 6.3% cohabiting.
99. Other identified demographic information provided by these forms demonstrated that 18.8% were disabled; most respondents who completed the equalities form identified themselves as White British (81.3%); and the most frequent religion identified was Christian (43.8%) with 43.8% saying they have no religion.
100. The final question within the questionnaire asked respondents how they found out about the consultation. A total of 256 respondents answered this question. The majority of respondents said they were made aware of the consultation via social media (53.1%). Other awareness raising channels included via an email from the Council (24.6%); from the Council website (15.2%); the local media i.e. newspaper/ radio (7.8%); and via a voluntary sector organisation (0.8%). Most of the 5.9% respondents that said 'Other' were from council staff who found out about the consultation via internal communication channels; other responses included hearing from a Councillor; from a Parish Council newsletter; and word of mouth.

### **Emailed/written responses**

101. There were nine emailed/written responses received in relation to the draft budget consultation.
102. Six written responses raised their objections over the proposed Temporary Travellers Site near Junction 3 of the A14.
103. One respondent identified themselves as a representative of a town/parish local council within their questionnaire response, which included a copy of their written email submission in its entirety within several comment boxes of the questionnaire. To avoid duplication a summary of their comments is presented below. They expressed their dissatisfaction that this would be funded via borrowed money which would incur interest. They felt the proposed location had not been sufficiently thought through, is not suitable and would be underused. The respondent suggested an alternative site of one of the large laybys on the A43 between Kettering and Northampton, which they believed to be substantially more cost effective. They felt the implementation and ongoing cost of the proposal would not provide good value for money and should not be approved.
104. A response was received from a local Parish Councillor. They felt the proposed site was not appropriate considering its proximity to a possible logistics terminal being constructed adjoining the site. They raised concern over the site possibly interfering with any construction and said a decision should be made on the proposed logistics site before attempting to provide a temporary traveller stopping site.

105. Other respondents felt there was a lack of transparency in the decision-making process and questioned if the site was a priority when compared with other needs. They were concerned of the impact on rare local wildlife and believe there are other more cost-effective sites elsewhere within North Northamptonshire. They also raised safety concerns over the additional traffic; pollution; the ongoing cost of managing and maintaining the site for local council's and partner organisations.
106. Responses not referencing the proposed temporary travellers site included a written respondent who questioned the feasibility of the proposed savings and efficiencies being achieved. They sought reassurance that any potential service reductions be subject to sufficient consultation.
107. Another respondent expressed their desire for key services to be prioritised and for strong working relationships between Councillors and employees.
108. The final written response expressed their dissatisfaction with the Council's complaints procedure. They felt the system was prone to poor recording and controlling of complaints, which left it exposed to not providing reliable data for future service reviews and expenditure plans.
109. A copy of these nine letters is available to view along with the full consultation results on the [consultation webpage](#). Unredacted copies of the feedback received has been shared with senior officers.

## EXECUTIVE 8<sup>th</sup> February 2024

<b>Report Title</b>	<b>HRA Draft Budget 2024-25 and Medium-Term Financial Plan Proposals</b>
<b>Report Author</b>	Janice Gotts, Executive Director of Finance and Performance
<b>Lead Member</b>	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

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

### List of Appendices

**Appendix A** – Draft Housing Revenue Account Budgets for 2024/25

**Appendix B** – Draft Housing Revenue Account – Medium Term Financial Plan

**Appendix C** – Summary of Reserves

**Appendix D** – Extract of Corporate Resources Scrutiny Minutes relating to the HRA

### **1. Purpose of Report**

---

- 1.1. 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.
- 1.2. Whilst North Northamptonshire Council must only operate one HRA it will, for a limited period of time, operate two separate Neighbourhood Accounts, these being:
  - the Corby Neighbourhood Account - responsible for the stock that was previously managed by Corby Borough Council and

- the Kettering Neighbourhood Account - responsible for the stock that was previously managed by Kettering Borough Council.
- 1.3. The Council has started to move towards consolidating the two Neighbourhood accounts into a single HRA. This is a substantial piece of work and will require a 30-year Business Plan to be produced that will be informed by the Housing Strategy for North Northamptonshire that is currently being developed. This will consider the challenges faced by the Council across the local housing market and will set out measures to enhance housing options for local residents. This document will form a key element of the overarching strategy for North Northamptonshire which will be reported to Members during 2024/25.
  - 1.4. This report seeks approval for the proposed draft budget for the HRA for 2024/25 and the key principles on which it is based together with the Medium-Term Financial Plan (MTFP) that covers the following four years (2025/26 – 2028/29).
  - 1.5. This report also sets out the proposals regarding rent increases for 2024/25. As required by the Housing Act 1985, council tenants in Kettering and Corby have been consulted via the Tenants Advisory Panel (TAP). Initial meetings with the TAP were held on 16<sup>th</sup> November 2023 and 21<sup>st</sup> December 2023. A final meeting was held on 18<sup>th</sup> January 2024 where the Tenants formally recommended a rent increase of 7.7% in accordance with government guidelines. However, whilst the TAP are recommending an increase of 7.7% they also requested that it be noted that they are concerned with the level of the increase. The TAP also requested that the Council provides details of the forms of financial support that are available to tenants, to ensure tenants are fully aware of financial support that is available to them should they be eligible for financial support.
  - 1.6. This report also sets out the proposals regarding rent increases for 2024/25. As required by the Housing Act 1985. The following table summarises the average rent levels for 2023/24 and the proposed rent increase of 7.7% in rent levels for 2024/25, together with the change in the average rent levels.

<b>Neighbourhood Account</b>	<b>23/24 Average Rent Levels £</b>	<b>Increase in Average Rent Levels £</b>	<b>24/25 Average Rent Levels £</b>
Kettering	91.53	7.05	98.58
Corby	86.74	6.68	93.42

## **2. Executive Summary**

---

- 2.1 This report presents the draft Housing Revenue Account (HRA) budget and Medium-Term Financial Plan and sets out the proposals for a rent increase in 2024/25.
- 2.2 The overriding approach as part of the transition to the Unitary council for North Northamptonshire was to ensure that the arrangements were 'safe and legal'. It was determined that for the HRA this would, in the first instance, be best achieved through operating two Neighbourhood Accounts to be combined under



a single HRA for North Northamptonshire. Initial planning work has been undertaken during the course of 2023/24 to start to move to a single HRA and this includes developing a new 30-year Business Plan and this will continue to be progressed further during 2024/25.

- 2.3 The Government introduced a rent setting formula which covered a 5-year period (2020/21 to 2024/25). The rent setting formula is based on the Consumer Price Index (CPI) for September (of the previous financial year) + 1%. This was introduced following four years of consecutive rent reductions of 1%.
- 2.4 DLUHC (Department for Levelling Up Housing Communities) made an amendment to the rent setting formula for 2023/24 due to exceptionally high levels of inflation where the CPI in September was 10.1% which could have resulted in rent increases of 11.1%. After a consultation, social rents were capped at 7%.
- 2.5 To help maintain and protect levels of service provision and to continue investment into the housing stock the Council consulted on an average rent increase of 7.7% for 2024/25. Both the Corby and Kettering Neighbourhood Accounts have increased rents in line with the maximum amount permissible in previous years and this approach continues with this strategy. A final budget report for the HRA taking into account the outcome of the consultation will be presented to the Executive on 8<sup>th</sup> February and Council on 22<sup>nd</sup> February 2024. The draft Neighbourhood Accounts show a balanced position for 2024/25.
- 2.6 The scrutiny process for the Draft HRA Budget Proposals was undertaken by the Corporate Resources Committee at a meeting on 19<sup>th</sup> January. This was reported to the Corporate & Resources Committee meeting on 23<sup>rd</sup> January for ease of reference **Appendix D** provides a summary of comments made from the scrutiny meeting.
- 2.7 The draft HRA Budget has been discussed and debated with the TAP over a series of 3 meetings (as detailed in Section 1.4). The final budgets reflect a rental increase of 7.7% which was agreed by the TAP.
- 2.8 Beyond 2024/25, the Medium-term position (2025/26 to 2028/29) for the Corby Neighbourhood Account shows a deficit of £0.736m whilst the Kettering Neighbourhood Account shows a surplus of £2.006m. The main reason for the difference between the two Neighbourhood Accounts results from how the loans for self-financing were structured. The Corby Neighbourhood Account is increasing its contribution for the repayment of the loans whereas the Kettering Neighbourhood account is reducing its repayments, and this results from how the loans were structured.
- 2.9 The Medium-Term position assumes that rent increases of 4% are applied each year over the Medium-Term. Rent increases will be subject to an annual consultation with tenants and the rent levels will be dependent on the rent setting formula from 2025/26 onwards.

### **3. Recommendations**

---

- 3.1 It is recommended that the Executive recommend to Full Council the following:-
- a. The draft 2024/25 Housing Revenue Account Budgets consisting of the Corby Neighbourhood Account and the Kettering Neighbourhood Account as set out in **Appendix A**.
  - b. An increase in dwelling rents for 2024/25 of 7.7% which adheres to the Department for Levelling Up, Housing and Communities (DLUHC) formula on rents for social housing for both the Corby Neighbourhood Account and the Kettering Neighbourhood Account.
  - c. The draft Housing Revenue Account Medium Term Financial Plan consisting of the Corby Neighbourhood Account and the Kettering Neighbourhood Account, for 2025/26 to 2028/29 as set out in **Appendix B**.
- That the Executive
- d. Notes the forecast reserves for the Corby Neighbourhood Account and the Kettering Neighbourhood Account up to 2028/29 as set out in **Appendix C**.
- 3.2 Reason for Recommendations: To ensure that the Council complies with its Constitution in setting the budget for North Northamptonshire.
- 3.3 Alternative Options Considered: This HRA Budgets have been the subject to a formal budget consultation and comments from the consultation have been considered as part of this process.

### **4. Report Background**

---

#### **Resources and Financial**

- 4.1 Each year social landlords must set rent levels and budgets for the forthcoming financial year and provide each individual tenant with 28 days statutory notice of any proposed changes to their rent. This report sets out the proposals regarding the rents, as well as the expenditure plans for the 2024/25 rent year, together with a draft Medium-Term Financial Plan (MTFP) covering the four-year period 2025/26 to 2028/29.
- 4.2 The Council housing stock in the Corby Neighbourhood Account comprises 4,535 tenanted and 644 leasehold properties (as of 1<sup>st</sup> April 2023) with a rent roll of £20.692m in 2023/24. The Kettering Neighbourhood Account comprises 3,597 tenanted and 258 leasehold properties (as of 1<sup>st</sup> April 2023), with a rent roll of £16.763m. East Northants and Wellingborough Councils had no housing stock having made the decision several years ago to sell their stock. The composition of the Housing Stock for both the Corby and Kettering Neighbourhood Accounts is set out in Table 1 and Table 2.

Type of Property	Number of Bedrooms				Total
	One	Two	Three	Four +	
Flats-Low Rise	651	337	48	1	1,037
Flats-Medium Rise	131	184	112	15	442
Houses	1	654	1,633	236	2,524
Bungalows	309	182	41	0	532
<b>Total</b>	<b>1,092</b>	<b>1,357</b>	<b>1,834</b>	<b>252</b>	<b>4,535</b>

Type of Property	Number of Bedrooms				Total
	One	Two	Three	Four +	
Flats-Low Rise	737	451	2	0	1,190
Flats-Medium Rise	235	120	10	0	365
Houses	25	492	1,008	33	1,558
Bungalows	204	277	3	0	484
<b>Total</b>	<b>1,201</b>	<b>1,340</b>	<b>1,023</b>	<b>33</b>	<b>3,597</b>

- 4.3 The Council is required by law (Local Government and Housing Act 1989, Section 76) to avoid budgeting for a deficit on the HRA. This means the budget must not be based on total HRA revenue reserves falling below zero. In practice the Council is expected to maintain a reasonable balance of HRA reserves to cover contingencies.
- 4.4 The Chief Finance Officer reviews the level of balances required to support the Housing Revenue Account spend annually as part of their risk assessment of the budget. The Executive Director of Finance & Performance has assessed that the minimum level of balances, taking all known risks into account, should remain unchanged at £800k for the Corby Neighbourhood Account and £650k for the Kettering Neighbourhood Account. The minimum balances for the two Neighbourhood Accounts are around 3.5% of the total budget. Details of Reserves together with any estimated movements are set out in **Appendix C**.
- 4.5 It was not feasible to merge the two neighbourhood accounts into one when the legacy councils merged and create the operational changes that were required to ensure a safe and legal service. It is also necessary to develop a 30 Year Business Plan for a single HRA. The Council's Corporate Strategy was approved at the Executive on 18<sup>th</sup> November 2021, and this sets out its priorities, the objectives to achieve these, key actions, and measures of success. The services delivered within the HRA will continue to support this strategy and will continue to be developed over the forthcoming financial years.
- 4.6 The approach to the HRA budget setting has focused on three key areas for 2024/25 and the following sections of the report take items (i) and (ii) in turn.

However, it should be noted that item (iii) will be covered in a separate report to this meeting which covers both the General Fund and HRA Capital Programmes.

- (i) Revenue income and rent and service charge levels.
- (ii) Revenue expenditure plans that reflect service delivery patterns.
- (iii) Capital expenditure plans that will deliver essential maintenance to the stock as well as ensuring the Decent Homes Standard is maintained and support the new build programme.

### Revenue Income

- 4.7 The HRA receives income primarily from rents paid by tenants and from service charges levied. The draft budgets for 2024/25 have been compiled based on a rent increase of 7.7% which adheres to the current rent setting formula and is the maximum increase permitted. When considering the rental increase it is important to recognise the long-term impact as income foregone is compounded over future years.
- 4.8 The MHCLG policy statement on rents published in February 2019 announced that rents would increase by CPI + 1% from April 2020 and this would be for a period of five years (2020/21 to 2024/25). Members are reminded of the announcement that was made in July 2015 budget statement where all social rents would decrease by 1% each year over the four-year period 2016/17 – 2019/20 during which the cumulative loss of rental income was around £70m for the Corby Neighbourhood Account and around £60m for the Kettering Neighbourhood Account. This will continue to have a significant cumulative impact on the level of income that will be available to the HRA over the course of the 30-year business plan.
- 4.9 The rent in 2024/25 is chargeable over 53 weeks the additional weeks rent in 2024/25 will be transferred to a reserve, this strategy ensures that there are no additional pressures to each of the Neighbourhood Accounts.
- 4.10 The number of Right to Buy (RTB) sales assumed during 2024/25 and the medium term for the Corby Neighbourhood Account is 40 and for the Kettering Neighbourhood Account is 20 – these assumptions will be kept under review. The part year income associated from these sales has been deducted from the 2024/25 income budget.
- 4.11 For 2024/25 it is assumed that 0.9% of the Corby Neighbourhood housing stock will be void at any one time and it is assumed that 2% of the Kettering neighbourhood housing stock will be void at any one time and therefore rent cannot be charged. This reduces the total income expected to be achieved by c£205,000 for the Corby Neighbourhood Account and c£375,000 for the Kettering Neighbourhood Account.
- 4.12 Acquisition and new build programmes increase the number of housing stock for the HRA. It is anticipated that within the Kettering Neighbourhood Account a further 8 homes will be delivered at The Grange during 2024/25 and the part year affect has been reflected into the revenue account for 2024/25. Further

schemes will be reflected in the Medium-Term Financial Plan when there is more certainty around the timed delivery of future housing schemes.

- 4.13 In April 2012, the Government “reinvigorated” its Right to Buy (RTB) policy by reducing the eligibility period for RTB sales and increasing the maximum levels of discount. At the same time, the Government introduced a new mechanism that allowed local authorities to retain 100% of the RTB receipts (after some deductions) from the sale of Council Houses above a specified number of RTB sales set by Government each year for each council (the “RTB threshold”). These are referred to as 1-4-1 Receipts.
- 4.14 There were two core principles for using 1-4-1 Receipts:
- 1) That 1-4-1 Receipts can only be used to fund no more than 30% of eligible expenditure for the provision of new homes: and
  - 2) That 1-4-1 Receipts must be utilised within 3 years of them occurring. In order for the Government to enforce the time period in which expenditure must be accounted for, the standard agreement signed by Councils requires any 1-4-1 Receipts not utilised within the 3-year timeframe to be paid over to the Government, plus interest charged at 4% above base rate compounded every 3 months.
- 4.15 The previous sovereign councils (Corby Borough Council and Kettering Borough Council) opted into the 1-4-1 agreement. However, COVID-19 meant that a number of planned new build schemes nationally were delayed as contractors and companies rescheduled their projects. The need to maintain social distancing resulted in a reduction in staff on site which delayed delivery. In response to this the Government temporarily lifted the time period for which 1-4-1 receipts need to be utilised by granting a six-month extension in 2020/21, this extension was then increased to nine months.
- 4.16 The Government announced a number of changes on how 1-4-1 receipts could be used. These changes came into effect from 1<sup>st</sup> April 2021 and included.
- Increasing the time limit for the use of the receipts from three to five years – this covers not just future receipts but existing ones (i.e. back to 2017-18).
  - That the use of 1-4-1 Receipts to fund eligible expenditure for the provision of new homes be increased from 30% to 40%.
  - Introduction of a cap on the use of Right to Buy receipts on acquisitions to help drive new supply with the phased introduction, with the cap limiting acquisitions to 50% of delivery from 1<sup>st</sup> April 2022, then reducing to 40% from 1<sup>st</sup> April 2023, and to 30% from 1<sup>st</sup> April 2024 onwards. The first 20 units of delivery in each year will be excluded.

## Service Charges

- 4.17 The Council can set its own charges for items that attract service charges but must review annually the costs that drive these charges as well as how that money can be utilised.
- 4.18 Leasehold service charges cover costs that are recharged to leaseholders in year to reflect either the cost of maintaining the fabric of the building or the cost of maintaining the communal areas. Within the Kettering Neighbourhood Account leasehold charges for each building will be estimated and leaseholders will be notified of the charges to be applied for 2024/25. This process is in line with that undertaken in previous years. Within the Corby Neighbourhood Account, the leaseholders are notified of the charges on becoming a leaseholder.

## Revenue Expenditure

- 4.19 The HRA manages expenditure that covers delivery of the general housing management function as well as overheads and capital financing charges. The expenditure costs are categorised into the following six headings, further details are set out in paragraphs 4.19 – 4.33 which follow.
- Repairs & Maintenance
  - General Management
  - Special Services
  - Self- Financing Payments
  - Revenue Contribution to Capital Expenditure
  - Other
- 4.20 The **Repairs and Maintenance** budget includes the general cost of maintaining the Council's housing stock on a day-to-day basis. It includes, repairs requested by tenants, gas repairs and servicing and costs associated with void property repairs and cleaning.
- 4.21 **General Management** costs include the cost of managing the housing service. They include the cost of running the landlord service efficiently and effectively including rent collection and allocating and managing tenancies.
- 4.22 **Special Services** represents the cost of running the Council's sheltered housing schemes for vulnerable residents. It includes all costs of maintaining sheltered housing and the services provided to residents. There are 558 properties across ten sheltered housing schemes in the Corby Neighbourhood Account and 406 properties across nine sheltered housing schemes in the Kettering Neighbourhood Account.
- 4.23 Fundamental changes to the HRA were implemented in April 2012 – this was referred to as '**Self-Financing**'. The Self-Financing settlement abolished the subsidy system and redistributed debt between authorities based on a government assessment of their ability to service the debt. This had the effect of increasing the debt held by most authorities, but in return they no longer had to

pay into the national subsidy pot. Nationally there were 136 authorities who were making subsidy payments, and these authorities were required to make a payment to the government that amounted to around £13bn. Conversely 35 authorities received a payment of £6bn from Government as they would no longer be receiving a subsidy payment. The self-financing determinations resulted in Corby Borough Council taking on debt of £70.6m and Kettering Borough Council taking on debt of £72.9m.

- 4.24 The self- financing system allows authorities to better plan over the longer term as they no longer face the uncertainty of annual subsidy determinations which were typically announced around December each year notifying authorities of what they will have to pay or receive in subsidy. This means that all authorities now get to keep all the rent they receive from tenants and are fully responsible for managing their own income and expenditure.
- 4.25 The Government on 29<sup>th</sup> October 2018 revoked the debt limits that were introduced for HRAs in December 2010 by the Localism Bill under self-financing determinations, by lifting the HRA borrowing cap. This means the Corby and Kettering Neighbourhood Accounts will not be subject to a limit on borrowing.
- 4.26 All borrowing must conform to the Prudential Code which requires that borrowing be affordable and prudent. The 2024/25 budget for the Corby Neighbourhood Account provides for £1.772m to be set aside which will be transferred to the HRA Debt Management Reserve which will be used to part fund the repayment of the next loan of £15m which matures in 2031/32. The outstanding debt on 31<sup>st</sup> March 2024 and 31<sup>st</sup> March 2025 is estimated to be £60m.
- 4.27 The Kettering Neighbourhood Account is forecast to have debt of £39.224m as of 31<sup>st</sup> March 2024. The 2024/25 budget provides for the repayment of a loan of £3.403m, which will reduce the debt to £35.821m, the outstanding debt consists of self-financing debt (£33.000m) and loans to fund new build schemes (£2.821m).
- 4.28 Business cases that set out how and when the HRA will borrow will be developed and submitted for approval when Business Cases arise, this will be in accordance with the Council's Capital Strategy Approval Process.
- 4.29 Under the self-financing regime the HRA holds a depreciation charge that recognises the cost of managing and maintaining the Council stock at the current level. This funding represents a revenue cost to the HRA that is then used to support the capital programme to deliver the required enhancements to the stock to keep it fit for purpose. The **revenue contribution to capital expenditure** as a minimum must equal the depreciation charge, the draft budget for the two Neighbourhood accounts reflects this. Owing to the increase in the value of the stock this has resulted in an increase of £542k for the Corby Neighbourhood Account and £597k for the Kettering Neighbourhood Account. The medium term reflects lower increases as a result of lower rises in the stock valuation.
- 4.30 One of the main areas of risk for the HRA going forward is rent arrears and the management of debt within the rent account. There is a specific risk around the ability to collect this debt as a result of the current economic climate and the pressures on tenants from the cost of living. In addition, the spare room subsidy

changes have now been in place for several years and work to manage under occupation is now business as usual.

- 4.31 The Corby Neighbourhood Account includes a provision of £239,000 for Bad Debts for 2024/25 in line with 2023/24. The Kettering Neighbourhood Account includes a provision of £200,000 for Bad Debts for 2024/25 in line with 2023/24. The bad debts provision for future years will be reviewed as part of the budget process. The contribution to Bad Debts is shown under the ‘other’ expenditure heading which also includes Contingencies, Rents, Rates, Taxes and Other Charges and interest payable.
- 4.32 The 2023/24 budget included a pay contingency of 4% for both the Corby Neighbourhood Account and the Kettering Neighbourhood Account. The 2023/24 pay award for the majority of staff resulted in a fixed sum increased of £1,925 per employee. This has resulted in a pressure in 2023/24 of around 5% for each of the Neighbourhood Accounts. This has been reflected in the 2024/25 budget together with a pay contingency of 4% for both the Corby Neighbourhood Account and the Kettering Neighbourhood Account.

### Medium Term Financial Plan (MTFP)

- 4.33 The MTFP for both the Corby Neighbourhood Account and the Kettering Neighbourhood Account are detailed at **Appendix B**. The MTFP’s contain several assumptions, the main ones are set out in Table 3 below – these assumptions will continue to be reviewed and updated but enable an initial medium-term position (2025/26 – 2028/29) to be determined for both Neighbourhood Accounts.

<b>Assumption</b>	<b>Corby Neighbourhood Account</b>	<b>Kettering Neighbourhood Account</b>
<b>Income</b>		
Rent Levels	Assumes a 4% increase each year (CPI 3% + 1%)	
RTB Sales	40	20
Void Levels	0.90%	1.50%
<b>Expenditure</b>		
Pay Contingency	4.00%	

- 4.34 The Medium-Term position for the HRA has more certainty than that of the General Fund – largely in part to the self-financing system, however from 2025/26 onwards there is uncertainty as 2024/25 is the last year of the current five-year formula for calculating rents (CPI + 1%) and it is unclear how rents will be calculated from 2025/26.

## 5. Issues and Choices

- 5.1 Housing Rents are set by the Housing Rent Regulator – the expectation of the Rent Regulator is that rents are set in line with Government Policy, which is for



rents to be increased by CPI + 1% which is based on the rate in September of the previous year – this results in rents for 2024/25 increasing by 7.7% (CPI of 6.7% in September 2023 plus 1%).

- 5.2 The Housing Rent Regulatory expect all providers to adhere to the rules, should an organisation implement a rise in excess of this amount, it would be necessary to gain approval from the Secretary of State and the authority would need to provide a clear business case as to why an increase above guidelines are required.
- 5.3 The Council could consider a lower rent increase. A 1% reduction in rental levels would amount to a reduction in the rental yield of around £207k for the Corby Neighbourhood Account and £168k for the Kettering Neighbourhood Account and the effect of a 1% reduction over the 30-year business plan would be around £6m for the Corby Neighbourhood Account and £5m for the Kettering Neighbourhood Account. The two Neighbourhood Accounts assume a rental increase in line with government guidelines of 7.7% (CPI + 1%). The draft budgets for 2024/25 are in a balanced position. Any changes to the rental levels would require reductions in expenditure.

## **6. Implications (including financial implications)**

---

### **6.1 Resources, Financial and Transformation**

- 6.1.1 The Resources and Financial implications are set out within this Report.

### **6.2 Legal and Governance**

- 6.2.1 The Housing Revenue Account (HRA) is a separate account within the Council that ring-fences the income and expenditure associated with the Council's housing stock and the 2024/25 Draft Budgets and MTFP adhere to this – the HRA can buy support services from the General Fund such as Finance, IT, HR etc and the draft 2024/25 budgets and MTFP reflect this.
- 6.2.2 The Council is required by law (Local Government and Housing Act 1989, Section 76) to avoid budgeting for a deficit on the HRA. This means the budget must not be based on total HRA revenue reserves falling below zero. The draft budgets show a balanced budget for both the Corby and Kettering Neighbourhood Accounts.
- 6.2.3 Under the self-financing regime the HRA holds a depreciation charge that recognises the cost of managing and maintaining the Council stock at the current level. This funding represents a revenue cost to the HRA that is then used to support the capital programme to deliver the required enhancements to the stock to keep it fit for purpose. The revenue contribution as a minimum must equal the depreciation charge – the Draft 2024/25 Budget reflects this for both Neighbourhood Accounts and the MTFP reflects assumptions around future property values– although this will be subject to change when future valuations are known.

- 6.2.4 Borrowing must conform to the Prudential Code which requires that borrowing be affordable and prudent. The draft 2024/25 budgets for both Neighbourhood Accounts comply with this. Business cases will be compiled for any future borrowing that clearly sets out the revenue implications – these will be modelled in the MTFP to ensure affordability and will be the subject of future reports to the Executive.
- 6.2.5 Whilst there is no statutory requirement to consult on rent levels specifically, there is a statutory requirement to consult on "housing management matters". Historically, Kettering and Corby have engaged and consulted with tenants on the annual HRA budget and rent levels. The consultation with local residents regarding the HRA and proposed rent levels for 2024/25 was undertaken with representatives of the Tenants Advisory Panel and this was undertaken over a series of three meetings as detailed in Section 1.5.

### 6.3 **Relevant Policies and Plans**

- 6.3.1 The budget provides the financial resources to enable the Council to deliver on its plans and meet corporate priorities as set out in the Council's Corporate Plan.

### 6.4 **Risk**

- 6.4.1 The self-financing valuation and settlement are based on the Council continuing to implement the Government's Rent Restructuring formula and deviation from this could potentially undermine the financial viability of the two Neighbourhood Accounts. The compound impact from rent increases will be fundamental to the sustainability of the two Neighbourhood accounts – the impact of a 1% reduction in rental levels is set out at Section 5.3.
- 6.4.2 The ability to aggregate housing service functions and strategies to ensure consistency across North Northamptonshire remains a challenge going forward.
- 6.4.3 The investment in the existing stock will be based on updated Stock Condition Survey reports – there is a risk that the investment need is greater than resources – if this were the case a further review of the capital programme would be undertaken.
- 6.4.4 In future years there may be a need to harmonise rents as the new authority migrates from the two neighbourhood accounts into a single account. This must recognise the resource requirements needed to deliver a consistent level of housing services.
- 6.4.5 MHCLG as part of the 2021/22 budget process confirmed that the operation of two neighbourhood accounts was a local decision for the council, however, for formal accounting purposes the Council will be required to have one HRA and as such the accounts will be aggregated at the end of the year.
- 6.4.6 The current economic climate could have an impact on the rent collection rates and it is recognised that it may impact on rent arrears for the two Neighbourhood Accounts.

- 6.4.7 Universal Credit (UC) could affect levels of tenant income and further increase rent arrears within the HRA.
- 6.4.8 Compliance with regulatory standards and changes to health and safety legislation particularly regarding fire safety will provide additional challenges over the next few years and could lead to increased costs.

## 6.5 Consultation

- 6.5.1 The HRA Budget Report to the Executive meeting on 21<sup>st</sup> December 2023 commenced the consultation on the HRA draft budget proposals, the consultation concluded on 26<sup>th</sup> January 2024.
- 6.5.2 There are no changes to the budget proposals to those presented to the Executive at the meeting on 21<sup>st</sup> December 2023.
- 6.5.3 The Corby and Kettering Neighbourhood Accounts budget consultation included the rent levels, the 2024/25 draft budget proposals, together with the draft Medium Term Financial Plan. However, whilst the TAP is recommending an increase of 7.7% they also requested that it be noted that they are concerned with the level of the increase. The TAP also requested that the Council provides details of the forms of financial support that are available to tenants, to ensure tenants are fully aware of financial support that is available to them should they be eligible for financial support.

## 6.6 Consideration by Scrutiny

- 6.6.1 Scrutiny is a means for councillors not on the Executive to influence the development of Council policies and services and hold decision makers to account. Budget Scrutiny involves councillors reviewing significant proposals from across the draft budget and reporting their conclusions about the deliverability and service impact of these proposals to the Executive. In this way Budget Scrutiny contributes to the development of the final budget proposals and supports local democracy.
- 6.6.2 The scrutiny of the budget proposals took place following the presentation of the 2024/25 budget to the Executive on 21<sup>st</sup> December 2023. In order to assist in the scrutiny process, separate scrutiny sessions took place across the main service areas of the Council and the scrutiny of the HRA was included within Adults, Health Partnerships and Housing. The relevant senior Council Officers and Executive Member portfolio holders attended these scrutiny sessions to answer questions put forward by the Committee Members.
- 6.6.3 The Corporate and Resources Scrutiny Committee has a critical role to play in scrutinising and reviewing the budget proposals, ensuring that they are subject to rigorous challenge, comments from the Corporate and Resources Scrutiny Committee are set out in **Appendix D**.

## **6.7 Consideration by Executive Advisory Panel**

6.7.1 Not applicable.

## **6.8 Equality Implications**

6.8.1 None directly from this report

## **6.9 Climate and Environment Impact**

6.9.1 The ongoing maintenance of existing stock, such as heating replacement, insulation and low energy LED lighting in communal areas also help to increase the energy efficiency of the existing stock. Consideration will be given to new methods of building construction, such as the air source heat pumps that were used at Hampden Crescent.

6.9.2 National and international good practice will be considered as technology is changing constantly in this fast-moving sector but, it is clear, that the HRA housing stock will embrace this issue within its programme going forward.

## **6.10 Community Impact**

6.10.1 The draft 2024/25 HRA Budgets should not impact on front line service provision and should enable the Council to meet the needs of disabled and older residents to have aids and adaptations fitted to support their independence.

6.10.2 Tenants should be positively affected by the investment in dwelling insulation, energy efficiency and changes to heating and communal utility charges. Many have benefited from reduced personal heating charges and a lower split of communal utility costs between all residents benefiting from these services.

6.10.3 There is a clear correlation between effective housing and better health outcomes. Community development work undertaken seeks to minimise isolation, particularly with older residents, contributing to improved physical and mental health outcomes and more active communities. We will continue to work with community and voluntary groups, promoting their services and offering practical help where feasible.

6.10.4 There are many reasons why tenants may struggle to maintain their tenancies including substance misuse and mental health. We will seek to support tenants in their homes to ensure that they are able to maintain successful tenancies and to reduce the number of evictions and staff will provide support for tenants including financial advice.

## **6.11 Crime and Disorder Impact**

6.11.1 There are no specific issues arising from this report.

## **7. Background Papers**

---

### **7.1 Executive Meeting (21/12/23)**

Draft Budget 2024-25 and Medium-Term Financial Plans

<https://northnorthants.moderngov.co.uk/ieListDocuments.aspx?CId=142&MId=1539&Ver=4>

### **7.2 Council Budget Setting Meeting (23/02/23)**

Final Budget 2023-24 and Medium-Term Financial Plans, including the Council Tax Resolution

<https://northnorthants.moderngov.co.uk/ieListDocuments.aspx?CId=151&MId=767&Ver=4>

### **7.3 Executive Meeting (09/02/23)**

Draft Budget 2023-24 and Medium-Term Financial Plans

<https://northnorthants.moderngov.co.uk/ieListDocuments.aspx?CId=142&MId=919&Ver=4>

### **7.4 Budget Forecast Reports to the Executive and Corporate Scrutiny Committee**

This page is intentionally left blank

## HOUSING REVENUE ACCOUNT DRAFT BUDGET ESTIMATES 2024/25

	Corby Neighbourhood Account Draft Budget 2024/25	Kettering Neighbourhood Account Draft Budget 2024/25	North Northants HRA Draft Budget 2024/25
	£'000	£'000	£'000
<b>INCOME</b>			
Rents - Dwellings Only	22,620	18,347	40,967
Service Charges	622	464	1,086
HRA Investment Income	340	32	372
<b>Total Income</b>	<b>23,582</b>	<b>18,843</b>	<b>42,425</b>
<b>EXPENDITURE</b>			
Repairs and Maintenance	6,372	5,039	11,411
General Management	5,590	3,140	8,730
HRA Self Financing	2,125	4,821	6,946
Revenue Contribution to Capital	5,417	3,865	9,282
Transfer To / (From) Reserves	2,098	(56)	2,042
Special Services	1,089	1,317	2,406
Other	891	717	1,608
<b>Total Expenditure</b>	<b>23,582</b>	<b>18,843</b>	<b>42,425</b>
<b>Net Operating Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>

## CORBY NEIGHBOURHOOD ACCOUNT

	Original Budget 2023/24	Draft Budget 2024/25	Movement	Explanation for Changes in Budget
	£000	£000	£000	
<b>INCOME</b>				
Rents - Dwellings Only	20,692	22,620	1,928	Rent increase of 7.7% which is in line with the Government Guidelines - this also reflects a 53 week rent year.
Service Charges	641	622	(19)	Reduction to reflect fixed service charges
HRA Investment Income	148	340	192	Reflects increased investment income due to higher interest rates
<b>Total Income</b>	<b>21,481</b>	<b>23,582</b>	<b>2,101</b>	
<b>EXPENDITURE</b>				
Repairs and Maintenance	6,440	6,372	(68)	Pay Award Changes (£280k), part reversal of one-off investment into Repairs and Maintenance (£400k) and an additional on-going investment of £52k into Repairs and Maintenance.
General Management	5,438	5,590	152	Pay Award Changes £152k
HRA Self Financing	2,125	2,125	0	
Revenue Contribution to Capital	4,875	5,417	542	Increase in RCCO £542k owing to higher Stock Valuation
Transfer To / (From) Reserves	807	2,098	1,291	There has been a movement in reserves of £1.291m. Transfers from reserves were made in 23/24 in relation to Repairs & Maintenance (£400k) and for the increase in the RCCO (£265k); these transfers are not required in 2024/25. In addition, further provision for the self financing loan repayments has been made in 2024/25 (£200k) and a transfer to reserves of £426k which reflects the additional rent from a 53 week rent year. The MTFP reflects the use of this in 2025/26.
Special Services	1,014	1,089	75	Pay Award Changes £41k, Increases in Utility Costs Gas and Electric £34k
Other	782	891	109	Increase in contingency £109k
<b>Total Expenditure</b>	<b>21,481</b>	<b>23,582</b>	<b>2,101</b>	
<b>Net Operating Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	



KETTERING NEIGHBOURHOOD ACCOUNT

	Original Budget 2023/24	Draft Budget 2024/25	Movement	Explanation for Changes in Budget
	£000	£000	£000	
<b>INCOME</b>				
Rents - Dwellings Only	16,763	18,347	1,584	Rent increase of 7.7% which is in line with the Government Guidelines - this also reflects a 53 week rent year.
Service Charges	487	464	(23)	Estimated decrease in service charges
HRA Investment Income	21	32	11	Reflects increased investment income due to higher interest rates
<b>Total Income</b>	<b>17,271</b>	<b>18,843</b>	<b>1,572</b>	
<b>EXPENDITURE</b>				
Repairs and Maintenance	4,632	5,039	407	Pay Award Changes (£199k), additional investment for Repairs and Maintenance (£208k).
General Management	2,988	3,140	152	Pay Award Changes £152k.
HRA Self Financing	4,986	4,821	(165)	Reduction in Interest Payments (£95k), decrease in Loan repayment (£97k), interest on new loans £27k related to new build
Revenue Contribution to Capital	3,268	3,865	597	Increase in RCCO £597k owing to higher Stock Valuation
Transfer To / (From) Reserves	(565)	(56)	509	There has been a movement in reserves of £509k. Transfers from reserves were made in 23/24 in self financing loan repayments (£565k). The amount required for 24/25 is £403k resulting in a net movement of £162k. In addition there is a transfer to reserves of £347k which reflects the additional rent from a 53 week rent year. The MTFP reflects the use of this in 2025/26.
Special Services	1,257	1,317	60	Pay Award Changes £37k / Increases in Utility Costs Gas and Electric £23k
Other	705	717	12	Increase in contingency £12k
<b>Total Expenditure</b>	<b>17,271</b>	<b>18,843</b>	<b>1,572</b>	
<b>Net Operating Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Corby Neighbourhood Account	2024/25	2025/26	2026/27	2027/28	2028/29
	Incremental Changes				
	£000	£000	£000	£000	£000
<b>INCOME</b>					
Total Dwelling Rents	22,620	22,881	23,587	24,315	25,062
Total Service Charges	622	622	622	622	622
Other Income	340	378	337	375	443
<b>Total Income</b>	<b>23,582</b>	<b>23,881</b>	<b>24,546</b>	<b>25,312</b>	<b>26,127</b>
<b>HRA Net Budget</b>	<b>21,481</b>	<b>23,582</b>	<b>23,748</b>	<b>25,028</b>	<b>25,942</b>
<b>MTFP CHANGES</b>					
Salary Inflation / NI Changes	473	256	293	339	330
Repairs & Maintenance	(348)	0	100	100	100
General Inflation / Pressures	34	47	51	56	62
Depreciation / MRR (Add Cap Exp)	542	390	260	269	279
- HRA Self Financing / Loans	0	0	0	0	0
Transfer to / (from) Reserves	1,291	(552)	576	150	150
Contingency	109	25	0	0	0
Contribution to Bad Debts	0	0	0	0	0
Recharges	0	0	0	0	0
<b>HRA Net Revenue Budget</b>	<b>23,582</b>	<b>23,748</b>	<b>25,028</b>	<b>25,942</b>	<b>26,863</b>
<b>Cumulative (Surplus) / Deficit</b>	<b>0</b>	<b>(133)</b>	<b>482</b>	<b>630</b>	<b>736</b>
<b>Annual (Surplus) / Deficit</b>	<b>0</b>	<b>(133)</b>	<b>615</b>	<b>148</b>	<b>106</b>

**Notes**

The amounts shown in the Medium Term Financial Plan (MTFP) reflect the annual change to the budget.

The Council is required by law (Local Government and Housing Act 1989, Section 76) to avoid budgeting for a deficit on the HRA. The Cumulative (Surplus) / Deficit Line reflects the cumulative savings required over the period of the MTFP - whilst this would not be permissible legally it is shown to provide an indication of the scale of savings required over the MTFP. Whereas the Annual (Surplus) / Deficit Line shows the level of savings required annually following a balanced position being set in the previous year.

Kettering Neighbourhood Account	2024/25	2025/26	2026/27	2027/28	2028/29
	Incremental Changes				
	£000	£000	£000	£000	£000
<b>INCOME</b>					
Total Dwelling Rents	18,347	18,680	19,369	20,030	20,713
Total Service Charges	464	487	511	538	567
HRA Investment Income	32	51	69	94	124
<b>Total Income</b>	<b>18,843</b>	<b>19,218</b>	<b>19,949</b>	<b>20,662</b>	<b>21,404</b>
<b>HRA Net Budget From Previous Year</b>	<b>17,271</b>	<b>18,843</b>	<b>19,141</b>	<b>18,357</b>	<b>19,873</b>
<b>MTFP CHANGES</b>					
Salary Inflation / NI Changes	388	137	190	195	211
Repairs & Maintenance	0	100	100	100	100
General Inflation / Pressures	223	24	27	29	32
Depreciation / MRR (Add Cap Exp)	597	289	185	192	199
HRA Self Financing / Loans	(165)	(473)	(3,133)	0	(17)
Transfer to / (from) Reserves	509	209	1,847	1,000	(1,000)
Contingency	12	12	0	0	0
Other	8	0	0	0	0
Bad Debts	0	0	0	0	0
<b>HRA Net Revenue Budget</b>	<b>18,843</b>	<b>19,141</b>	<b>18,357</b>	<b>19,873</b>	<b>19,398</b>
<b>Cumulative (Surplus) / Deficit</b>	<b>0</b>	<b>(77)</b>	<b>(1,592)</b>	<b>(789)</b>	<b>(2,006)</b>
<b>Annual (Surplus) / Deficit</b>	<b>0</b>	<b>(77)</b>	<b>(1,515)</b>	<b>803</b>	<b>(1,217)</b>

**Notes**

The amounts shown in the Medium Term Financial Plan (MTFP) reflect the annual change to the budget.

The Council is required by law (Local Government and Housing Act 1989, Section 76) to avoid budgeting for a deficit on the HRA. The Cumulative (Surplus) / Deficit Line reflects the cumulative savings required over the period of the MTFP - whilst this would not be permissible legally it is shown to provide an indication of the scale of savings required over the MTFP. Whereas the Annual (Surplus) / Deficit Line shows the level of savings required annually following a balanced position being set in the previous year.

Corby Neighbourhood Account - Reserves

Appendix C

	Estimated 31/03/23 £'000	Trans to / (from) Reserves 23/24 £'000	Projected 31/03/24 £'000	Trans to / (from) Reserves 24/25 £'000	Projected 31/03/25 £'000	Trans to / (from) Reserves 25/26 £'000	Projected 31/03/26 £'000	Trans to / (from) Reserves 26/27 £'000	Projected 31/03/27 £'000	Trans to / (from) Reserves 27/28 £'000	Projected 31/03/28 £'000	Trans to / (from) Reserves 28/29 £'000	Projected 31/03/29 £'000
<b>HRA Balance</b>	2,914	0	2,914	426	3,340	(426)	2,914	0	2,914	0	2,914	0	2,914
<b>HRA Earmarked Revenue Reserves</b>													
HRA Debt Management Reserve	2,576	1,572	4,148	1,772	5,920	1,972	7,892	2,122	10,014	2,272	12,286	2,422	14,708
Housing Stock Reserves	3,356	(765)	2,591	(100)	2,491	0	2,491	0	2,491	0	2,491	0	2,491
<b>Total HRA Earmarked Revenue Reserves</b>	<b>5,932</b>	<b>807</b>	<b>6,739</b>	<b>1,672</b>	<b>8,411</b>	<b>1,972</b>	<b>10,383</b>	<b>2,122</b>	<b>12,505</b>	<b>2,272</b>	<b>14,777</b>	<b>2,422</b>	<b>17,199</b>
<b>Total Revenue Reserves</b>	<b>8,846</b>	<b>807</b>	<b>9,653</b>	<b>2,098</b>	<b>11,751</b>	<b>1,546</b>	<b>13,297</b>	<b>2,122</b>	<b>15,419</b>	<b>2,272</b>	<b>17,691</b>	<b>2,422</b>	<b>20,113</b>

Purpose of Reserve

**HRA Debt Management Reserve** - Reserve to provide resources for the future repayment of borrowing costs for the HRA self-financing transaction.

**Housing Stock Reserves** - Reserve for future investment in stock.

**Kettering Neighbourhood Account - Reserves**

**Appendix C**

Reserves	Estimated 31/03/23 £'000	Trans to / (from) Reserves 23/24 £'000	Projected 31/03/24 £'000	Trans to / (from) Reserves 24/25 £'000	Projected 31/03/25 £'000	Trans to / (from) Reserves 25/26 £'000	Projected 31/03/26 £'000	Trans to / (from) Reserves 26/27 £'000	Projected 31/03/27 £'000	Trans to / (from) Reserves 27/28 £'000	Projected 31/03/28 £'000	Trans to / (from) Reserves 28/29 £'000	Projected 31/03/29 £'000
<b>HRA Balance</b>	850	0	850	347	1,197	(347)	850	1,000	1,850	2,000	3,850	1,000	4,850
<b>HRA Earmarked Revenue Reserves</b>													
HRA Self Financing Reserve	1,105	(565)	540	(403)	137	500	637	1,000	1,637	1,000	2,637	1,000	3,637
HRA Investment Reserve	499	0	499	0	499	0	499	0	499	0	499	0	499
<b>Total HRA Earmarked Revenue Reserves</b>	<b>1,604</b>	<b>(565)</b>	<b>1,039</b>	<b>(403)</b>	<b>636</b>	<b>500</b>	<b>1,136</b>	<b>1,000</b>	<b>2,136</b>	<b>1,000</b>	<b>3,136</b>	<b>1,000</b>	<b>4,136</b>
<b>Total Revenue Reserves</b>	<b>2,454</b>	<b>(565)</b>	<b>1,889</b>	<b>(56)</b>	<b>1,833</b>	<b>153</b>	<b>1,986</b>	<b>2,000</b>	<b>3,986</b>	<b>3,000</b>	<b>6,986</b>	<b>2,000</b>	<b>8,986</b>

**Purpose for Reserve**

**HRA Self Financing Reserve** - Reserve to provide resources for the future repayment of borrowing costs for the HRA self-financing transaction.

**HRA Investment Reserve** - Reserve to provide resources for the repair, replacement and acquisition of Housing Revenue Account property.

This page is intentionally left blank

## Appendix D

### Notes from the meeting of the Budget Scrutiny Panel Phase 2 - Adults, Health Partnerships, Housing - 19th January 2024

#### Present

#### Budget Scrutiny Panel Members

Cllr Lyn Buckingham (Chair)  
Cllr Lora Lawman (Vice-Chair)  
Cllr Anne Lee  
Cllr Paul Marks  
Cllr Steven North  
Cllr Russell Roberts

Apologies were received from Councillor Hakewill, Councillor Levell and Councillor Zoe McGhee (Cllr Lee substituting).

#### Adults, Communities and Health Officers

David Watts (Executive Director of Adult Social Care)  
Sam Fitzgerald (Assistant Director of Adult Services)  
Matthew Jenkins (Assistant Director of Commissioning and Performance)  
Zakia Loughhead (Assistant Director of Safeguarding and Wellbeing)  
Evonne Coleman-Thomas (Assistant Director of Housing)

#### Executive Members

Cllr Lloyd Bunday (Finance and Transformation)  
Cllr Mark Rowley (Housing, Communities and Levelling Up)

#### Observers

Cllr John McGhee and Cllr Keli Watts

#### Finance Officers

Janice Gotts (Executive Director for Finance and Performance)  
Mark Dickenson (Assistant Director for Finance and Strategy)  
Claire Edwards (Assistant Director for Finance Accountancy)  
Maria Idione (Strategic Finance Business Partner)

The Committee considered a presentation by the officers of Adults, Health Partnerships and Housing, which outlined the proposed 2024/25 directorate budget and the key risks relating to services the directorate delivered.

During discussion, the principal points in relation to the Housing Revenue Account (HRA) were noted:

- (i) Members queried how many accommodation properties the local authority owned across North Northamptonshire.
- (ii) Members queried the rates of bad debt provision.
- (iii) Members queried whether energy efficiency measures had been established for Council properties.

In response, officers clarified that:

- (iv) The local authority owned around 8,000 properties across North Northamptonshire.
- (v) Bad debts provision were maintained at the same rates and would be re-assessed on an annual basis.
- (vi) Energy efficiencies were determined when contracts with energy providers were secured, and regular reviews of these contracts were undertaken.



## EXECUTIVE 8<sup>th</sup> February 2024

<b>Report Title</b>	<b>Capital Programme 2024-2028</b>
<b>Report Author</b>	Janice Gotts, Executive Director of Finance and Performance
<b>Lead Member</b>	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

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

### List of Appendices

- Appendix A** – Baseline Capital Programme 2024-28
- Appendix B** – Baseline HRA Capital Programme 2024-28
- Appendix C** – Baseline Development Pool
- Appendix D** – Capital Strategy

### **1. Purpose of Report**

---

- 1.1. This report sets out the baseline Capital Programme for 2024-25 and the indicative Medium-Term Financial Plan for North Northamptonshire Council. The draft budget proposals were considered by the Executive on 21<sup>st</sup> December 2023.
- 1.2. The budget consultation period commenced on 21<sup>st</sup> December 2023 and ended on 26<sup>th</sup> January 2024. The draft budgets have been subject to scrutiny by the Corporate Scrutiny Committee. The consultation provided residents, local partners and other stakeholders the opportunity to review the budget proposals and provide feedback during the five-week consultation period.
- 1.3. This report sets out the baseline Capital Programme and identifies the key factors and challenges influencing the development of North Northamptonshire Council's commitments for 2024-25 and beyond.

## **2. Executive Summary**

---

- 2.1 This report presents the Draft General Fund Capital Programme for 2024-28, the Baseline Development Pool and the Housing Revenue Account (HRA) Capital Programme 2024-28.
- 2.2 The key principles underpinning the current Capital programme are set out in the report and are designed to support the delivery of the capital programme which is affordable and sustainable.
- 2.3 The total capital programme is £171.8m, consisting of the General Fund baseline programme of £113.1m and HRA baseline programme totally £58.7m. There is also a Development Pool of £169.6m which includes schemes awaiting formal business cases.

## **3. Recommendations**

---

- 3.1 It is recommended that the Executive recommends to Full Council:
  - a) the General Fund Capital Programme 2024-28 and HRA Capital Programme 2024-28.
  - b) that Council delegate authority to the Executive Member for Finance and Transformation in consultation with the Executive Director of Finance and Performance (Section 151 Officer) to agree any necessary variations to the capital budget prior to 1<sup>st</sup> April 2024.
- 3.2 It is recommended that the Executive notes:
  - a) the Development Pool 2024-28 and that schemes within the pool will be subject to further approval prior to inclusion in the programme.
- 3.3 Reason for Recommendations: To ensure that the Council complies with its Constitution and legislative requirements in setting the budget for North Northamptonshire Council for 2024-25.
- 3.4 Alternative Options Considered - any comments from the consultation have been considered as part of this process.

## **4. Report Background**

---

- 4.1 The current Capital Strategy demonstrates how the Council will make expenditure and investment decisions in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability. It sets out the key objectives and broad principles to be applied by the Council when considering capital investment and its funding and provides the context for how the Medium-Term Capital Programme seeks to support the realisation of the Council's vision and corporate objectives. The Strategy also

provides details of the Council's planned future capital programme and capital funding expectations.

## 5. Issues and Choices

---

### Capital Strategy 2024-28

- 5.1 The current Capital Strategy and the key principles has been developed with reference to the requirements of the current Prudential Code and Treasury Code of Practice. CIPFA consulted earlier in the year on the principles to support the changes to the Prudential Code for Capital Finance in Local Authorities (Prudential Code) and the Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (Treasury Management Code) and these are reflected in the Treasury Management Strategy for 2024-25 shown in **Appendix H** of the Budget Report.
- 5.2 The key principles underpinning the Capital Strategy in compiling the Capital programme are as follows:
- 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 and safety.
  - New capital investment will only be permitted if it contributes to the achievement of the Council's corporate priorities.
  - The use of external funding is prioritised against the areas of greatest need, in the main supporting highways maintenance, the delivery of education places, the Corby Town Plan within North Northants. Priority will be given to schemes that also deliver transformation and/or revenue savings.
  - Maximisation of 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 North Northants.
  - Take into account external influences such as the Southeast Midlands Local Enterprise Partnership (SEMLEP) and joint working with other partner authorities and organisations such as Health.
  - Key integration and links with the council's other corporate strategies including Corporate Plan, Treasury Management, Investment Strategy, Asset Management Plan.
  - Set out the Council's regeneration and economic development ambition and additional objectives.
  - Set out the governance and risk management arrangements.

## **Governance Process and Approval of New Capital Schemes**

- 5.3 The Capital Strategy outlines the Governance Structure for approving new capital schemes. New capital investment will only be permitted if it contributes to the achievement of the Council's strategic priorities. The use of external funding will be prioritised against the areas of greatest need within North Northamptonshire, in line with conditions that will apply. In the main external funding will be supporting the highways programme and the delivery of schools' places alongside specific investments in neighbourhoods across North Northamptonshire. An updated strategy will be reported to the February Executive and Council.

### **Capital Programme 2024-28, HRA Capital Programme 2024-28 and Development Pool**

- 5.4 The Baseline Programme has been put together by taking the Medium-Term Capital Programme approved by Council in February 2023 updated for any approvals made in-year, together with new schemes as detailed in 5.6 below. This has resulted in a total capital programme of £171.8m (General Fund £113.1m, HRA £58.7m) over the four-year period 2024-28, which comprises:
- A General Fund Baseline Programme totalling £113.1m including key projects such as highways, disabled adaptations, school improvements and extensions, and various property and environmental projects across North Northamptonshire, together with significant investment in the highway's infrastructure network over and above the integrated transport grant funding.
  - A HRA Baseline Programme totalling £58.7m across Kettering and Corby housing stock, together with significant investment of £20.2m proposed for the Housing Development and New Build Programmes.
- 5.5 The Council also has a Development Pool totalling £169.6m. Projects within the Pool are indicative area of future investment and will be subject to completing a satisfactory business case prior to Executive approval and inclusion within the formal programme. The key themes are Children's Services including Basic Needs, increasing capacity for pupil numbers, schools' maintenance, looked after children's placements and fostering support; Place including highways maintenance, new road or extension schemes, cycleways, levelling up schemes, flood alleviation, regeneration and economic development projects and property asset management.

#### New Investment Items from 2024-25

- 5.6 Specifically, the following new investments (including movements from the Development Pool) have been put forward as part of the revised main programme from 2024-25 for approval by Council:
- £9m over the three-year period 2024-2027 (£3m each year) funded from borrowing for investment into the highway's infrastructure across North Northamptonshire.

- £1.3m across 2024-25 (£164k) and 2025-26 (£1.136m) to develop a Traveller's Stopping Site funded from borrowing. Projects have been removed from the development pool c£10m, which was identified as being funded from borrowing to mitigate any requirement for additional borrowing.
- £123k investment into play facilities at Sywell Country Park during 2024-25 funded through Capital Receipts.
- £749.3k, £276.1k in 2024-25 and £473.2k in 2025-26, investment into Alfred Street/Tennyson School moved from the Development Pool to the Main Programme. This will be funded through DfE Basic Needs grant.
- £125k to support the upgrading of the public Library network. The upgrade programme will be run across all Libraries in Northamptonshire during 2024-25. The contribution of £125k for North Northamptonshire libraries will be met from Capital Receipts.

### **Minimum Revenue Provision**

- 5.7 The Minimum Revenue Provision (MRP) reflects the minimum amount a Council must charge to the revenue budget each year to set aside a provision for repaying external borrowing. The increase in the MRP provision of £1.735m for 2024-25 is to ensure the provision is aligned to the MRP policy moving into the medium term. This will form part of the Treasury Management Strategy to the February Executive.
- 5.8 The disaggregation of the capital assets, balances and debt are still to be finalised and subject to the final certification audit of the 2020-21 financial accounts for Northamptonshire County Council and Corby Borough Council and this may have implications for the current assumptions.
- 5.9 The Public Works Loan Board no longer lend to local authorities that plan to buy commercial assets primarily for yield. PWLB will still be available to all local authorities for refinancing. To borrow from the PWLB, local authorities will now be required to submit a summary of their planned capital spending and PWLB borrowing for the following three years including a commentary outlining the expenditure plans of the Council.

### **Funding**

- 5.10 The capital programme assumes various sources of funding including capital receipts and grants, together with support from external/internal borrowing, which is at the discretion of the council for essential capital expenditure. This is set out in **Appendices A to C** for each area.

## **6. Implications (including financial implications)**

---

### **6.1 Resources and Financial**

- 6.1.1 The resource and financial implications of the Capital Strategy and Capital Programme are set out in the body and appendices of this report. Staff

capacity/external support will need to be ensured to deliver the Council's capital projects and support the expansion of the programme and the Council's ambitions moving forward.

## 6.2 Legal

6.2.1 There are no legal implications arising from the proposals.

## 6.3 Risk

6.3.1 The following risks are associated with the budget proposals:

<b>Risk</b>	<b>Mitigation</b>	<b>Residual</b>
Affordability/viability	Ensure projects are closely monitored and reviewed in relation to increase costs from inflation and interest rates (where applicable)	Amber/Red
Capacity to deliver	Ensure co-ordinated delivery teams for the capital programme and sufficient resources for external support as required	Amber
Disaggregation not being agreed	Agreements on most splits are in place reducing the impact of remaining items	Amber
MRP policy not complete	Estimates based on current policies of current debt plus a phasing strategy included to reduce future one-off impact	Amber
Historic Commercial Schemes/Change in Government Policy	Commercial Assets to be managed to maximise performance and changes to policy will be paramount to future capital strategy and programme	Amber
Condition of assets transferring to the Council	Condition likely to be variable across the estate. Will need to be reviewed as part of the One Public Estate workstream to rationalise and prioritise investments and sales of assets	Amber

**6.4 Consultation**

6.4.1 The formal consultation on the Draft Capital Budget 2024/25 commenced on 21<sup>st</sup> December 2023 and concluded on 26<sup>th</sup> January 2024 in preparation for the presentation of the final budget proposals for this meeting of the Executive and for the Council meeting on 22<sup>nd</sup> February 2024.

6.4.2 There has been amendment to the budget proposals presented to the Executive Committee at the meeting on 21<sup>st</sup> December, to include changes to re-profiled items within the capital programme in 2023/24 across the medium-term capital programme for 2024-25 within Public Health and Communities (shown in the table below) and a transfer from the Development Pool of £1.75m into Place and Economy for Workspace Transformation.

<b>Directorate - Public Health &amp; Communities</b>	<b>2024/25 £</b>	<b>2025/26 £</b>	<b>2026-27 £</b>	<b>2027-28 £</b>	<b>Total Spend £</b>
Library Roof	3,175,000	2,500,840	957,496	0	6,633,336
<b>Total Public Health &amp; Communities Revised Total</b>	<b>3,590,000</b>	<b>2,790,840</b>	<b>1,247,496</b>	<b>290,000</b>	<b>7,918,336</b>

<b>North Northamptonshire Council Proposed Budget</b>	<b>38,683,766</b>	<b>24,698,000</b>	<b>23,510,400</b>	<b>17,906,800</b>	<b>104,798,966</b>
<b>North Northamptonshire Council Revised Budget</b>	<b>43,413,766</b>	<b>27,253,840</b>	<b>24,522,896</b>	<b>17,906,800</b>	<b>113,097,302</b>

6.4.3 The structure and design of the consultation set out the budget proposals and enabled both online and non-digital means of participation, in accordance with good practice. This is to ensure the widest possible reach, a variety of consultation methods will be used to maximise the range of accessible channels for consultees, these include:

- Online survey – available free at libraries for those without internet access (with hard copies and copies in other formats available on request)
- An email address and telephone number
- Social media - including Facebook, Twitter and LinkedIn
- Postal address
- Emails to key stakeholders, inviting them to comment through the above consultation channels and asking them to promote the consultation to their members/community: e.g., partner organisations, MPs, Town and Parish Councils, Voluntary Sector Infrastructure Organisations.
- Emails to Residents’ Panel members and other stakeholders who have registered to receive consultation alerts, inviting them to comment through the above consultation channels.

6.4.4 The purpose of the consultation is to ensure that, when the Final Budget is considered by Council on 22<sup>nd</sup> February 2024, Members are fully aware of the consultation feedback and are in a position to take it into account when making final decisions. This includes full consideration of any viable alternatives for ways to save money/generate income, if provided.

6.4.5 In addition, there was a consultation with residents regarding the HRA via the respective Tenants Forum.

## 6.5 Consideration by Scrutiny

6.5.1 The Corporate Scrutiny Committee has a critical role to play in scrutinising and reviewing the budget proposals, ensuring that they are subject to rigorous challenge. The Scrutiny Committee will provide recommendations back to the Executive on the proposals put forward.

6.5.2 Scrutiny is a means for councillors not on the Executive to influence the development of Council policies and services and hold decision makers to account. Budget Scrutiny involves councillors reviewing significant proposals from across the draft budget and reporting their conclusions about the deliverability and service impact of these proposals to the Executive. In this way Budget Scrutiny contributes to the development of the final budget proposals and supports local democracy.

6.5.3 Scrutiny took place over two phases. The first to consider the in-year position for 2023-24 and any implications for 2024-25 and the second to consider the detailed proposals for 2024-25. The first phase took place during November 2023 and the second phase in January 2024 to allow time for the Committee to provide feedback to the Executive at its meeting on 8<sup>th</sup> February 2024.

6.5.4 A total of 5 Budget Scrutiny sessions were undertaken and covered the main service areas of:

- Place and Economy
- Adults and Housing Services
- Public Health and Communities
- Children's and Education Services – this will include the Children's Trust
- Enabling and Support Services

6.5.5 The relevant senior Council Officers and Executive Member portfolio holders attended each scrutiny session to answer any question put forward by the Committee Members.

6.5.6 This will include both the revenue budget and the capital programme for each of the main service areas.

6.5.7 The outcome from the scrutiny process has been included within the Budget Report at Appendix G, which was presented by the Corporate Scrutiny Committee on 23<sup>rd</sup> January 2024 and sets out Scrutiny's recommendations to Executive for consideration when making its decisions on the budget to recommend to Council on 22<sup>nd</sup> February.

## 6.6 Climate Impact

6.6.1 The council is supportive of the key principles of raising awareness of the issues of climate change and its impact on the local area, reducing



emissions of greenhouse gases across the area and planning for and adapting to the impacts of climate change and these were all considered as part of setting the initial capital programmes that have subsequently led to the baseline capital programme within this report.

## 6.7 Community Impact

- 6.7.1 No distinct community impacts have been identified as a result of the proposals included in this report, however, the successful delivery of various projects will have a positive result in the local communities once completed.

## 7. Background Papers

---

- 7.1 The following documents disclose important facts on which the report is based and have been relied upon in preparing the report.

- Suite of Budget reports to North Northamptonshire Executive Committee, 21<sup>st</sup> December 2023: [\(Public Pack\)Agenda Document for Executive, 21/12/2023 10:00 \(moderngov.co.uk\)](#)
- Suite of Budget reports to North Northamptonshire Authority, 23<sup>rd</sup> February 2023 (Budget Council): [\(Public Pack\)Agenda Document for Council, 23/02/2023 10:00 \(moderngov.co.uk\)](#)

This page is intentionally left blank

# Appendix A

## Appendix A

### General Fund Capital Programme 2024-25 to 2027-28

<b>Directorate - Place &amp; Economy</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>Total Spend</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Street Lighting	980,000	0	0	0	980,000
Northamptonshire Superfast Broadband	2,000,000	0	0	0	2,000,000
Contribution to HWRC Sinking Fund	29,866	0	0	0	29,866
Car Parking - Kettering Town Centre	20,000	20,000	20,000	20,000	80,000
Borough Wide - Recycling Bins	232,000	232,000	232,000	232,000	928,000
Replacement Refuse Vehicles	2,915,000	0	0	0	2,915,000
Cemetery works	40,000	40,000	40,000	40,000	160,000
Stock Improvement & Compliance	0	250,000	250,000	250,000	1,500,000
Workspace Transformation & Stock Condition	2,250,000	0	0	0	2,250,000
Highways - road condition works	3,000,000	3,000,000	3,000,000	0	9,000,000
Highways Pothole Fund	4,804,000	3,735,000	3,735,000	3,735,000	16,009,000
Highways LTP Maintenance	3,735,000	3,735,000	3,735,000	3,735,000	14,940,000
Highways Incentive Maintenance	934,000	934,000	934,000	934,000	3,736,000
Highways Integrated Transport	1,364,000	1,364,000	1,364,000	1,364,000	5,456,000
Travellers Temporary Stopping Site	164,000	1,136,000	0	0	1,300,000
Corby Town Fund - Train Station to Town Centre	2,000,000	0	0	0	2,000,000
Corby Town Fund – Multi Use Building	713,000	0	0	0	713,000
Disabled Facilities Grant	2,560,000	3,000,000	2,560,000	2,560,000	10,680,000
Treescape	111,400	111,400	55,000	0	277,800
Country Parks - Sywell	123,000	0	0	0	123,000
Rural England Prosperity Fund	871,000	0	0	0	871,000
UK Shared Prosperity Fund	1,060,000	0	0	0	1,060,000
Oakley Vale Adoption works	476,000	0	0	0	476,000
LEVI Local Electric Vehicles Infrastructure	285,000	810,000	1,800,000	0	2,895,000
S106 Funded Schemes	500,000	500,000	500,000	500,000	2,000,000
<b>Place &amp; Economy Total</b>	<b>31,167,266</b>	<b>18,867,400</b>	<b>18,225,000</b>	<b>13,370,000</b>	<b>81,629,666</b>

**General Fund Capital Programme 2024-25 to 2027-28**

<b>Directorate - Children's</b>	<b>2024/25 £</b>	<b>2025/26 £</b>	<b>2026/27 £</b>	<b>2027/28 £</b>	<b>Total Spend £</b>
Rowan Gate Special School - Mobile Unit Replacement	482,000	0	0	0	<b>482,000</b>
Schools Minor Works Programme (Schools Condition Grant)	1,800,000	1,800,000	1,800,000	1,800,000	<b>7,200,000</b>
Devolved Formula Capital	260,000	260,000	260,000	260,000	<b>1,040,000</b>
Earls Barton School S106 works	1,290,000	0	0	0	<b>1,290,000</b>
Kingsley Special School mobile	1,136,000	72,000	0	0	<b>1,208,000</b>
Avenue Infants SEND provision	133,000	0	0	0	<b>133,000</b>
Grt Doddington Primary mobile	100,000	0	0	0	<b>100,000</b>
Weavers Academy Bulge Capacity	45,000	0	0	0	<b>45,000</b>
Alfred St/Tennyson School	276,100	473,200	0	0	<b>749,300</b>
Family Hubs	67,000	0	0	0	<b>67,000</b>
<b>Total Children's Services</b>	<b>5,589,100</b>	<b>2,605,200</b>	<b>2,060,000</b>	<b>2,060,000</b>	<b>12,314,300</b>

<b>Directorate - Adults &amp; Housing</b>	<b>2024/25 £</b>	<b>2025/26 £</b>	<b>2026-27 £</b>	<b>2027-28 £</b>	<b>Total Spend £</b>
Capitalisation of Community Equipment	540,000	540,000	540,000	540,000	2,160,000
<b>Total Adults &amp; Housing</b>	<b>540,000</b>	<b>540,000</b>	<b>540,000</b>	<b>540,000</b>	<b>2,160,000</b>

<b>Directorate - Public Health &amp; Communities</b>	<b>2024/25 £</b>	<b>2025/26 £</b>	<b>2026-27 £</b>	<b>2027-28 £</b>	<b>Total Spend £</b>
Small and other capital works and grants	150,000	150,000	150,000	150,000	600,000
Leisure and Tourism Projects	108,000	108,000	108,000	108,000	432,000
Grants - Village Halls	32,000	32,000	32,000	32,000	128,000
Public Sector Network - Libraries	125,000	0	0	0	125,000
Library Roof	3,175,000	2,500,840	957,496	0	6,633,336
<b>Total Public Health &amp; Communities</b>	<b>3,590,000</b>	<b>2,790,840</b>	<b>1,247,496</b>	<b>290,000</b>	<b>7,918,336</b>

**General Fund Capital Programme 2024-25 to 2027-28**

<b>Directorate - Enabling Services</b>	<b>2024/25 £</b>	<b>2025/26 £</b>	<b>2026-27 £</b>	<b>2027-28 £</b>	<b>Total Spend £</b>
Infrastructure / Flexi & Remote Working	220,000	220,000	220,000	220,000	880,000
ICT Hardware Replacement	150,000	150,000	150,000	150,000	600,000
End User Devices	400,000	400,000	400,000	400,000	1,600,000
IT Strategy	1,757,400	1,680,400	1,680,400	876,800	5,995,000
<b>Total Enabling Services</b>	<b>2,527,400</b>	<b>2,450,400</b>	<b>2,450,400</b>	<b>1,646,800</b>	<b>9,075,000</b>
<b>North Northamptonshire Council Total</b>	<b>43,413,766</b>	<b>27,253,840</b>	<b>24,522,896</b>	<b>17,906,800</b>	<b>113,097,302</b>

<b>Capital Funding</b>	<b>2024/25 £</b>	<b>2025/26 £</b>	<b>2026-27 £</b>	<b>2027-28 £</b>	<b>Total Funding £</b>
Discretionary Funding	13,898,100	8,250,040	5,097,496	1,140,000	28,385,636
Capital Receipts	2,759,400	2,682,400	2,682,400	1,878,800	10,003,000
DFG	2,560,000	3,000,000	2,560,000	2,560,000	10,680,000
S106 and Other Grant Funding	24,196,266	13,321,400	14,183,000	12,328,000	64,028,666
<b>Total</b>	<b>43,413,766</b>	<b>27,253,840</b>	<b>24,522,896</b>	<b>17,906,800</b>	<b>113,097,302</b>

This page is intentionally left blank

# Appendix B

## Appendix B

### Housing Revenue Account Capital Programme 2024-25 to 2027-28

Directorate - Housing	2024/25	2025/26	2026/27	2027/28	Total Spend
	£	£	£	£	£
<b>Corby Neighbourhood Account</b>					
Housing Development	5,500,000	3,596,500	3,596,500	3,596,500	16,289,500
<b>Total</b>	<b>5,500,000</b>	<b>3,596,500</b>	<b>3,596,500</b>	<b>3,596,500</b>	<b>16,289,500</b>
<b>Kettering Neighbourhood Account</b>					
Housing Development	985,000	985,000	985,000	985,000	3,940,000
<b>Total</b>	<b>985,000</b>	<b>985,000</b>	<b>985,000</b>	<b>985,000</b>	<b>3,940,000</b>

Corby Neighbourhood Account	2024/25	2025/26	2026/27	2027/28	Total Spend
	£	£	£	£	£
Homes for the Future	51,800	431,500	686,100	724,590	1,893,990
Kitchens & Bathrooms	300,000	300,000	300,000	300,000	1,200,000
External Doors & Windows	204,784	250,000	250,000	250,000	954,784
Heating Upgrades	350,000	350,000	350,000	350,000	1,400,000
Electrical Upgrades	360,000	360,000	360,000	360,000	1,440,000
Roof Renewals	350,000	350,000	350,000	350,000	1,400,000
Energy Improvements	200,000	200,000	200,000	200,000	800,000
Disabled Adaptations	250,000	250,000	250,000	250,000	1,000,000
Compliance	200,000	200,000	200,000	200,000	800,000
Estate Maintenance	250,000	250,000	250,000	250,000	1,000,000
Sheltered Housing Communal Upgrades	200,000	200,000	200,000	200,000	800,000
Major Void Works	563,516	529,000	534,400	765,310	2,392,226
Supply Chain Upgrades	40,000	40,000	40,000	40,000	160,000
Unallocated	1,600,000	1,600,000	1,600,000	1,600,000	6,400,000
<b>Total</b>	<b>4,920,100</b>	<b>5,310,500</b>	<b>5,570,500</b>	<b>5,839,900</b>	<b>21,641,000</b>

## Housing Revenue Account Capital Programme 2024-25 to 2027-28

Kettering Neighbourhood Accounts	2024/25	2025/26	2026/27	2027/28	Total Spend
	£	£	£	£	£
Homes for the Future	870,460	843,560	842,660	841,660	3,398,340
Kitchens & Bathrooms	314,982	354,982	374,982	394,982	1,439,928
External Doors & Windows	269,148	299,148	309,148	319,148	1,196,592
Heating Upgrades	260,688	300,688	320,688	340,688	1,222,752
Electrical Upgrades	290,000	290,000	290,000	290,000	1,160,000
Roof Renewals	133,544	153,544	173,544	193,544	654,176
Energy Improvements	200,000	220,000	240,000	260,000	920,000
Disabled Adaptations	200,000	171,975	191,975	201,975	765,925
Compliance	50,000	50,000	50,000	50,000	200,000
Estate Maintenance	100,000	110,000	120,000	130,000	460,000
Sheltered Housing Communal Upgrades	50,000	60,000	70,000	80,000	260,000
Major Void Works	198,878	369,603	420,803	488,703	1,477,987
Supply Chain Upgrades	27,000	30,000	35,000	40,000	132,000
Unallocated	£900,000	£900,000	£900,000	£900,000	3,600,002
<b>Total</b>	<b>3,864,700</b>	<b>4,153,500</b>	<b>4,338,800</b>	<b>4,530,700</b>	<b>16,887,702</b>
<b>Total Capital Programme</b>	<b>15,269,800</b>	<b>14,045,500</b>	<b>14,490,800</b>	<b>14,952,100</b>	<b>58,758,201</b>

Capital Funding	2024/25	2025/26	2026/27	2027/28	Total Funding
	£	£	£	£	£
<b>Contribution from revenue</b>	8,784,800	9,464,000	9,909,300	10,370,600	38,528,701
<b>Capital Receipts</b>	2,594,000	1,832,600	1,832,600	1,832,600	8,091,800
<b>Borrowing</b>	3,891,000	2,748,900	2,748,900	2,748,900	12,137,700
<b>Total Funding</b>	<b>15,269,800</b>	<b>14,045,500</b>	<b>14,490,800</b>	<b>14,952,100</b>	<b>58,758,201</b>



**Development Pool 2023-24 to 2025-26**

Scheme	Directorate	Scheme Description	2024-25 £	2025-26 £	2026-27 £	2027-28 £	Total £	Funding Source
S106 Funded School Expansions	CFN	Corby Business, Latimer, Wollaston + Christopher Hatton	2,795,000	8,319,500	2,437,500	98,000	13,650,000	S106
New Primary Schools	CFN	Priors Hall	0	7,500,000	7,500,000	0	15,000,000	S106
Primary School Expansions	CFN	Greenfield's	1,072,500	780,000	97,500	0	1,950,000	DFE
Secondary School Expansions	CFN	Manor	475,000	2,612,500	162,500	0	3,250,000	DFE/S106
Various SEND schemes	CFN	Schemes to provide new SEND capacity to meet demand across North Northants	3,489,000	9,701,500	3,089,500	130,000	16,410,000	DFE
Children's Trust - Children Centres	NCT	Property condition update	1,170,000	1,837,353	1,127,250	0	4,134,603	Discretionary
Cemeteries condition works	PLACE	Expenditure on NNC Cemetery Grounds and Building Assets to comply with health and safety requirements.	60,000	60,000	60,000	60,000	240,000	Discretionary
Willowbrooke - road slippage	PLACE		1,000,000	0	0	0	1,000,000	Discretionary
Traffic Signals replacement	PLACE		0	1,100,000	0	0	1,100,000	Discretionary
A509 Isham Bypass	PLACE	Road scheme.	6,076,000	3,816,000	44,824,500	44,824,500	99,541,000	DfT, Developer, LA

**Development Pool 2023-24 to 2025-26**

Scheme	Directorate	Scheme Description	2024-25 £	2025-26 £	2026-27 £	2027-28 £	Total £	Funding Source
A43 Northampton to Kettering Phase 3 (Overstone Grange to Holcot/Sywell)	PLACE	Dualling of the A43 Northampton to Kettering (This section spans the boundary between North Northants and West Northants). NNC contribution only	832,000	2,297,000	0	0	3,129,000	DfT, Developer, LA
Flood Alleviation	PLACE	As bid for from Environment Agency and funding secured from external bodies e.g. Anglian Water.	250,000	250,000	0	0	500,000	External Funding
Estate Stock Condition and compliance works	PLACE	Expenditure on NCC properties relating to replacement and repair of boiler and ventilation systems, roofs and building fabric works. Also covers health and safety, water quality and fire regulations requirements.	1,000,000	1,000,000	0	0	2,000,000	Capital Receipts
Decarbonisation project	PLACE	Salix	3,859,000	0	0	0	3,859,000	Grant (subject to grant bid)
Sladebrook Reservoir	PLACE	Further phase of capital works to the reservoir to meet the councils statutory duties.	330,000	0	0	0	330,000	Grant
Local Authority Tree Fund 2024/25	PLACE	Grant funding for tree planting in open space	0	80,000	0	0	80,000	Grant

**Development Pool 2023-24 to 2025-26**

Scheme	Directorate	Scheme Description	2024-25 £	2025-26 £	2026-27 £	2027-28 £	Total £	Funding Source
Play Area investment in Country Parks	PLACE	To invest in new play equipment to support growth in parking income.	300,000	0	0	0	300,000	s.106
Public Sector Decarbonisation Fund	PLACE	Match funding for capital investment in carbon reduction schemes	601,000	0	0	0	601,000	Capital Receipts
Replacement of gym equipment	COMMUNITIES	Lodge Park and Corby Pool	500,000	0	0	0	500,000	Discretionary
Castle Theatre	COMMUNITIES		740,000	0	0	0	740,000	Capital Receipts
Rockingham Road Pavilion	COMMUNITIES		200,000	0	0	0	200,000	Discretionary
Empty Properties	COMMUNITIES		308,000	0	0	0	308,000	Capital Receipts
Buton Latimer Community Leisure	COMMUNITIES		790,000	0	0	0	790,000	Grant & External Contributions
<b>Totals</b>			<b>25,847,500</b>	<b>39,353,853</b>	<b>59,298,750</b>	<b>45,112,500</b>	<b>169,612,603</b>	

This page is intentionally left blank

# North Northamptonshire Council

## Capital Strategy 2024-25



## Contents

1	Introduction
2	Governance
3	Capital Expenditure
4	Funding Sources and future grant allocations
5	Commercial investments/regeneration & economic development
6	Property Asset Management Plan
7	Debt and Borrowing and Treasury Management
8	Appendices
	Development Pool Discretionary Funding and detail over MTFP Period

## 1. Introduction

- 1.1 The Council's vision is a North Northants where we look after each other and take responsibility, where the vulnerable are protected and supported, and where people who can help themselves receive the assistance, they need to stay independent and healthy. The Council's budget commitment to support this vision is to deliver a balanced budget, optimise the use of assets so they have a positive impact on costs and help to address the pressures faced in the social care markets, helping to transform services so they are sustainable for the future.
- 1.2 The Capital Strategy sets out the key objectives and broad principles to be applied by the Council when considering capital investment and its funding. It provides the context for how the Council's Medium Term Capital Programme seeks to support the realisation of the Council's vision and corporate objectives.
- 1.3 In support of the Council's vision and the budget commitment the key objectives for the Capital Strategy are as follows:
- 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 Capital Strategy should make explicit the links to, and integration with, the Council's other strategies. New capital investment will only be permitted if it contributes to the achievement of the Council's corporate priorities;
  - The use of external funding is prioritised against the areas of greatest need, in the main supporting highways maintenance, the delivery of education places, the Corby Town Plan and Tresham Garden Village within North Northants. In the current financial climate priority will be given to schemes that also deliver transformation and/or revenue savings;
  - Maximisation of 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 North Northants
  - Take into account external influences such as the Southeast Midlands Local Enterprise Partnership, Oxford Cambridge Arc, Health and joint working with other partner authorities etc.
  - Key integration and links with the council's other corporate strategies including Corporate Plan, Treasury Management, Investment Strategy, Asset Management Plan.
  - Set out the Council's regeneration and economic development ambition and additional objectives.
  - Set out the governance and risk management arrangements.
- 1.4 The Prudential Code and Treasury Management Code of Practice (both issued by CIPFA in December 2021) include requirements in relation to the setting of a Capital Strategy that covers specific subject areas. In line with the Prudential Code, the aim of this Capital Strategy is to demonstrate how the Council will make capital expenditure and investment decisions in line with service objectives and properly take account of stewardship, value for money,

prudence, sustainability and affordability. The Capital Strategy sets out the immediate to long term context in which capital expenditure and investment decisions are made and ensures the Council will give due consideration to risk, reward, and impact on the achievement of priority outcomes.

- 1.5 The Council's Capital Programme represents significant investment over the medium term in the acquisition or improvement of long-term assets such as land, buildings, infrastructure, and equipment and information technology and is a key financial planning tool.

## 2. **Governance**

- 2.1 Governance covers the policies and frameworks related to capital expenditure and the processes and structures by which decisions are made.

### **Committed Capital Programme Approval Process**

- 2.2 The Capital Strategy sets out the Council's objectives in respect of its future capital programme plans and budget commitment and is approved by Full Council as part of the Council's annual budget-setting process in February each year.
- 2.3 The approval of the Capital Strategy provides the future programme of planned capital works over the medium-term period; this plan is known as the Development Pool. The Development Pool comprises the schemes that the Council would be prepared to take forward, subject to final negotiations, confirmation and evidencing of funding and submission of robust business cases to the Strategic Capital Board for approval by Executive.
- 2.4 Schemes move forward to delivery (The Committed Capital Programme) following formal approval through the Monthly Capital Update Report (CUR). Schemes will have usually been identified as part of the Capital Strategy, but it is possible for completely new schemes to come forward in year. Schemes will be reviewed at this point against the latest vision and Council priorities which may have changed since the Capital Strategy was approved.
- 2.5 For schemes in excess of £100k, which were not approved as part of the Council's Capital Strategy, there is a requirement for them to also receive approval from Full Council as part of a Capital Approvals report to the next Full Council meeting. Those new schemes of £100k or less can proceed with just Executive approval.
- 2.6 A separate Executive report is required for any capital scheme which has a capital expenditure value of £500k or above, regardless of the funding source. The approval of funding agreements, e.g. developer contributions, which contractually commit the Council to undertaking new capital schemes, (such as school builds), are required to follow the same approval process.
- 2.7 Each scheme must be under the control of a nominated budget/project manager and officers are not authorised to commit expenditure without prior formal approval for the scheme as outlined above.



- 2.8 All capital expenditure must be carried out in accordance with the Council's Constitution, Financial Procedure Rules and Contract Procedure Rules, and must comply with the statutory definition of capital purposes as set out within Section 16 of the Local Government Act 2003.

### **Virements**

- 2.9 Virement of funding from one capital scheme to another is permitted within the Council's capital governance arrangements only with the relevant officer (including sign off by the S151 Officer) or Executive approval as laid down in financial procedures. Executive approval is required for any virements over £500k.

### **Decision making - Strategic Capital Board**

- 2.10 The overarching objective for the Board is to review and challenge capital schemes to be able to recommend to Executive that they move from the planning stage into delivery.
- 2.11 The Strategic Capital Board governance process will:
- Provide visible leadership in relation to the implementation of the Capital Strategy.
  - Ensure funding is confirmed, secure and wherever possible received fully in advance of works commencing/being approved and that responsibility for this is taken by the project manager.
  - Monitor performance against the Council's agreed capital discretionary funding levels.
  - Escalate concerns and issues to Leadership Team.
  - Optimise the funding for schools capital projects.
  - Ensure other reporting and approval requirements have taken place, particularly in respect of schemes outside of the agreed Capital Strategy over £100k, ensuring schemes in excess of £500k have their own Executive report.
  - Ensure that the revenue implications of all capital schemes are taken into consideration and that options appraisals have been carried out/considered.

### **Assessment of the revenue implications of capital investment**

- 2.12 In the interests of properly evaluating the affordability of a project, the revenue implications of capital bids are also included on the Business Case proforma which is submitted to the Capital Approvals Board as part of the review and challenge process. This ensures that an evaluation can be made on the overall financial business case of the capital project (revenue and capital cost/savings). It also ensures capital and revenue budgeting are aligned for financial planning purposes.

### **Risk Management**

- 2.13 As part of the business case, contingencies will be included as part of the budget costing exercise and expected costings for similar schemes will be considered as a benchmark. These will cover ordinary, but not extraordinary, risks/changes to the cost of delivering the project. Pressures outside of this will be reported through the monthly reporting to Executive and project closure

reports will be utilised to provide learning for future schemes. Risks and mitigations are recorded at each approval stage in the capital project process and challenged appropriately by the officers and members that represent each board/committee. Any risk to the council's partial exemption threshold is also captured and evaluated as part of this process.

### **North Northamptonshire Corporate Leadership Team**

- 2.14 The North Northamptonshire Leadership Team reviews and provides sign off for the Capital Monitoring Report as well as consideration of the strategic direction on the use of funding sources.

### **Strategic Capital Board**

- 2.15 The Strategic Capital Board monitors progress on schemes in delivery. It challenges delivery and contracts and updates the North Northamptonshire Leadership Team on any significant financial and delivery risks.

### **Knowledge and Skills**

- 2.16 The Council aims to ensure that all staff have the appropriate skills and knowledge to perform their roles. Where the necessary expertise is not available in house the Council will procure the skills and knowledge it requires from advisors or consultants.
- 2.17 The Council will work in collaboration with its external auditors in relation to changes to technical accounting requirements and/or treatment.
- 2.18 The Council will use a mixture of in-house and external legal support. Where a particular legal specialty is required, external legal advice may be procured.
- 2.19 The Council has a list of 'Approved Contractors' who it will utilise to support capital projects to ensure preliminary surveys & works identify risks around costs and delivery in relation to the land, buildings, etc. elements for each project before main contracts are procured.
- 2.20 The Council will undertake background checks to ensure all contractors are suitably qualified, have a proven delivery background in similar projects before awarding contracts.
- 2.21 The Council takes advice from its external treasury partners/advisors in making decisions related to its Treasury Strategy.

### **Completion of Capital Schemes and Lessons Learned**

- 2.22 For significant projects periodic updates should be taken through the capital projects board to ensure appropriate progress and budgetary controls are being adhered to. Following completion of these schemes, a post evaluation report should be brought back to the board to assess how well the scheme was delivered and what went well and not so well to ensure the learning from these schemes carries forward into future schemes and efficiencies are gained and risks and mitigations can be planned for at an earlier stage where relevant.

## Carbon Reduction and Climate Change Commitment

2.23 The Council is fully committed to the Carbon Reduction and Climate Change Strategy and assess all capital projects against the key criteria to ensure delivery towards this agenda is prioritised and achieved as per the key objectives.

- Raise awareness of the issues of climate change.
- Reduce emissions of greenhouse gases; and
- Plan for and adapt to the impacts of climate change.

### 3. Capital Expenditure and Financing

3.1 In England and Wales, there are three routes by which expenditure can qualify as capital under the prudential framework:

- The expenditure results in the acquisition, construction or enhancement of fixed assets (tangible and intangible) in accordance with proper practices. Fixed assets are defined as those that have an economic life of more than one year.
- The expenditure meets one of the definitions specified in regulations made under the 2003 Local Government Act.
- The Secretary of State makes a direction that the expenditure can be treated as capital expenditure.

3.2 The Council's capitalisation policy looks to capitalise expenditure on eligible items with a cost over £10,000 in relation to a single item or in relation to a large quantity of smaller value items. In Local Government this can also include spending on assets owned by other bodies, as well as loans and grants paid over to other bodies that enable them to buy assets.

### Committed Programme Expenditure

3.3 The Council's Medium Term Capital Programme (MTCP) shows the committed expenditure on schemes that have been approved by Executive/Full Council.

3.4 Reporting on the current Capital Programme and progress of schemes within the Development Pool into the Programme occurs through the Capital Monitoring and Capital Updates Reports. The monitoring report sets out the most up to date projection for capital expenditure and funding in the current financial year and will articulate financial and service delivery risks in relation to the delivery of key capital schemes.

3.5 The Table below sets out the forecast capital expenditure (in relation to schemes in the Committed Programme i.e. in delivery rather than Development Pool).

	2024-25 Spend	2025-26 Spend	2026-27 Spend	2027-28 Spend	Total Spend
	£'000	£'000	£'000	£'000	£'000
General Fund	43,414	27,254	24,523	17,907	113,098

	2024-25 Spend	2025-26 Spend	2026-27 Spend	2027-28 Spend	Total Spend
Council housing (HRA)	15,270	14,046	14,491	14,952	58,759
<b>NNC Total</b>	<b>58,684</b>	<b>41,299</b>	<b>39,014</b>	<b>32,859</b>	<b>171,857</b>

3.6 Details of the capital programme by project are included within Appendix A and B as part of the Budget Capital Report.

The main General Fund capital projects include Highways, across 4 schemes funded by Department of Transport c£40m, together with a direct contribution of £9m from the council into road condition works, Disabled Facilities Grant £10.6m, School Improvement Programme £7.2m, Library Roof Replacement £6.6m and Delivery of Corporate IT Strategy £5.9m.

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and includes the provision for building of new homes over the forecast period.

### Committed Programme Funding

3.7 All capital expenditure must be financed. This could be from a single source or a combination of:

- external sources (government grants and other contributions);
- the Council's own resources (revenue, reserves and capital receipts);
- debt (borrowing, leasing and Private Finance Initiative)

3.8 Prudential Borrowing (Council Discretionary Funding) - The introduction of the Prudential Code in 2004 allowed the Council to undertake unsupported borrowing itself. This borrowing is subject to the requirements of the 'Prudential Code for Capital Expenditure for Local Authorities'.

3.9 Total Council investment, (discretionary funding, ring-fenced capital receipts and gap funding) accounts for £20.7m (41%), of the overall committed Capital Programme over the plan period.

3.10 The summary table below shows the funding for the Current Committed Capital Programme across current and future years and the funding source.

Capital Funding	2024/25	2025/26	2026-27	2027-28	Total Funding
	£	£	£	£	£
Discretionary Funding	17,789,100	10,998,940	7,846,396	3,888,900	40,523,336
Capital Receipts	5,353,400	4,515,000	4,515,000	3,711,400	18,094,800
Contribution from Revenue	8,784,800	9,464,000	9,909,300	10,370,600	38,528,700
DFG	2,560,000	3,000,000	2,560,000	2,560,000	10,680,000
S106 and Other Grant Funding	24,196,266	13,321,400	14,183,000	12,328,000	64,028,666
<b>Total</b>	<b>58,683,566</b>	<b>41,299,340</b>	<b>39,013,696</b>	<b>32,858,900</b>	<b>171,855,502</b>

### **Development Pool**

- 3.11 The Development Pool Schemes for 2024-25 to 2027-28, as shown in the appendices, identify schemes requiring discretionary funding which has been through a prioritisation process with the NNC Leadership Team taking into consideration the latest funding announcements and governance process that was in place.

### **IFRS 16 - Leases**

- 3.12 IFRS16 is being introduced for local authorities from 1 April 2024 which means that the annual accounts for 2024/25 will be the first set of accounts produced in accordance with this standard.
- 3.13 The main impact of the standard is to remove (for lessees) the traditional distinction between finance leases and operating leases. For finance leases the asset is shown on the balance sheet, together with a liability to pay for the asset. In contrast, operating lease rentals are accounted for in the year they are paid. IFRS 16 requires all lessee leases to be accounted for as finance leases, recognising the rights to use an asset. There are no changes for lessor accounting.
- 3.14 There are two exemptions for lessees from applying this standard. These are short term leases and those where the value of the asset that the lease relates to is low. Short term leases are those with a lease term of twelve months or less at the commencement date. The Code and IFR16 allow individual councils to determine a monetary amount that would constitute low value. The Council has elected to use £10,000 for this amount as this is the Council's approved de-minimis level for capital expenditure. Exempt leases will continue to be accounted for as operating leases.

## **4. Funding Sources and Future Grant Allocations**

### **External Funding**

#### **4.1 Section 106 (S106) and External Contributions**

Elements of the Capital Programme are funded by contributions from private sector developers and partners. These contributions relate to developments in the North Northamptonshire area and are agreements by negotiation based on the impact on the public sector infrastructure requirements that are forecast to occur because of increased activity/population brought by the development. Growth in North Northamptonshire to date has resulted in S106 contributions from developers accounting for significant elements of funding.

### **Grant Funding**

- 4.2 The largest form of capital funding comes through external grant allocations from central government departments, (DFT & DFE). Although these grants are to support specific areas of investment the Government removed capital ring-fencing in 2010, enabling local authorities to prioritise grants to support local needs, pressures, and statutory responsibilities. However, need and reporting requirements do limit the Council's ability to work to these more flexible rules. Also, the increase in the Freeschool Programme the Council

loses some of its flexibility as these schemes are usually funded and managed directly by the DFE.

- 4.3 There are some specific grants such as Local Growth Fund (LGF), Homes England, Arts Council and Sport England that have to be bid for but a difficulty with this type of grant in the current climate can be the requirement to provide match funding.

#### **Department for Education – Capital Grant Settlement**

- 4.4 There is some uncertainty currently around funding allocations in relation to annual Basic Needs Grant for future years.
- 4.5 One of the key drivers for the changes year on year is the Government's Free School Programme which directly funds the building of new academies leading to reduced funding being allocated to Local Authorities.

#### **Regional Growth Deals (including Local Growth Fund)**

- 4.6 Growth Deals bring together housing, infrastructure and other funding in a single pot put into local hands, via the Local Enterprise Partnerships (LEPs), to realise growth, jobs and educational opportunities.

#### **Rural Development Programme for England (RDPE)**

- 4.7 The RDPE is an initiative of the Department for Environment, Food and Rural Affairs (DEFRA).
- 4.8 The rural broadband funding is for projects in England which create broadband infrastructure in rural areas and Northamptonshire secured a grant of £2m secured in 2019-20 to provide next generation broadband access to 750 rural businesses and is due to complete in 2024-25.

#### **Levelling Up/UK Prosperity Fund**

- 4.9 The UK government is providing an additional £220 million funding through the UK Community Renewal Fund to help local areas prepare for the launch of the UK Shared Prosperity Fund in 2022. This Fund aims to support people and communities most in need across the UK to pilot programmes and new approaches and will invest in skills, community and place, local business, and supporting people into employment.

#### **Internal Funding (Discretionary Funding) - borrowing and capital receipts.**

##### **4.10 Revenue Funding**

The Council can use revenue resources to fund capital projects on a direct basis. However, given the current financial position no revenue contributions will be utilised to support capital expenditure. Savings generated directly because of capital investment (Invest to Save) will be reported through revenue monitoring.

The Housing Revenue Accounts (HRA) minimum revenue contribution to capital is equivalent to the level of depreciation being charged in year. The two key variables in determining depreciation are the value of the property and the percentage that is applied when determining the EUV-SH (Set by

MHCLG). Therefore, movements in property values impact directly on the revenue resources required to fund the HRA capital programme.

#### 4.11 **Capital Receipts**

The Council can generate capital receipts through the sale of surplus assets such as land and buildings. These capital receipts can be used to reduce the Council's borrowing liability and be reinvested in the Capital Programme. Alternatively, they can be utilised within the rules for the current Flexible Use of Capital Receipts guidance to support transformation.

4.12 The potential optimal strategy in relation to reuse of property assets for service delivery, sale for development of housing and potential use by a wider public sector partners will be considered in relation to each individual site through the Place Shaping and One Public Estate strategies.

4.13 Capital receipts arising from the disposal of housing assets and for which account is made in the Housing Revenue Account (HRA), are governed by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003).

- Right to Buy (and similar) sales may be retained to cover the cost of transacting the sales and to cover the debt on the properties sold, but a proportion of the remainder must be surrendered to Central Government;
- As part of the Government's announcement in April 2012 to increase the RTB discounts they also announced the introduction of a scheme referred to as 1-4-1 whereby every additional home sold under the new RTB scheme was to be replaced by a new home for affordable rent.
- The new homes for affordable rent will be financed from receipts from sales, after stipulated deductions, retained by the LA under signed agreement with the Government, limited to funding up to 40% of the cost of the replacement home.
- A time limit of 3-5 years is given for the replacement homes after which the receipts will have to be paid back to MHCLG at 4% above base rate from the date the receipts arose.
- All other disposals may be retained in full.

4.14 Where the sale of an asset leads to a requirement to repay grant, the capital receipt will be utilised for this purpose. Once this liability has been established and repaid any remaining capital receipts can be used as per 4.14.

4.15 The level of capital receipts is dependent upon market conditions. The property market impacts on the:

- Ability of the Council to sell assets and the
- Level of receipts from the asset sale.

#### **Flexible Use of Capital Receipts**

4.16 The government announced that it will allow local authorities to spend up to 100% of their fixed asset receipts on the revenue costs of transformation

projects. This has been extend to 2030. The Council intends to take advantage of this concession to use capital receipts in more innovative ways and target disposal receipts where need is greatest.

### **Long term funding challenges**

4.17 The Council faces several challenges in its future funding of the Capital Programme:

The Council has limited levels of future capital receipts, (excluding opportunities from the rationalisation and review arising from the recent unitary restructure).

- A significant proportion of the Council's capital funding comes from central government grants.
- A further proportion of the Council's capital funding comes from external contributions, largely S106 which is dependent on development in the county and the economy.

4.18 The Council only has limited influence over these external and grant funding sources and the Council's Capital Programme will continue to be largely influenced by central government policy.

### **Gap funding through discretionary borrowing**

4.19 These types of schemes require short term funding from the Council to invest in infrastructure that will unlock development which then releases the payment of CIL/S106/business rates, etc. to the Council, which can then repay the investment. The developments enabled will also provide wider economic benefits such as jobs and housing.

4.20 This investment increases the Council's short term financing costs, but the Council is compensated by the long term financial and non-cashable future benefits.

4.21 Where these arrangements form part of a business case, the level of gap funding in relation to the overall scheme need and benefits will be considered as part of the risk evaluation.

## **5. Commercial Investments/ Regeneration & Economic Development**

5.1 The practice of investing in property in order to create an additional revenue stream to support service delivery and financial sustainability during a time of reducing settlements from central government has been widely adopted by local authorities, including some of the sovereign councils forming North Northamptonshire Council. The predecessor councils have a significant commercial portfolio that will be carried forward into the new Council's overall asset portfolio.

5.2 PWLB will no longer lend to local authorities that plan to buy commercial assets primarily for yield. PWLB will still be available to all local authorities for refinancing. To borrow from the PWLB, local authorities will now be required



to submit a summary of their planned capital spending and PWLB borrowing for the following three years including a commentary outlining the expenditure plans of the Council.

### 5.3 PWLB has Defined the activities as follow:

- Service spending is activity that would normally captured in the following areas in the MHCLG Capital Outturn Return (COR): education, highways & transport, social care, public health, culture & related services, environmental & regulatory services, police, and fire & rescue services.
- Housing is activity normally captured in the HRA and General Fund housing sections of the COR, or housing delivered through a local authority housing company. This is given separately from 'service spending' because of the relative concentration of cross-subsidy and other innovative financing arrangements in housing projects.
- Regeneration projects would usually have one or more of the following characteristics:
  - a. the project is addressing an economic or social market failure by providing services, facilities, or other amenities that are of value to local people and would not otherwise be provided by the private sector
  - b. the local authority is making a significant investment in the asset beyond the purchase price: developing the assets to improve them and/or change their use, or otherwise making a significant financial investment
  - c. the project involves or generates significant additional activity that would not otherwise happen without the local authority's intervention, creating jobs and/or social or economic value
  - d. while some parts of the project may generate rental income, these rents are recycled within the project or applied to related regeneration projects, rather than being applied to wider services
- Treasury management covers refinancing or extending existing debt from any source, and the externalisation of internal borrowing.

5.4 The Council will carefully consider these criteria when prioritising capital projects against the strategic objectives and ensuring affordability and the borrowing position should any decisions be affected.

## 6. **Property Asset Management Plan**

6.1 The Property Asset Management Plan is currently being updated for North Northamptonshire to fully consider the unitary authority changes.

6.2 The revised strategy will fully maximise the One Public Estate approach to rationalise its operational estate through increased utilisation and then to dispose surplus assets to generate capital and direct- (property related) revenue savings. There will also be an emphasis to support a business-case approach to target capital investment in new and existing properties to unlock ongoing revenue savings or income.

6.3 The split between the major classes of fixed assets as at 31/03/2022 is shown in the table below.

Balance Sheet		31 March 2022
	Notes	£'000
Property, Plant and Equipment	21	1,280,641
Heritage Assets	24	10,105
Investment Property	22	214,382
Intangible Assets	23	508
Long-Term Investments	37	32,947
Long-Term Debtors	26	5,387
<b>Long Term Assets</b>		<b>1,543,968</b>

## 7. Borrowing and Treasury management

### Treasury Management Strategy

- 7.1 The purpose of the Treasury Management Strategy is to establish the framework for the effective and efficient management of the Council's treasury management activity, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse.
- 7.2 The Treasury Management Strategy incorporates:
- The Council's capital financing and borrowing strategy for the coming year;
  - The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008;
  - The Affordable Borrowing Limit as required by the Local Government Act 2003;
  - The Annual Investment Strategy for the coming year as required by the MHCLG revised guidance on Local Government Investments issued in 2018.
- 7.3 The strategy takes into account the impact of the Council's Medium Term Financial Plan (MTFP), its revenue budget and Capital Programme, the balance sheet position and the outlook for interest rates.
- 7.4 The Council takes advice from its external treasury partners/advisors in making decisions on the current financial climate and markets in relation to whether to undertake short term or long term borrowing and in considering the management of its financial balances.
- 7.5 Discretionary funding commitments are either financed through capital receipts or borrowing. Any borrowing undertaken must eventually be repaid and this can come from a single source or a combination of the following sources:
- Annual set aside provision of revenue resources (known as Minimum Revenue Provision [MRP]) This represents the repayment of the original debt over the assessed life of the asset;
  - Capital receipts from sale of assets.

7.6 The Council's cumulative amount of debt financing outstanding is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces as MRP and capital receipts are used to replace it. Based on the current committed Capital Programme and Development Pool borrowing requirement the Council's estimated CFR is as follows:

Table 1 – Prudential Indicator Estimates of Capital Financing Requirement.

	31.3.23 Draft £m	31.3.24 Forecast £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
Capital financing requirement	750.093	745.581	745.700	744.460	738.129
Less: Other debt liabilities *	104.123	99.396	93.518	87.197	80.554
<b>Loans CFR</b>	<b>645.969</b>	<b>646.185</b>	<b>652.182</b>	<b>657.263</b>	<b>657.575</b>
Less: External borrowing **	463.572	438.167	440.219	438.242	438.242
<b>Internal borrowing</b>	<b>182.398</b>	<b>208.018</b>	<b>211.964</b>	<b>219.021</b>	<b>219.333</b>
Less: Balance sheet resources	407.100	407.100	407.100	407.100	413.900
<b>Treasury investments</b>	<b>224.702</b>	<b>199.082</b>	<b>195.136</b>	<b>188.079</b>	<b>194.567</b>

\* leases and PFI liabilities that form part of the Authority's total debt

\*\* shows only loans to which the Authority is committed and excludes optional refinancing

The CFR reflected above is still draft and is subject to change until the disaggregated balance sheet from the former County Council has been agreed and audited.

## BORROWING

7.7 The Council's primary objective when borrowing money is to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between:

- Lower cost short-term loans
- Higher cost long-term loans
- Fixed but certain interest rates
- Variable but reactive interest rates

Table 2 - Forecast Borrowing and Investment Balances

	31/12/23 Actual portfolio £m	31/12/23 Average rate %
<b>External borrowing:</b>		
Public Works Loan Board	395.524	3.01
Local authorities	0.200	0.00
LOBO loans from banks	37.000	4.25
Other loans	10.000	3.89
<b>Total external borrowing</b>	<b>442.724</b>	<b>3.13</b>
<b>Other long-term liabilities:</b>		
Private Finance Initiative	38.812	N/A
Leases	2.964	N/A
<b>Total other long-term liabilities</b>	<b>41.776</b>	<b>N/A</b>
<b>Total gross external debt</b>	<b>484.500</b>	<b>N/A</b>
<b>Treasury investments:</b>		
Local authorities	172.000	5.47
Banks (unsecured)	9.857	5.42
Money market funds	1.586	5.38
Real estate investment trusts	26.602	3.18
Other investments	0.591	0.00
<b>Total treasury investments</b>	<b>210.636</b>	<b>5.16</b>
<b>Net debt</b>	<b>273.864</b>	<b>N/A</b>

- 7.8 Statutory guidance states that debt should remain below the Capital Financing Requirement except in the short-term. As demonstrated above, the Council expects to comply with this requirement over the medium-term horizon.
- 7.9 In August 2019 some of the predecessor Councils making up North Northants Council reversed their reliance on short-term Local Authority loans (those under 12 months in duration) with long-term borrowing from the Public Works Loan Board at what were historically low rates. In October 2019 HM Treasury increased PWLB rates for new loans with immediate effect and without prior consultation or warning by 1%. This has locked in significant amounts of borrowing at extremely low rates; therefore this borrowing has proven very timely and fortuitous for the Council.
- 7.10 The operational boundary is the limit which external borrowing is not normally expected to exceed. All things being equal, this should be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing undertaken as impacted by the level of current and future cash resources and the shape of the interest rate yield curve.

Table 3 – Operational Boundary Prudential Indicator.

	2023/24	2024/25	2025/26	2026/27
Authorised Limit - borrowing	781.623	781.884	789.140	795.288
Authorised Limit - PFI and leases	125.989	120.269	113.156	105.508
<b>Authorised Limit - total external debt</b>	<b>907.612</b>	<b>902.153</b>	<b>902.297</b>	<b>900.797</b>
Operational Boundary - borrowing	710.57	710.80	717.40	722.99
Operational Boundary - PFI and leases	114.54	109.34	102.87	95.92
<b>Operational Boundary - total external debt</b>	<b>825.10</b>	<b>820.14</b>	<b>820.27</b>	<b>818.91</b>

- 7.11 Each year, the Council is legally obliged to set an Affordable Borrowing Limit (also termed the Authorised Limit for External Debt). The Council also sets a lower Operational Boundary Limit beneath this to act as a warning indicator should debt approach the legal limit.

### FINANCING COSTS

- 7.12 Although capital expenditure is not charged directly to the revenue budget, the consequential impact is. Interest payments to service loans borrowed and MRP contributions are charged to revenue, offset by any investment income receivable. This net annual charge is known as a financing cost, which can be compared to the Net Revenue Stream (the cost of Council services funded by Council Tax, Business Rates and Government Grants) and, when expressed as a percentage, effectively illustrates the Council’s debt gearing ratio.

- 7.13 Table 4 – Prudential Indicator: Proportion of Financing costs to Net Revenue Stream

%	2024/25 Estimate £m
Financing Costs	11.1
Proportion of net revenue stream	2.96%

- 7.14 Due to the very long-term nature of capital expenditure and financing decisions, the revenue impact is felt for years into the future.

## 8. Development Pool

### 8.1 Development Pool Discretionary Funding Detail Over MTFP Period

The table below shows the Development Pool Schemes requiring discretionary funding, which have been through a prioritisation process, and the rationale for funding approval.

Scheme	Directorate	Scheme Description	2024-25 £	2025-26 £	2026-27 £	2027-28 £	Total £	Funding Source
S106 Funded School Expansions	CFN	Corby Business, Latimer, Wollaston + Christopher Hatton	2,795,000	8,319,500	2,437,500	98,000	13,650,000	S106
New Primary Schools	CFN	Priors Hall	0	7,500,000	7,500,000	0	15,000,000	S106
Primary School Expansions	CFN	Greenfield's	1,072,500	780,000	97,500	0	1,950,000	DFE
Secondary School Expansions	CFN	Manor	475,000	2,612,500	162,500	0	3,250,000	DFE/S106
Various SEND schemes	CFN	Schemes to provide new SEND capacity to meet demand across North Northants	3,489,000	9,701,500	3,089,500	130,000	16,410,000	DFE
Children's Trust - Children Centres	NCT	Property condition update	1,170,000	1,837,353	1,127,250	0	4,134,603	Discretionary
Cemeteries condition works	PLACE	Expenditure on NNC Cemetery Grounds and Building Assets to comply with health and safety requirements.	60,000	60,000	60,000	60,000	240,000	Discretionary
Willowbrooke - road slippage	PLACE		1,000,000	0	0	0	1,000,000	Discretionary

Scheme	Directorate	Scheme Description	2024-25 £	2025-26 £	2026-27 £	2027-28 £	Total £	Funding Source
Traffic Signals replacement	PLACE		0	1,100,000	0	0	1,100,000	Discretionary
A509 Isham Bypass	PLACE	Road scheme.	6,076,000	3,816,000	44,824,500	44,824,500	99,541,000	DfT, Developer, LA
A43 Northampton to Kettering Phase 3 (Overstone Grange to Holcot/Sywell)	PLACE	Dualling of the A43 Northampton to Kettering (This section spans the boundary between North Northants and West Northants). NNC contribution only	832,000	2,297,000	0	0	3,129,000	DfT, Developer, LA
Flood Alleviation	PLACE	As bid for from Environment Agency and funding secured from external bodies e.g. Anglian Water.	250,000	250,000	0	0	500,000	External Funding
Estate Stock Condition and compliance works	PLACE	Expenditure on NCC properties relating to replacement and repair of boiler and ventilation systems, roofs and building fabric works. Also covers health and safety, water quality and fire regulations requirements.	1,000,000	1,000,000	0	0	2,000,000	Capital Receipts

Scheme	Directorate	Scheme Description	2024-25 £	2025-26 £	2026-27 £	2027-28 £	Total £	Funding Source
Decarbonisation project	PLACE	Salix	3,859,000	0	0	0	3,859,000	Grant (subject to grant bid)
Sladebrook Reservoir	PLACE	Further phase of capital works to the reservoir to meet the council's statutory duties.	330,000	0	0	0	330,000	Grant
Local Authority Tree Fund 2024/25	PLACE	Grant funding for tree planting in open space	0	80,000	0	0	80,000	Grant
Play Area investment in Country Parks	PLACE	To invest in new play equipment to support growth in parking income.	300,000	0	0	0	300,000	s.106
Public Sector Decarbonisation Fund	PLACE	Match funding for capital investment in carbon reduction schemes	601,000	0	0	0	601,000	Capital Receipts
Replacement of gym equipment	COMMUNITIES	Lodge Park and Corby Pool	500,000	0	0	0	500,000	Discretionary
Castle Theatre	COMMUNITIES		740,000	0	0	0	740,000	Capital Receipts
Rockingham Road Pavilion	COMMUNITIES		200,000	0	0	0	200,000	Discretionary
Empty Properties	COMMUNITIES		308,000	0	0	0	308,000	Capital Receipts
Burton Latimer Community Leisure	COMMUNITIES		790,000	0	0	0	790,000	Grant & External Contributions
<b>Totals</b>			<b>25,847,500</b>	<b>39,353,853</b>	<b>59,298,750</b>	<b>45,112,500</b>	<b>169,612,603</b>	





This page is intentionally left blank