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NN17 1QG

Meeting: Finance and Resources Scrutiny Committee
Date: Tuesday 14th September, 2021
Time: 7.00 pm
Venue: Committee Room, Municipal Offices, Bowling Green Road, Kettering, NN15 7QX

Committee Membership:

Councillors Pengelly (Chair), Anslow, Brown, Colquhoun, Hakewill, Harrington, Henson, Jelley, Jenney, Lawal, Levell and Ward

Members of the Committee are invited to attend the above meeting to consider the items of business listed on the agenda.

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05.	Budget Monitoring 2021/22 - Period 4 To advise the Scrutiny Committee of the budget monitoring position for the Council as at the end of July 2021 (Period 4).	7 - 32
06.	Scrutiny Work Planning Event To provide an update on the forthcoming Scrutiny Work Planning Event scheduled to be held at Wicksteed Park on Saturday, 9 th October 2021.	Verbal Update

Public Participation

The Council has approved procedures for you to present petitions or request to address meetings of the Council

ITEM	NARRATIVE	DEADLINE
Members of the Public Agenda Statements	Requests to address the committee must be received by 12 Noon on the day before the meeting. Speakers will be limited to speak for 3 minutes.	12:00 pm Monday 13 th September 2021

These procedures are included within the Council's Constitution. Please contact democraticservices@northnorthants.gov.uk for more information.

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

Press & Media Enquiries

Any press or media enquiries should be directed through Council's Communications Team to communications@northnorthants.gov.uk

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Minutes of a meeting of the Finance and Resources Scrutiny Committee

At 7.00 pm on Tuesday 13th July, 2021 in the Council Chamber, Swanspool House, Doddington Road, Wellingborough, NN8 9TE

Present:-

Members

Councillor Mark Pengelly (Chair)
Councillor Valerie Anslow
Councillor David Brackenbury
Councillor Scott Brown
Councillor William Colquhoun
Councillor Jim Hakewill

Councillor Ken Harrington
Councillor Larry Henson
Councillor David Jenney
Councillor King Lawal
Councillor Jan O'Hara
Councillor Malcolm Ward

Officers

Janice Gotts - Executive Director of Finance
Paul Goult - Interim Democratic Services Manager
David Pope – Senior Committee Administrator

Also in attendance – Councillor Lloyd Bunday – Executive Member for Finance and Transformation

1 Apologies

Apologies for absence were received from Cllr Richard Levell with Cllr Jan O'Hara acting as substitute. Apologies were also received from the Head of Legal and Democratic Services, Adele Wylie.

2 Members' Declarations of Interest

No declarations were received.

3 Notification of requests to address the meeting

There were no requests to address the meeting.

4 Introductions

Members and officers were welcomed to the inaugural meeting of the Finance and Resources Scrutiny Committee and made their introductions.

5 Capital Approval Process

The Committee received a report which provided details of the proposed new Capital Approval Process (CAP) and sought comments and views from members on areas that could potentially be strengthened or added to.

It was noted that the adoption of the CAP would provide a single governance process to ensure that any capital investment decisions made were based on sound evidence and costed proposals that met the strategic aims and priorities of the Council.

The new process was outlined to members, with attention drawn to the Capital Scheme Lifecycle featuring five key checkpoints that any capital scheme would need to pass in order to progress. It was noted that prior to any scheme being submitted there would need to be engagement with key stakeholders and sign-off from the relevant Executive Portfolio Holder(s).

The governance structure for the process was detailed to the meeting, which noted that the Executive would have responsibility for the ultimate approval for schemes, with the Strategic Capital Board (SCB) being responsible for the oversight of scheme management through their lifecycles. Membership of this board would be comprised of members of the Corporate Leadership Team and draft terms of reference were provided to the meeting. In addition, Capital Portfolio Boards would be convened to develop and bring forward projects for consideration by the SCB as well as being responsible for day-to-day management of significant projects. Again, indicative terms of reference were supplied to the meeting.

In order to facilitate a transparent audit trail for schemes, a business case template would need to be completed. This would assist in providing a focus on the aims and projected outcomes for the scheme as well as elements relating to adding social value and reduced carbon impact.

The meeting was also advised that new versions of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential and Treasury Management Codes were expected to be published later in the year which were the frameworks through which the Council could fund capital projects. In addition, the Ministry for Housing, Communities and Local Government (MHCLG) had put forward proposals which sought to tighten rules over investments made by local authorities.

Members asked questions in relation to:

- Engagement with stakeholders
- Membership of the Strategic Capital and Capital Portfolio Boards
- Linking checkpoints in the Capital Scheme Lifecycle to Royal Institute of British Architects standards
- Additional costs involved in improved BREEAM standards
- Agreed Section 106 funding management status
- Schemes coming forward through the Capital Programme
- Indicative timescales for the Capital Scheme Lifecycle
- Capital investments and disposal of assets
- Offsetting the costs of using eco-friendly elements to capital works

RESOLVED that the Committee noted and commented on the proposed new Capital Approval Process as outlined above.

6 Introduction to Scrutiny Work Planning

Members received a report, the purpose of which was to ask the Committee to consider best practice and statutory guidance in relation to ensuring an effective and impactful scrutiny function and, as part of this, to agree a work planning process for 2021/22.

Details of the hybrid governance model adopted by the Council were outlined, with members noting that the Executive had established Executive Advisory Panels to support and encourage cross-party involvement in policy creation. This system intended to allow members early involvement in the development of potential recommendations for the Executive to consider. The role of Scrutiny would be to examine specific Executive decisions and raise appropriate concerns, as well as monitoring ongoing Council performance and the impact of decisions made by the Executive. Furthermore, the adoption by the Council of two scrutiny committees would allow Task and Finish Groups convened by each to focus on specific pieces of work, supporting the main committees and reviewing topics identified in the Annual Workplan.

It was heard that resources should be prioritised to focus on key strategic issues where scrutiny input could have the largest positive impact in terms of Council operation and policy development. A Scrutiny Conference was therefore proposed that would pull together various interested parties, including the membership of both scrutiny committees, to identify key strategies and issues that were of concern to Members, the public and partner organisations in order to form a effective work programme going forward.

Members welcomed the concept of the Scrutiny Conference and considered that it was important to differentiate the Executive Advisory Panels from Scrutiny, while noting the role of the panels in developing policy.

Members raised items for possible inclusion on the work programme for the Committee as follows:

- Agreed Section 106 funding management
- Agency worker spend
- Council contracts – performance reviews
- Review of the Process of Transformation, including budgetary spend
- The impact of Covid-19 on Council Tax and Business Rate collection and potential support that could be provided
- Transition projects update
- Financial impact on the Council of homelessness
- Children’s Services and Adult Social Care

In response to a request for scrutiny of Fees and Charges, it was heard that a working group had already been convened to ensure readiness ahead of the budget-setting process and to allow for timely scrutiny and consultation.

RESOLVED that the Finance and Resources Scrutiny Committee:

- i) Noted the Scrutiny Statutory Guidance; and
- ii) Approved the proposed 2021/22 work planning process as set out in the report.

7 Member Scrutiny Training

The meeting noted that further training and development opportunities for members would be rolled out during the lifetime of the Council administration to complement training that had already taken place. This would ensure that members had the relevant skills in place to fulfil their role.

A report would be submitted to the next meeting of Full Council with a recommendation that the Council sign up to the Councillor Development Charter run by East Midlands Councils. Work would be undertaken in the short-term to meet the performance indicators that would allow the Council to achieve chartered status for its member development.

Chair

Date

The meeting closed at 8.55 pm

Finance and Resources Scrutiny Committee 14th September 2021

Report Title	Budget Monitoring 2021/22 – Period 4
Executive Member	Lloyd Bunday, Executive Member for Finance and Transformation
Report Author	Janice Gotts, Executive Director of Finance Janice.gotts@northnorthants.gov.uk

List of Appendices

Appendix A – Report to Executive, 26th August 2021 - Budget Forecast 2021/22 as at Period 4

1. Purpose of Report

- 1.1. This report is to advise the Scrutiny Committee of the budget monitoring position for the Council as at the end of July 2021 (Period 4). This is based on the latest monitoring report presented to Executive on 26th August 2021, attached as Appendix A.

2. Executive Summary

- 2.1 The report provides commentary on the Council's current forecast financial outturn position for 2021/22 for both the General Fund and the Housing Revenue Account. As stated within the report, the move to a new Unitary Council from 1st April this year and the continuing issues presented by COVID-19 mean that financial forecasting remains challenging. The Council will continue to assess and refine the forecasts on a regular basis with the forecast presented being based on the best available data and information.
- 2.2 There remain a number of areas which will impact on the forecast outturn that are still to be finalised. Most notably from a finance perspective these include the charging arrangements for the lead/host arrangements between West Northamptonshire Council and North Northamptonshire Council following Local Government Reorganisation; the forecasts for these areas are not yet available

from the hosting authority (West Northamptonshire). Therefore, these services remain forecast at budget until monitoring reports are produced.

- 2.3 The position for the reserves will not be complete until the accounts of the predecessor Councils are signed off by external audit. The outturn positions for both Kettering Borough Council and the Borough Council of Wellingborough have been shared with Executive and will be taken to the Council's Audit Committee at the end of September. The final position on the Statement of the Accounts for these Councils will be subject to external audit certification. Future reports will be provided to the Executive regarding the 2020/21 outturn position for Corby Borough Council, East Northamptonshire Council and the County Council.

3. Recommendations

- 3.1 It is recommended that the Committee:
- a) Note and comment on the budget monitoring position as at Period 4.
- 3.2 Reason for Recommendations – to support the scrutiny of the financial position for the Council throughout 2021/22 and in advance of the budget setting process for 2022/23 and beyond.

4. Introduction and Background

- 4.1 The medium-term financial plans for the Council were approved by the shadow Authority at its meeting on 25th February 2021. These covered both the Council's General Fund account and the Housing Revenue Account (HRA).
- 4.2 This is the third monitoring report for the new Council, and it sets out the material financial issues identified since the 2021/22 budget was set in February 2021, based on the income and expenditure as at end of July 2021 (Period 4) and the views of the budget managers.
- 4.3 The Period 4 forecast position for the General Fund is showing a minor underspend of £266k against an approved budget of £292.5m. This is summarised in the table below:

General Fund Forecast Outturn 2021/22			
	Net Budget	Forecast Position at 31/03/22	P4 Forecast Variance at 31/03/22
	£'000	£'000	£'000
Net Total Available Resources	292,505	292,505	0
Total Corporate Budgets	23,950	23,950	0
Children's & Education	60,351	60,351	0
Adults Communities & Wellbeing Services	120,854	120,604	(250)

General Fund Forecast Outturn 2021/22			
	Net Budget	Forecast Position at 31/03/22	P4 Forecast Variance at 31/03/22
	£'000	£'000	£'000
Place & Economy	55,783	55,135	(648)
Enabling & Support Services	31,567	32,199	632
Total Directorate Budgets	268,555	268,289	(266)
Total Budget	292,505	292,239	(266)
Net Position 2021/22	0	(266)	(266)

- 4.4 This is a favourable movement of £325k since the position reported in period 3, where an overspend of £59k was forecast. The movements in month are summarised in the following table with reference to the relevant paragraph(s) in the report.

General Fund Forecast Movement from Period 3 to Period 4		
	Report Reference	Movement in Forecast £'000
Adults – Change in Leisure Staffing Costs	6.31	(200)
Place – Reductions in Car Parking Income	6.38 – 6.39	2
Place – Trade Waste Income	6.47	(101)
Place – Reductions in Waste Tonnages	6.48	(101)
Enabling Services – IT	6.58	75
Total		(325)

- 4.5 The Period 4 forecast for the Housing Revenue Account is unchanged to that reported in Period 3 and continues to show a minor overspend of £74k.
- 4.6 As stated in the monitoring report it recognises that at this early stage in the financial year, coupled with being a new Unitary, there are a number of areas which may present a risk to the final outturn position and continue to be actively reviewed, with mitigations sought as necessary.

5. Issues and Choices – The Monitoring Position.

- 5.1 The main variations are set out in the budget report and summarised in the paragraphs below.

Adults, Communities & Wellbeing Services

- 5.2 The main variations are underspends in Adults, Communities and Wellbeing Services of £250k of which there is a forecast underspend of £0.5m across ASC services and a pressure of £250k in housing and community services, the latter

related to housing (£100k) and the net impact on leisure services (£150k) predominantly because of income losses following the restrictions on visitor numbers.

Children's Services and Education

- 5.3 The Children's Trust has advised that, whilst there are some pressures, these can be managed within their overall budget and at present are reporting a balanced position. However, it is recognised that as a predominantly demand led service this position can change quite rapidly. Education related services are reporting a balanced position.

Place and Economy

- 5.4 An underspend in Place and Economy Services of £648k mainly due to underspending on concessionary fares and waste and recycling activity, offset in part by pressures on car parking income as a result of changes brought in during COVID-19, together with a number of smaller pressures elsewhere in bus services and markets.
- 5.5 Typically, reimbursement to bus operators would be based on the actual number of journeys – however because of COVID-19, the basis of the calculation changed to an average based on the usage in the winter months (December 2019 – February 2020) prior to the COVID-19 outbreak. The Department for Transport has requested that authorities continue with these arrangements; the alternative is that the Council reverts to paying bus operators on the actual number of journeys. Reimbursing bus operators based on the average rather than the actual usage is estimated to be between £500k and £700k higher but by providing fixed payments to bus operators at pre-Covid levels, the Council is supporting the bus industry and therefore safeguarding local bus services for residents throughout the pandemic and during the recovery period. The Executive was asked to confirm that they continued to support this approach in order to provide bus operators with certainty of income in relation to discretionary payments and in so doing support them through the recovery period.

Enabling and Support Services

- 5.6 There is an overspend of £632k in Enabling Services, which are predominantly due to changes in income assumptions related to Treasury Management £463k and the Revenues and Benefits Service (£94k net) and an ICT pressure of £75k.
- 5.7 The monitoring report has been predominantly focussed on the big ticket, high risk items but it is recognised that further work is required to get to a robust forecast position, some of which will be dependent on the work with other organisations.
- 5.8 In the main, a significant proportion of the Council's budgets are based on the disaggregation principles and amounts that were agreed as part of the budget setting process to distribute the County Council's budget requirement between North Northamptonshire and West Northamptonshire. These budgets, alongside

those aggregated from the sovereign District and Borough Councils, will ultimately need to be rebased in line with the activity data and assessment of needs specific for the Unitary including the achievement of our priorities. Alongside this we will be considering the transformation possibilities with colleagues from the Transformation team.

5.9 The main issues, risks and unknowns are summarised below:

- Financially the most significant risk is adult social care, not only because of the impact that the pandemic has had, and continues to have, on the service, including the care providers, through hospital discharges, infection control measures and staffing issues but also because of the need to ensure that the disaggregation of care packages from the County Council is up to date and aligns to each Authority correctly to inform the Council's commitments and actions going forward.
- The Council is currently awaiting the forecast position for the lead/host arrangements which have been entered into with West Northamptonshire.
- The commercial estate remains an important source of income to the Council as well as providing a good basis for regeneration and generating economic activity. The Council's Property Management Team continue to work closely with tenants and despite the challenging economic climate the commercial income portfolio remains on target to be delivered within budget.
- Finally, as a result of Local Government Reorganisation, there has been a significant movement of staff into the two new Unitary authorities. The majority of the staff allocations were done in anticipation of vesting day, however, movement has continued beyond that date as the authorities review their structures going forward leaving a number of vacancies. These may remain vacant until recruitment or restructure has been undertaken or require urgent cover through the use of temporary or agency staff. HR and Finance teams are working through the staffing position to firm up the forecast and identify funded posts for permanent recruitment where necessary.

5.10 In summary a lot of work has been undertaken to establish the budgets and undertake the monitoring and reporting processes, however, work continues to take place to strengthen the reporting processing.

6. Implications (including financial implications)

6.1 Resources and Financial

- The financial position is set out in the report which shows an underspend of £266k.

6.2 **Legal**

6.21 The legal implications are set out in the relevant section of the attached monitoring report.

6.3 **Risk**

6.3.1 The risks are set out in the relevant section of the attached monitoring report and also in paragraph 5.8 of this report.

6.4 **Consultation**

6.4.1 The 2021/22 budget was subject to consultation.

6.5 **Consideration by Scrutiny**

6.5.1 This report will be considered by the Finance and Resources Scrutiny Committee.

6.6 **Climate Impact**

6.6.1 Tackling the climate emergency will be part of the Council's priorities and considered as part of the budget proposals.

6.7 **Community Impact**

6.7.1 Community impact will be considered as part of the proposals when considering the priorities of the Council.

7. Background Papers

7.1 North Northamptonshire Final Budget 2021/22 and Medium-Term Financial Plans presented to the Shadow Authority at its meeting on 25th February 2021.

<https://northnorthants.moderngov.co.uk/CeListDocuments.aspx?Committeeld=138&MeetingId=109&DF=25/02/2021&Ver=2>

EXECUTIVE 26 August 2021

Report Title	Budget Forecast 2021/22 as at Period 4
Report Authors	Janice Gotts Executive Director of Finance Janice.gotts@northnorthants.gov.uk
Executive Member	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

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

List of Appendices

Appendix A – Savings Schedule

1. Purpose of Report

- 1.1. The revenue budgets (2021/22) and Medium-Term Financial Plans for North Northamptonshire Council for the General Fund and the Housing Revenue Account were approved by the Shadow Authority at its meeting on 25 February 2021. The purpose of this report is to set out the forecast outturn position for the Council based on the Period 4 monitoring forecasts for the General Fund and the Housing Revenue Account.
- 1.2. This is the third monitoring report for the new Council and it sets out the material financial issues identified since the 2021/22 budget was set in February 2021, based on the income and expenditure as at end of July 2021 (Period 4) and the views of the budget managers.
- 1.3. The report recognises that the forecast outturn position is based on early indications of spend. As reported last month, work is continuing to examine the

spend and activity data, including the staffing details and forecasts, against the available budgets to ensure that the position presented is robust. This will also help to inform the medium-term financial plan.

- 1.4. A number of the areas remain unchanged from Period 3 and the detail of those variations, as previously reported, is included within the report for completeness.

2. Executive Summary

- 2.1 The report provides commentary on the Council's current forecast financial outturn position for 2021/22 for both the General Fund and the Housing Revenue Account. With the move to a new unitary council from 1 April this year and the continuing issues presented by COVID-19, financial forecasting remains challenging. The Council will continue to assess and refine the forecasts on a regular basis. The forecast presented in the report is based on the best available data and information of the operations of the Council and the expected impact of the pandemic. However, it must be recognised that determining the outturn under the current circumstances presents an element of risk which will be closely monitored during the financial year.
- 2.2 As a new Unitary Council there are a number of areas which will impact on the forecast outturn that are still to be finalised. Most notably from a finance perspective these include the charging arrangements for the lead/host arrangements between West Northamptonshire Council and North Northamptonshire Council following Local Government Reorganisation; the forecasts for these areas are not yet available from the hosting authority. Therefore, these services remain forecast at budget until monitoring reports are produced.
- 2.3 The balances on the reserves will not be complete until the accounts of the predecessor Councils are signed off. There is a separate report on this agenda that reports the draft outturn position for both Kettering Borough Council and the Borough Council of Wellingborough which includes a forecast reserves position for these two former authorities at 31st March 2021, these are both subject to external audit. Future reports will be provided to the Executive regarding the closedown of Corby Borough Council, East Northants Council and the County Council.

3. Revenue Budget

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

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

- 3.2 The Council's overall outturn forecast for the General Fund for 2021/22, as at Period 4, is a forecast underspend of £266k against the approved budget of £292.5m. This is summarised in the table below:

General Fund Forecast Outturn 2021/22			
	Net Budget	Forecast Position at 31/03/22	P4 Forecast Variance at 31/03/22
	£'000	£'000	£'000
Net Total Available Resources	292,505	292,505	0
Total Corporate Budgets	23,950	23,950	0
Children's & Education	60,351	60,351	0
Adults Communities & Wellbeing Services	120,854	120,604	(250)
Place & Economy	55,783	55,135	(648)
Enabling & Support Services	31,567	32,199	632
Total Directorate Budgets	268,555	268,289	(266)
Total Budget	292,505	292,239	(266)
Net Position 2021/22	0	(266)	(266)

- 3.3 The forecast underspend as at Period 4 is £266k which is a favourable movement of £325k since Period 3 where a minor overspend of £59k was reported. The following table summarises the movement of £325k.

General Fund Forecast Movement (Period 3 v Period 4)		
	Report Reference	Movement in Forecast
		£'000
Adults – Change in Leisure Staffing Costs	6.31	(200)
Place – Reductions in Car Parking Income	6.38 – 6.39	2
Place – Trade Waste Income	6.47	(101)
Place – Reductions in Waste Tonnages	6.48	(101)
Enabling Services – IT	6.58	75
Total		(325)

- 3.4 The Council's overall outturn forecast for the Housing Revenue Account – which comprises of two Neighbourhood Accounts for 2021/22, as at Period 4, is a forecast pressure of £74k against the approved budget of £35.2m. This will be managed through seeking mitigation in year or use of the HRA reserve- this is unchanged from Period 3. This is summarised in the table below and further details are set out in Section 7. It is important to note this is an early estimate and subject to continual review.

Housing Revenue Account Forecast Outturn 2021/22				
Directorate	Expenditure	Income	Net	P3 Forecast Variance at 31/03/22
	£'000	£'000	£'000	£'000
Corby Neighbourhood Account	19,647	(19,647)	0	42
Kettering Neighbourhood Account	15,503	(15,503)	0	32
Net Position 2021/22	35,150	(35,150)	0	74

4. Recommendations

- 4.1 It is recommended that the Executive:
- a) Note the Council's forecast outturn position for 2021/22 and the associated risks and other considerations;
 - b) Note the assessment of the current deliverability of the 2021/22 saving proposals in Appendix A to this report;
 - c) Approve a virement of £690k from contingency to enabling and support services to allow budget realignment within overall available resources, as set out in paragraph 6.54 and 6.58 of this report;
 - d) Continue to support local bus services, to maintain concessionary bus fare reimbursements to bus operators at pre-Covid levels for the remainder of the current financial year (2021/22), which accords with the request from the Department for Transport.
- 4.2 *Reason for Recommendations – to note the forecast financial position for 2021/22 as at Period 4 and consider the impact on this year and future years budgets.*

5. Report Background

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

report includes an early analysis of the in-year variations to budgeted assumptions.

Housing Revenue Account

- 5.3 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.
- 5.4 Within North Northamptonshire prior to 1 April 2021 there were two HRA accounts, covering the sovereign Councils of Kettering and Corby respectively. As part of the move to a single unitary council for North Northamptonshire, there was a statutory requirement to create a single HRA for the area. Whilst North Northamptonshire Council must only operate one HRA it will, for a period of time, operate two separate Neighbourhood Accounts, these being:
- the Corby Neighbourhood Account - responsible for the stock that was managed by Corby Borough Council and
 - the Kettering Neighbourhood Account - responsible for the stock that was managed by Kettering Borough Council.

6. Overview of Forecast Position 2021/22

Available Resources and Corporate Costs

- 6.1 The Council is responsible for the collection of local taxes (Council Tax and Business Rates). At the end of July 2021, 38.16% of Council Tax had been collected. However, it is too early to predict what the final Council Tax collection will be by the end of the year. The Council has re-introduced debt collection procedures for Council Tax following their suspension during 2020/21.
- 6.2 Business Rates collection is 30.20% at the end of July 2021. The sum of Business Rates collected is particularly impacted by the volatility of appeals and the effect of COVID-19. Currently, a number of businesses are in receipt of business rates relief and other financial support because of COVID-19, and it is unknown how businesses will be affected in the longer term and particularly when this support ceases. This means that the position remains subject to change.
- 6.3 The total net budget for Corporate Resources is £23.950m which consists of the contingency budget and budgets for treasury related costs.
- 6.4 The contingency budget is held to meet unforeseen or unplanned/unbudgeted costs. The balance on contingency budget is currently £5.274m subject to Executive approval (recommendation 4.1c) this would reduce by £690k to £4.584m.

Directorate Budgets

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

General Fund Forecast Outturn 2021/22 by Directorate			
Directorate	Net Budget	Forecast Spend at 31/03/22	P4 Forecast Variance at 31/03/22
	£'000	£'000	£'000
Children's & Education	60,351	60,351	0
Adults Communities & Wellbeing Services	120,854	120,604	(250)
Place & Economy	55,783	55,135	(648)
Enabling & Support Services	31,567	32,124	632
Total Directorate Budgets	268,555	268,289	(266)
Corporate Costs	23,950	23,950	0
Net Budget Requirement	292,505	292,239	(266)
Less Funding	(292,505)	(292,505)	0
Net Position 2021/22	0	(266)	(266)

Children's and Education Services – Balanced

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

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

Adults, Communities and Wellbeing Directorate - Forecast underspend of £0.250m

- 6.11 The net revenue budget covers Adult Social Services, Community Services and Public Health and Wellbeing and totals £120.854m in 2021/22. Significant work continues to be undertaken to understand the likely ongoing commitment to packages of care within the Unitary following disaggregation and the impact of the pandemic. The details of the forecast are set out in the paragraphs which follow and are in line with those previously reported.

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

- 6.12 Under the 2014 Care Act, local authority Adults Services have a responsibility to make sure that people over 18 who live in their areas are provided with personal day to day care (helping people get dressed, washed, going to the toilet, eating etc.) where they cannot do things for themselves or access family support. The service also provides other physical or psychological support to people with disabilities in order to help them live a full life. The overriding responsibility is to keep people safe and protect them from harm or neglect.
- 6.13 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 for helping people to stay independent and preventing or delaying the need for care.
- 6.14 The service has indicated that an uplift award ranging between 2.2% and 2.65% to care providers for providing care packages on framework rates during 2021/22 will be made, this is expected to cost approximately £1.2m which has been met through additional investment in Adult Social Care as part of the 2021/22 budget setting process.
- 6.15 At this point in the year, whilst there is some capacity for further net growth in care costs there remains a risk to the financial position from the volatility of

demand predominantly due to underlying care conditions and the ongoing pressures on the care sector from the pandemic.

- 6.16 Within Adult Social Care there is £1.3m for demographic growth of which £0.3m relates to Mental Health Services; these are driven by the forecast number of additional clients requesting care. The past four years' growth in adult social care costs in Northamptonshire have tended to be driven by two factors, general market inflation (predominately wage related) and acute care needs for existing clients, rather than increased clients due to demographic changes. However, it is too early to confirm whether this trend will continue in Northamptonshire.
- 6.17 COVID-19 has had a significant impact in Adult Care budgets with additional pressures forecast in 2021/22 of £4.6m of which £3.9m relates to Clinical Commissioning Group (CCG) discharges in to care facilities as part of the rapid response discharge process from hospital and £0.7m relates to pressures within the Mental Health Pooled Fund. There are budgeted care related savings of £4.4m proposed to be delivered by Adult Social Care in 2021/22. Prior year savings of £2.1m are also assumed to be delivered. The 2020/21 savings were not achieved in full due to the impact of the COVID-19 pandemic, however due to a revised phasing methodology adopted as part of the 2021/22 budget proposals this has partly been mitigated down to £1.1m, it is currently forecast that these will be met in 2021/22. The position will continue to be monitored throughout the year.
- 6.18 The existing savings programme includes saving proposals being delivered over a number of financial years. These include savings proposals that formed part of the Future Northants Transformation Programme covering:
- Admissions Avoidance Service (£1.9m), which is a new service (initially funded by the business rates pilot fund) provided by Adult Social Care with health partners. The Admission Avoidance care model focuses on patients/clients presenting at acute hospitals with relevant conditions who can be rapidly assessed, diagnosed and treated without being admitted to a ward, if clinically safe to do so. Currently the Crises Response Team supports the back door discharges at the acute hospitals, where Admission Avoidance will focus on the significant opportunity to provide care on/at the front door to avoid hospital admissions and care costs increases client outcomes.
 - Strength Based Working Project (£2.2m) which is the Transformation of Adults Services pathways and processes to ensure focus on client outcomes, independence, better decision making, and best practice approaches reduce delays and spend.
- 6.19 Additional savings for 2021/22 total £0.6m and cover Learning Disability Provider Framework efficiencies, Specialist centre for Step down Care Mental Health and Acquired brain injury, Prevention contract cessation/redesign and Sheltered Housing Contracts cessation/redesign.
- 6.20 At this early stage it is assumed that the savings will be delivered in full. This will be reviewed throughout the year as part of the budget monitoring process.

- 6.21 The current forecast is for an underspend of c£0.5m against budget and the details are set out in the paragraphs which follow. However, it should be noted that further work is being undertaken within the service to review the service users assigned from the County to each of the successor Councils (North and West) at vesting day as well as the potential care commitments that are included within the position as both may impact on the forecast.
- 6.22 Specialist and Complex - Mental Health (NCC) - forecast underspend of £2m. This is the result of clients transferring from the Mental Health Pool previously managed by the CCG and which Northamptonshire County Council gave notice to withdraw from the pool arrangements as at 31 March 2021. The disaggregation of the County Council budget was based on an initial analysis of the ordinary residence of 40% of the pool clients which suggested that the mix of pool clients included 45% to North Northamptonshire. However, analysis of the actual clients transferred has resulted in only 30% to North Northamptonshire. 5% of cases remain to be completed and are under review. This has resulted in a projected underspend on the original pooled budget disaggregation.
- 6.23 Specialist and Complex - Older People - there is a forecast pressure of £2.1m (variance of 3% against budget) against older people services which is related to the mix (costs) of clients and the number of clients, within this financial year compared to the bought forward disaggregated budget from 2020/21.
- 6.24 Specialist and Complex - Mental Health - there is a forecast underspend of £0.5m related to underlying Adults only Mental Health clients (non-pool) due to reduced number of actual clients being provided a service by the Council compared to the disaggregation analysis. The original disaggregation assumed 59% of the Countywide clients would be North Northamptonshire clients but only 46% have transferred to the Council.
- 6.25 Other variances across the directorate total a forecast £0.1m underspend.

Public Health – Forecast balanced position.

- 6.26 Public Health and Wellbeing is currently leading Northamptonshire's response to the COVID-19 pandemic. The Gross expenditure budget is primarily funded by Public Health England.
- 6.27 Currently an additional £6.4m has been added to the budget for 2021/22 in relation to forecast grant funding that has been carried forward from 2020/21 to support the activity associated with the Contain Outbreak Management Fund and Test and Trace. As this is a carry forward of grant, the final sum available for this will be dependent on the closing figure to be carried over from 2020/21 as part of the closure of the County Council's accounts.
- 6.28 Close monitoring of the commitments against COVID-19 funding streams is taking place. The relaxation of restrictions and the rising case numbers may change the priority and profile of spend against this funding.

Housing and Community Services – Forecast pressure £250k

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

Place and Economy - £648k Underspend

- 6.32 The Place and Economy net budget totals £55.783m and is forecasting an underspend of £648k, which is a favourable change of £200k since last month. Place and Economy covers the following four areas:
- Growth and Regeneration
 - Assets and Environment
 - Highways and Waste
 - Regulatory Services
- 6.33 Services within Asset and Capital Management include the management of the Council's corporate assets and capital programmes, together with the effective management of the Council's strategic assets and landholdings.
- 6.34 Other key components within Place and Economy are Waste Management, Highways and Transportation, (including the Streetlighting PFI), Economic Development, Infrastructure and Funding, Trading Standards and Flood and Water Management.
- 6.35 Within Place the key budgets affected by demand/volumes are Home to School Transport, Concessionary Fares and Waste Disposal and Collection. The Directorate also includes responsibility for the Council's commercial estate which will often be influenced by economic conditions.
- 6.36 As part of the budget setting additional funding was provided for contract inflation of £1.1m covering Home to School transport (£300k), Street Lighting

PFI (£100k) and general contract inflation (£0.7m). Savings include changes in waste tonnages including recycling, composting and food waste of £2.0m, Recycling credits £0.6m and additional income through fees and charges due to rising demand of £200k.

- 6.37 The Service has a forecast underspend of £648k which consists of the following main movements as outlined in the paragraphs below

Car Parking Income - £421k Pressure

- 6.38 As previously reported last month there is a forecast pressure for car parking income in relation to Kettering as charging has been suspended for a number of months – the estimated pressure has increased from £158k to £178k. Car Parking charges have been reintroduced from 9th August following the removal of COVID-19 restrictions on 19 July.
- 6.39 There is also a forecast net pressure of £33k (£18k reduction from Period 3) for Corby car parking income as, although charging is in place, receipts have been lower than would normally be expected. The projection assumes a return to budgeted levels of income from August with COVID-19 restrictions being lifted. The Council will seek support from the Government Scheme to reimburse Local Authorities for lost income which is paid at 75% once the Council has met losses equivalent to 5% of the budget. This funding is only payable in respect of claims for losses in the first quarter of 2021/22 and is not available where Councils have chosen to suspend car parking charges.
- 6.40 There is also a forecast pressure on the number of Fixed Penalty Charges for on-street parking estimated to be £210k. This is an area that will continue to be monitored closely.

Concessionary Fares - £836k Underspend

- 6.41 This has remained unchanged since last month and assumes that guaranteed payments to bus service operators as a result of the agreed payment mechanism under COVID-19 will continue for the 2021/22 financial year which will result in an underspend of £236k. This is because the payments typically would be based on the actual number of journeys – however as a result of COVID-19 the basis of the calculation changed to the average for the actual number of journeys in the winter months prior to the COVID-19 outbreak (December 2019 to February 2020). The number of journeys in the winter months are less than at other times of the year and this has resulted in a saving to the Council.
- 6.42 The Department for Transport has requested that authorities continue with these arrangements the alternative is that the Council reverts to paying bus operators on the actual number of journeys. Reimbursing bus operators based on the average rather than the actual usage is estimated to be between £500k and £700k higher but by providing fixed payments to bus operators at pre-Covid levels, the Council is supporting the bus industry and therefore safeguarding local bus services for residents throughout the pandemic and during the recovery period.

- 6.43 The Executive is asked to confirm that they continue to support this approach in order to provide bus operators with certainty of income in relation to discretionary payments and thus support them through the recovery period.
- 6.44 A further underspend is a result of the disaggregation principles applied to the former County Council budget whereby it is estimated that the North will underspend against its assumed budget requirement by around £0.6m.

Subsidised Bus Services - £30k Pressure

- 6.45 There is a forecast pressure of £30k which is unchanged from Period 3 on subsidised bus services due to the potential difference between the anticipated cost of the service and the funding available from parish councils, S106 developer contributions and Bus Services Ring-Fenced Grant. This is unchanged from last month.

Markets - £16k Pressure

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

Waste - £279k Underspend

- 6.47 There is a forecast net underspend of £77k on the Refuse and Recycling Collection Service across the Kettering and Corby areas which is the same as the Period 3 projection. This comprises a projected saving of £235k on co-mingled waste and a projected saving of £19k on food waste due to reduced gate fees. This is partly offset by pressure on garden waste of £115k due to a higher gate fee and a pressure of £62k as the Council previously received an income stream for paper. Additionally, Kettering and Corby trade waste income is forecasting £101k more income than budget, based on Q1 actuals and previous year trends.
- 6.48 The Waste Management service is also forecasting an underspend of £101k due to lower than anticipated tonnages for:

- Domestic waste (£46k)
- Hazardous Waste (£11k)
- Household Waste Recycling Centres (HWRCs) (£44k)

Commercial Income

- 6.49 The Council's commercial estate remains an important source of income to the Council as well as providing a good basis for regeneration and generating economic activity. The Council's Property Management Team continue to work closely with tenants and despite the challenging economic climate the commercial income portfolio remains on target to be delivered within budget.

Enabling and Support Services - £632k pressure

- 6.50 Enabling and Support Services consists of the following main grouping of services which also includes a number of corporate budget areas:
- Finance, Procurement and Revenues and Benefits Service
 - Human Resources, Legal and Democratic Services
 - Transformation, ICT and Customer Services
- 6.51 Overall for these services the net revenue budget is £31.567m in 2021/22. Currently there is a forecast pressure of £0.632m which is set out in the following paragraphs.
- 6.52 There is a forecast overspend of £463k relating to income assumptions within the treasury management function, which is unchanged from the Period 3 projection. This is due to two pressures which have arisen following the disaggregation of the County Council's budget, the first is a budget for the capitalisation of interest of £211k and the second is interest on equity of £212k, both of which are no longer considered achievable and will become a pressure in 2021/22 and the longer term. There is also a £40k shortfall in the investment income forecast which assumes that the historically low interest rates will continue throughout the year.
- 6.53 Work is ongoing to mitigate budget pressures through reviewing the council's investment portfolio and seeking further investment opportunities.
- 6.54 The Revenues and Benefits Service was forecasting an overspend of £94k at the end Period of 3, this remains unchanged for Period 4. The overall variance relates to the under recovery of court costs (£295k) offset by additional income relating to the business rates cost of collection (£53k). The under recovery of court costs reflects the decision the Council has made in not taking recovery action for Council Tax arrears in the first quarter of the financial year, leaving a shortfall against the budget. Recovery has commenced in quarter two of this year. The additional income for business rates cost of collection reflects the position calculated for the annual estimated return to Government, which was higher than the prior year legacy budgets on which the 2021/22 budget was based. This is further offset by additional grant income of £148k for the Housing Benefit Administration Grant which was higher than the prior year legacy budgets on which the 2021/22 budget was based.
- 6.55 The Council is undertaking a Pay and Grading review. It is estimated that this will require external support of £55k for Hay training and evaluations and Advisory, Conciliation and Arbitration Service (ACAS) consultations. The cost of the scheme is to be met from within overall council resources which will require a virement of £55k from contingency. The forecast outturn included within this report assumes that this virement will be approved. Additional officer resourcing requirements are currently being reviewed any further support required over and above the normal establishment budgets are expected to be funded from the contingency budget – this will be reported to a future meeting of the Executive.
- 6.56 North Northamptonshire has a dedicated transformation team working to deliver the changes required in the North to bring services together effectively and move towards more efficient operating models for services. This will include

reviewing how the Council interacts with its customers, residents, partners and other stakeholders and will involve contractual arrangements, opportunities to expand and enhance the digital experience and realising property efficiencies, thereby reducing costs and improving services going forward.

- 6.57 As approved within the 2021/22 budget the service is, in the main, funded through a time limited contribution from reserves. Any variance against the £2.3m budget will be met through an adjustment to the movement to or from reserves.
- 6.58 The ICT budget is forecasting a pressure of £75k. This is in relation to a historical budget pressures inherited from a legacy borough in relation to contract inflation and remote support from a contract with Capita.
- 6.59 Additionally, as identified in Period 3, software licensing requirements for the new Council are being reviewed. Pressures have been identified in relation to annual Microsoft 365 subscription licences procured for NNC before Local Government re-organisation. Ongoing revenue costs were not reflected in the original 2021/22 budget and the expected pressure is forecast to be £635k. Funding this additional expenditure will require a virement of £635k from contingency. The forecast outturn included within this report assumes that this virement will be approved.

Summary of General Fund Savings Delivery

- 6.60 The Council has a savings requirement of £19.161m (including income proposals) within its 2021/22 budget. The deliverability of these proposals is being monitored by each accountable service lead, budget manager and senior officer up to Service Director level. These are summarised in the following Table and full details are provided in Appendix A to this report. It is still early days with a number of the savings areas, however, the potential upward movement in COVID-19 cases may put savings at risk particularly with regard to Adult Social Care. The position is unchanged from Period 3.

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

7. Housing Revenue Account (HRA)

- 7.1 Within North Northamptonshire prior to 1st April 2021 there were two HRA accounts, covering the sovereign Councils of Kettering and Corby respectively. As part of the move to a single unitary council for North Northamptonshire, there was a statutory requirement to create a single HRA for the area. Whilst North Northamptonshire Council must only operate one HRA it will, for a period of time, operate two separate Neighbourhood Accounts, these being the Corby Neighbourhood Account and the Kettering Neighbourhood Account.
- 7.2 The Period 4 projections for the Corby Neighbourhood Account remain unchanged and show a pressure of £42k, this as a result of the Service Charge income being lower than budget. The costs incurred for service charges in 2020/21 are recovered in 2021/22. The forecasts for the Corby Neighbourhood Account are reflected in the following table.

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

- 7.3 The forecast position for the Kettering Neighbourhood Account at the end of Period 4 remains unchanged from Period 3 and shows a pressure of £32k. Rental income from dwellings is forecast to be £16k less than budget – this is a result of higher void rates than budgeted and there is also a pressure of £16k from lower service charge income. The forecasts for the Kettering Neighbourhood Account are reflected in the table below.

Kettering Neighbourhood Account			
	Original Budget 2021/22	Projection 2021/22	Variance
	£000	£000	£000
INCOME			
Rents - Dwellings Only	15,066	15,050	16
Service Charges	430	414	16
HRA Investment Income	7	7	0
Total Income	15,503	15,471	32
EXPENDITURE			
Repairs and Maintenance	4,041	4,041	0
General Management	2,784	2,784	0
HRA Self Financing	4,585	4,585	0
Revenue Contribution to Capital	2,555	2,555	0
Transfer To / (From) Reserves	(119)	(119)	0
Special Services	1,111	1,111	0
Other	546	546	0
Total Expenditure	15,503	15,503	0
Net Operating Expenditure	0	32	32

8. Conclusions

- 8.1 The forecast underspend as at Period 4 is £266k which is a favourable movement of £325k since Period 3 where a minor underspend of £59k was reported.
- 8.2 The key risks which are set out in the report will continue to be monitored and mitigations sought as required throughout 2021/22. The achievement of the approved savings targets is also integral to this process and will continue to be closely monitored and reported. Further work is ongoing in a number of areas to strengthen the forecast, most notably related to the disaggregation of the budget and services from the County Council.
- 8.3 The prior year outturn position and accounts of the predecessor Councils are yet to be reported and formally signed off. The Council may be required to consider any legacy issues arising as a result of the closedown and subsequent audits. Further updates relating to this will be provided at future meetings of the Executive.

9. Implications (including financial implications)

Resources and Financial

- 9.1 The resource and financial implications of North Northamptonshire Council are set out in this report. The current forecast position for the General Fund is an underspend of £266k and the Housing Revenue Account is forecasting an overspend of £74k.

Legal

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

Risk

- 9.4 The deliverability of the 2021/22 Revenue Budget is monitored by Budget Managers. However, it is acknowledged that the Council's budget has been arrived at through using a number of disaggregation methodologies from the predecessor County budget rather than being built up over a period of time and as such there are inherent risks in this early forecast position which will require close monitoring.
- 9.5 Where any variances or emerging pressures are identified during the year then mitigating actions will be sought and management interventions undertaken.
- 9.6 Details of pressures, risks and mitigating actions implemented will be provided as part of the finance monitoring reports as the year progresses. The main risks identified include demand led services such as Adult Social Care, commercial income which is at risk due to the prolonged impact of COVID-19 and the continuing review of budgets disaggregated from the County Council against actual/likely commitments.
- 9.7 The staffing budget is a significant part of this review and officers are working to ensure that funded posts and associated costs are understood and within budget. Controls are in place with regard to approval of recruitment requests whilst the budgets are reviewed.
- 9.8 The Council holds a contingency and a number of reserves to help safeguard against the risks inherent within the budget.

Consultation

- 9.9 The 2021/22 budget was subject to consultation prior to approval by the North Northamptonshire Shadow Authority on 25 February 2021.

Climate Impact

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

Community Impact

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

10. Issues and Choices

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

11. Background Papers

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

Final Budget 2021/22 and Medium-Term Financial Plans, including the Council Tax Resolution, North Northamptonshire Shadow Authority, 25 February 2021. [North Northamptonshire Shadow Authority meeting 25 February 2021](#) (Item 5 refers)

Monthly Budget Forecast Reports to the Executive.

Budget Savings

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

Budget Savings - Continued

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