

# Public Document Pack



**Meeting:** Finance and Resources Scrutiny Committee  
**Date:** Tuesday 30th November, 2021  
**Time:** 7.00 pm  
**Venue:** Council Chamber, Swanspool House, Doddington Road, Wellingborough, Northants NN8 1BP

To members of the Finance and Resources Scrutiny Committee

Councillors Councillor Mark Pengelly (Chair), Councillor Richard Levell (Vice-Chair), Anslow, Brown, Hakewill, Harrington, Henson, Jelley, Jenney, Lawal, North and Ward

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Committee Administrator: David Pope - Democratic Services  
☎01536 535661  
✉david.pope@northnorthants.gov.uk

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## **Minutes of a meeting of the Finance and Resources Scrutiny Committee**

At 7.00 pm on Tuesday 2nd November, 2021 in the Council Chamber, Swanspool House, Doddington Road, Wellingborough, Northants NN8 1BP

### **Present:-**

#### Members

Councillor Mark Pengelly (Chair)  
Councillor Valerie Anslow  
Councillor Scott Brown  
Councillor Jim Hakewill  
Councillor Ken Harrington  
Councillor Larry Henson

Councillor Richard Levell  
Councillor David Jenney  
Councillor King Lawal  
Councillor Steven North  
Councillor Malcolm Ward

#### Officers

Janice Gotts - Executive Director of Finance  
Adele Wylie – Director of Legal and Democratic  
Guy Holloway – Assistant Chief Executive  
Claire Edwards – Assistant Director of Finance & Accounting  
Rob Thompson – Lead Revenue and Benefits Manager  
David Pope – Senior Committee Administrator

#### Also in attendance

Councillor Lloyd Bunday – Executive Member for Finance and Transformation  
Councillor Anne Lee

### **14 Apologies**

Apologies for absence were received from Cllr Ian Jelley. Apologies for absence were also received from Assistant Director of Finance & Strategy, Mark Dickenson and Assistant Director of Revenues & Benefits, Lucy Hogston.

### **15 Minutes of the Meeting Held on 14th September 2021**

RESOLVED that: The Finance and Resources Scrutiny Committee agreed the minutes of the meeting held on 14<sup>th</sup> September 2021 as a true and accurate record of the meeting.

### **16 Members' Declarations of Interest**

No declarations were received.

## 17 Budget Strategy Process 2022/23

The Committee received a report that provided an overview of the Budget Strategy for the 2022/23 budget process in regard to the General Fund, the Housing Revenue Account (HRA) and the Capital Programme. The report also set out proposals for scrutiny in relation to the budget and provided a timeline for both the budget and scrutiny processes.

Members were requested to consider the proposed budget strategy for the forthcoming financial year as well as the approach to consultation and Equality Impact Assessments (EIA) as part of the budget setting process. In addition, members were asked to consider the process to scrutinise the draft budget and Medium-Term financial assumptions.

It was noted that at the 23<sup>rd</sup> February 2022 meeting of Full Council, approval would be required for:

- The General Fund Budget and Council Tax levels for 2022-23
- The General Fund Medium Term Financial Plan for 2023-24 to 2025-26
- The Housing Revenue Account (HRA) Budget for 2022-23
- The level of Housing Rents for 2022-23
- The Housing Revenue Account Medium Term Financial Plan for 2023-24 to 2025-26.

Council would also be asked to approve the Capital Strategy and Capital Programme 2022-26 for the both the Housing Revenue Account and the General Fund.

Prior to the reports outlined above being presented to Council in February, the Finance and Resources Scrutiny Committee would be provided with the opportunity to rigorously scrutinise and review the budget proposals, prior to providing recommendations on these proposals back to the 10<sup>th</sup> February 2022 meeting of Executive.

The Committee noted that it was proposed to commence the budget scrutiny process after the presentation of the 2022-23 budget to the Executive at its 16<sup>th</sup> December meeting, with a view to completing Scrutiny in January 2022 allowing Scrutiny feedback to form part of the updated budget report to the Executive on 10<sup>th</sup> February 2022.

Members heard that in order to assist in the Scrutiny process in reviewing both the revenue budgets and the capital programmes for each of the main service areas, it was proposed that separate scrutiny sessions take place across the main service areas of:

- Place and Economy
- Adults, Communities and Wellbeing Services, including the HRA
- Children's and Education Services
- Enabling and Support Services – Finance, Transformation and ICT and Legal and Democratic including HR.

The Finance and Resources Scrutiny Committee would be able to scrutinise each area and would have the opportunity to request further details on a particular area. Members were requested to identify any areas requiring further detailed information

prior to the meetings with the Directorates taking place in order for this to be collated in advance of the meeting. This would allow for adequate scrutiny of the proposals and would allow for informed recommendations to the Executive.

The Committee broadly welcomed the proposals for budget scrutiny and made the following requests:

- A back-up scrutiny session be made available for each Directorate to allow for further questions and information provision, if required
- The relevant Senior Council Officers and Executive Member portfolio holders should be in attendance at each scrutiny session
- A specific Children's Trust session should be arranged jointly with West Northamptonshire Council
- The scrutiny session timetable should be agreed as soon as possible

The Committee wished to see strong public engagement in the budget consultation process, with members of the public provided with the opportunity to feed into the scrutiny process and able to access the budget consultation not only online, but through all Council facilities and all libraries, including those operated by community groups.

Following discussion, it was:

**RESOLVED** that the Finance and Resources Scrutiny Committee:

- a) Noted and commented on the budget setting process as set out above;
- b) Noted the proposed timeline for the setting of the budget and that this may be subject to change in line with Government announcements;
- c) Commented on and agreed the proposed scrutiny arrangements as set out in the report, with the additions as set out above;
- d) Noted and commented on the consultation process as set out above

## **18 Revenue and Benefits Performance Report (1st April to 30th September 2021) - six month report**

The Committee received a report provided an update on the performance of the Council's Revenue and Benefits Team for the first six months of the financial year, covering the period 1<sup>st</sup> April 2021 to 30<sup>th</sup> September 2021. The Benefits and Business Support Manager, Rob Thompson attended the meeting and provided additional information to the meeting.

Councillor Anne Lee addressed the meeting and spoke in relation the recent incorrectly issued Council Tax summonses and requested clarification on the exact number of these, the costs involved and whether residents affected would receive written confirmation including an apology for the error.

Members noted the collection rates for Council Tax and Business Rates for the period and heard that Council Tax recovery action for non-payment had been put on hold during the Covid-19 pandemic, recommencing in May 2021 with the issuing of

reminders and final notices, prior to a total of 13,974 summonses for non-payment. The recovery process, from issuing of initial Council Tax demands through to the granting of liability orders by the Magistrates' Court, was detailed to the meeting.

In light of the recent issues affecting Council Tax, notably whereby a number of summonses had been incorrectly issued, the Chair, Cllr Mark Pengelly requested the convening of an informal meeting with representatives from the Committee along with relevant officers. This informal meeting would receive information as to the processes involved, with a view to reporting back its findings to the full Committee at a later date.

Details of the work of the Social Inclusion Team in assisting those in need of money and debt advice was outlined and the meeting was provided with details of the national debt respite scheme "Breathing Space". It was noted that take-up for this scheme had been low, with the Council only receiving five applications to date.

Members asked questions in relation to Section 13A of the Local Government Finance Act 1992, which provided the Council with discretionary powers to reduce Council Tax liabilities to help mitigate any unforeseen or exceptional hardship circumstances that threatened taxpayers' ability to pay their Council Tax or to remain in their homes. It was noted that 89 applications had been received to date with 40 processed to date and one awarded, with awards following a specific set of qualifying criteria. Unsuccessful applicants had been offered additional support to assist them with managing their finances, in particular that they were able to claim the applicable benefits available to them as well as receiving money management advice.

In response to a query from members, the meeting heard that cessation of the £20 Universal Credit uplift would not impact on Housing Benefit claims but may increase pressure on Discretionary Housing Payment applications.

**RESOLVED** that:

- i) the Finance and Resources Scrutiny Committee noted and commented on the Revenue and Benefits performance data for the first six months of 2021/22 as above; and
- ii) An informal Council Tax Summons Process Sub-Group be convened to examine the recent issue regarding Council Tax summonses

## **19 Revenue Budget Monitoring 2021/22 - Period 5**

Members received the Budget Monitoring Report 2021/22 for Period 5. The report sought to advise the Finance and Resources Scrutiny Committee of the budget monitoring position for the Council as at the end of August 2021. The report was based on the latest monitoring report that had been presented to the Executive on 30<sup>th</sup> September 2021.

Councillor Anne Lee attended to address the meeting and spoke in relation to the leasing of Council-owned commercial premises and void Council-owned properties, with concerns regarding the high number void properties and turnaround times to return these to a lettable state.

The Committee noted a forecast General Fund overspend of £73,000 against an approved budget of £292.5million net. This showed an adverse movement of £339,000 from Period 4, at which point a £266,000 underspend had been forecast. The main budgetary movements were outlined, with details for the variations provided.

Members asked a number of questions which were responded to by the Officers present and related to:

- **The forecast balanced budget position of the Children's and Education Services.** Officers commented that the forecast to P5 from the Trust was showing a minor overspend but that this was balanced through the use of reserves by the Trust.
- **Use of temporary staff within the Council.** Officers responded that whilst there were a number of vacancies, work was ongoing to finalise structures through the necessary and important consultation with staff and Trades Unions. In some instances the use of temporary staff was necessary to cover vacancies pending the new structure and permanent recruitment.
- **The £200,000 underspend in relation to Commercial income.** Officers pointed out that this was net of the £1m investment in the budget to offset potential pressures as a result of COVID-19. However, the commercial budget is holding up better than expected.
- **The current position of the Council's Transformation project, with a request for a future update.** Officers noted the request.
- **The details and findings of the Newton Europe report in relation to the former Northamptonshire County Council.** Officers noted the request and commented that this could be considered as part of the Budget Scrutiny sessions.

**RESOLVED** that the Finance and Resources Scrutiny Committee noted and commented on the Budget Monitoring Report as at Period 5.

## 20 Local Council Tax Support Scheme 2022-23

The Committee received a report that sought to provide an update on the Local Council Tax Support Scheme (LCTSS) for 2021/22 and proposed a continuation of this scheme at 25% for 2022/23.

The Finance and Resources Scrutiny Committee was requested to consider and provide feedback to the Executive in relation to the LCTSS for 2022/23. It was proposed that the scheme remain unaltered from that utilised for 2021/22, with the exception of changes to be made for the annual uprating of allowances and premiums, and statutory base legislation changes which were required to be made to the scheme.

The LCTSS for 2022/23 would be submitted to the Executive at its meeting on 18<sup>th</sup> November 2021 with a recommendation to submit the scheme for approval to Full Council on 1<sup>st</sup> December 2021.

The Committee noted the limited number of discretionary awards approved under Section 13A of the Local Government Finance Act and requested further information on the reasons for refusal, while acknowledging the positive support offered to residents by the Council's Social Inclusion Team.

Following discussion, it was:

**RESOLVED** that the Finance and Scrutiny Resources Committee approved the recommendation for continuation of the current scheme, to be progressed forward to Executive at its meeting on 18<sup>th</sup> November 2021.

## 21 **Performance Indicator Report 2021/22 (Quarter One)**

The Committee received a report that provided an update on the performance of the Council's corporate support services covering the period 1<sup>st</sup> April 2021 to 30<sup>th</sup> June 2021 as measured by performance indicators and detailed a number of steps the Council was undertaking to improve and develop its performance monitoring arrangements. It was noted that this was the inaugural Performance Indicator report and updates would be brought to the Committee on a regular basis.

Members noted that existing target data supplied as part of the report was under review with proposals to be submitted to a future meeting of the Executive as part of the corporate planning process. This also included a revised indicator set that reflected the Council's forthcoming Corporate Plan. Members also noted that as baseline performance positions were established, more useful comparative data could be supplied in future iterations of the report.

Members made reference to the calculations and data involved in regard to the sickness statistics provided and noted that future performance reports would be submitted in line with budget reports to make assessment of data provided more meaningful.

Members requested that future editions of the report be printed at A3 size to ensure the statistics were legible for all members.

**RESOLVED** that the Finance and Resources Scrutiny Committee:

- a) Noted and commented on the performance indicators for the Council's corporate support services for Quarter 1, 2021/22 as set out in the appendix to this report; and
- b) Noted the actions that were being taken to develop the Council's performance monitoring arrangements.

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Chair

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Date

The meeting closed at 9:10pm



## Finance and Resources Scrutiny Committee 30<sup>th</sup> November 2021

<b>Report Title</b>	<b>Northamptonshire Children's Trust Budget Monitoring report – Period 6</b>
<b>Report Author</b>	Colin Foster, Chief Executive NCT Andrew Tagg, Director of Finance NCT
<b>Executive Member</b>	Councillor Scott Edwards, Lead Member for Children, Families, Education and Skills

### List of Appendices

#### **Appendix A - NCT Budget Monitoring Report – Period 6**

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

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- 1.1. The report provides the Period 6 budget monitoring and forecast outturn position for Northamptonshire Children's Trust (NCT).

#### **2. Executive Summary**

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- 2.1 The Period 6 budget monitoring report contains a detailed review of the financial position of NCT as at the 30<sup>th</sup> September 2021.
- 2.2 The report details variances at individual service level, service demand pressures and proposed mitigations.
- 2.3 The report also provides an update on the Transformation and Savings programme and projection of reserves

#### **3. Recommendations**

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- 3.1 That the Finance and Resources Scrutiny Committee:
- a) Note the contents of the budget monitoring report and offer comment

## **4. Report Background**

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- 4.1 NCT as part of the Service Delivery Contract (SDC) provides a monthly budget report to The Operational Council Group and quarterly to the Strategic Commissioning group.
- 4.2 The budget report details variances at individual service level, service demand pressures and proposed mitigations and the forecast outturn position.

## **5. Issues and Choices**

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- 5.1 The key issues are:
  - a) The impact on children's services budgets both locally and nationally of increased demand post covid and the increasing complexity of demand.
  - b) The continued challenges around social worker recruitment and the pressures on staffing budgets.

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

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### **6.1 Resources and Financial**

- 6.1.1 To note the year end forecast overspend position of NCT, the mitigations that have been proposed and the respective financial year outturn position.

### **6.2 Legal**

- 6.2.1 There are no legal implications arising from the proposals.

### **6.3 Risk**

- 6.3.1 NCT provides a detailed risk register as part of its governance arrangements and is reported and monitored by the respective Trust committees. The key strategic risks are detailed in the business plan.

### **6.4 Consultation**

- 6.4.1 N/A

### **6.5 Consideration by Scrutiny**

- 6.5.1 This is the first consideration of NCT budget by Finance and Resources Scrutiny Committee.

## 6.6 **Climate Impact**

6.6.1 N/A

## 6.7 **Community Impact**

6.7.1 Effective Children's social care and early help supports communities.

## **7. Background Papers**

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7.1 NCT Business Plan

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## Revenue Forecast Outturn Report

2021-22

### 1 Purpose of report

1.1 To report the forecast outturn position at period 6.

### 2 Background Summary

2.1 The controllable budget for 2021/22 as approved in the contract is £123.348m. This also includes the impact of the full £6.8m savings programme, the element relating to the 21/22 financial year is £3.260m.

### 3 Summary

Table 2 – Forecast outturn by service area

Service Area	Budget £'000	Forecast Outturn £'000	Outturn Variance £'000	Prior Month Variance £'000	Movement £'000
Corporate Parent Service	44,298	44,707	409	363	46
Children, Young People and Family Support Services	6,670	6,195	(475)	(315)	(160)
Prevention & Safeguarding	14,314	14,262	(51)	(113)	62
Quality Assurance and Commissioning	58,724	59,524	800	334	466
NCT Central	(657)	(718)	(61)	(0)	(61)
Northamptonshire Children's Trust	(123,348)	(123,348)	(0)	(0)	(0)
<b>Total</b>	-	<b>622</b>	<b>622</b>	<b>269</b>	<b>353</b>

3.1 The forecast outturn position for 2021/22, is an overspend of £0.622m against the approved budget of £123.348m, an adverse movement of £0.353m from period 5.

### 3.2 Management mitigations

3.3 The forecast outturn position for 2021/22, is an overspend of £0.622m against the approved budget of £123.348m. This represents 0.5% of the trusts controllable budget.

## Item 4 – Appendix A

- 3.4 The trust will mitigate this pressure through the use of the carry forward reserve of £0.812m (relating to the financial period Nov 2020–Mar 2021.) The carry forward reserve figure has reduced by £0.280m from £1.092m due to an end of year adjustment relating to accumulated absences £0.277m and minor admin expenses £0.003m. Through the detailed monthly financial reporting key budget risk areas will continue to be reported to ensure effective monitoring is in place.
- 3.4 Within external placements, an additional resource is in place to support the development of provision in line with the sufficiency action plan, with a key focus on provision for emergency and complex referrals. All placements, especially the high costs ones, are regularly reviewed using a risk based approach to ensure sufficiency of provision and improve outcomes for the children and young persons.
- 3.5 A revised joint funding panel will be launched on the 1<sup>st</sup> November 2021 to agree funding for placements with a social care, education and health input

### 4 Outturn by service area

#### 4.1 Corporate parenting

#### 4.2 Table 3, outturn by service

Service	Budget £'000	Forecast Outturn £'000	Outturn Variance £'000	Prior Month Variance £'000	Movement £'000
Children's Homes	3,413	3,413	0	49	(49)
Fostering and Adoption Staffing	4,479	4,529	50	1	49
Disabled Children's Team - Staffing	1,595	1,439	(156)	(149)	(7)
Disabled Children's Team - Care Provision	3,031	3,108	76	0	76
LAC & Leaving Care - Staffing	7,662	7,927	265	0	265
CFN - No Recourse to Public Funds	319	319	0	0	0
LAC & Leaving Care - Care Provision - Exc. Placements	1,396	1,396	0	0	0
Mother & Baby Assessments	923	1,173	250	250	0
Unaccompanied Asylum Seeking Children - Staffing	556	578	22	(55)	77
Unaccompanied Asylum Seeking Children - Placements	4,318	4,818	500	315	185
Unaccompanied Asylum Seeking Children - Care Provision	573	573	0	0	0
Unaccompanied Asylum Seeking Children - Funding	(4,257)	(4,599)	(342)	0	(342)
Social Work Legal Provision - Costs	4,535	4,535	(0)	(0)	0
In House Fostering Care Provision	8,866	8,566	(300)	(150)	(150)
Adoption Care Provision	6,753	6,801	48	110	(62)
Corporate Parenting AD	136	131	(6)	(8)	2
<b>Corporate Parent Service Total</b>	<b>44,298</b>	<b>44,707</b>	<b>409</b>	<b>363</b>	<b>46</b>

- 4.3 Corporate parent service is reporting an overspend of £0.409m, an adverse movement of £0.046m from period 5.
- 4.4 Disabled children's team is reporting an underspend of £0.156m due to vacancies.
- 4.5 Disabled children's care provision is reporting an overspend of £0.076m an adverse movement from Period 5. The direct payments commitments to September shows a budget pressure of £0.076m.

## Item 4 – Appendix A

- 4.6 LAC & leaving care staffing is reporting an overspend of £0.265m based on the review of staff on payroll and agency including C-19 funded arrangements. The overspend is mainly due to high level of agency staff across the teams, while permanent recruitment takes place.
- 4.6 Mother and Baby assessments is reporting an overspend of £0.250m. The budget was set for 19 assessments i.e. 230 weeks. Although the service is proactively reviewing the cases to curtail the spend, the current trend expects the costs will be in the region of 25 assessment or 272 weeks resulting in the forecast overspend. Work is ongoing to improve understanding of throughput of expectant mothers who have been identified as at risk. This will provide some assurance concerning the expectant growth within the forecast.
- 4.7 The Unaccompanied Asylum Seeking Children (UASC) service is forecasting a net overspend of £0.158m for placement costs for young persons who have exhausted all appeal rights. Expenditure pressure is £0.500m and additional income of £0.342m.
- 4.8 The in-house foster care services is reporting an underspend of £0.300m due to lower than planned placements based on data at the end of the quarter two. At the end of quarter two payments made to mainstream foster carers each week were lower, from 256 to 247, than the benchmark set at the end of March @ 256 beds.
- 4.9 Adoption care is reporting a forecast overspend of 0.048m. This is due to expenditure on therapeutic services. While quarter 1 revealed net growth of 31 SGO arrangements, quarter 2 has seen this growth number reduce to 17 with a number of existing arrangements ending. The budget has allowed for net growth in year of 32 new SGO arrangements and therefore the previous reported budget pressure has been removed.
- 4.10 Other minor variances include overspend of £0.022m in UASC care staffing costs.
- 4.12 **Children, Young People and Family Support Services**

Table 4, outturn by service

Service	Budget £'000	Forecast Outturn £'000	Outturn Variance £'000	Prior Month Variance £'000	Movement £'000
Strengthening Families and Young People's Service Staffing	5,076	4,601	(475)	(315)	(160)
Strengthening Families and Young People's Service Care	30	30	-	-	-
Supporting Families Programme Staffing	778	778	-	-	-
Supporting Families Programme Funding	(1,389)	(1,605)	(216)	-	51
Supporting Families Programme Care Provision	611	827	216	-	(51)
<b>Children, Young People and Family Support Services Total</b>	<b>6,670</b>	<b>6,195</b>	<b>(475)</b>	<b>(315)</b>	<b>(160)</b>

## Item 4 – Appendix A

- 4.13 Strengthening families and young people’s service is reporting an underspend of £0.475m on a number of vacant posts across the service.

The forecast underspend has increased by £0.160m based on current staff on payroll and agency as at 30<sup>th</sup> September assuming these will continue to the end of the financial year.

The two key factors impacting the change in forecast are the agreed recharge from strengthening families staffing costs to the supporting families programme.

The second, the Chief Executive has approved for vacancies to be filled using agency to meet demand pressures and clear existing bottlenecks and backlogs. £0.250m has been assigned to cover future agency and recruitment costs to 31<sup>st</sup> March. The impact will be monitored, however, it is evident from the staffing tables that the numbers have further reduced over the summer months.

### 4.14 Prevention and safeguarding

Table 5, outturn by service

Service	Budget £'000	Forecast Outturn £'000	Outturn Variance £'000	Prior Month Variance £'000	Movement £'000
Prevention & Safeguarding Management	339	338	0	0	0
Safeguarding & Care Planning - Staffing	7,586	7,007	(578)	(462)	(116)
Safeguarding & Care Planning - Care Provision	717	717	0	0	0
Duty & Assessment - Staffing	3,467	3,953	486	405	81
Duty & Assessment - Care Provision	85	85	0	0	0
MASH & EDT Care Provision	12	12	0	0	0
MASH & EDT - Staffing	2,108	2,150	42	(56)	98
<b>Prevention &amp; Safeguarding Total</b>	<b>14,314</b>	<b>14,262</b>	<b>(51)</b>	<b>(113)</b>	<b>(62)</b>

- 4.15 At period 6 the prevention and safeguarding service is forecasting an underspend of £0.051m, an adverse movement of £0.062m from the position reported at period 5.
- 4.16 Staffing pressures of £0.486m are included in the forecast relating to of £0.356m in the innovate team, £0.130m peripatetic team. This is being reviewed as part of ongoing covid pressures. Initial funding was provided to cover the period April 2021 – September 2021.
- 4.17 The Emergency duty team, £0.030m service manager post and £0.045m for advance practitioners posts £0.070m. The above forecast includes a recharge to recover additional costs of £0.130m based on current staffing arrangements from the unitary authorities. Further work is being undertaken to ensure the budgets are realigned and agency costs are attributed to the correct cost centre.



4.18 Quality assurance and commissioning

Table 6, outturn by service

Service	Budget £'000	Forecast Outturn £'000	Outturn Variance £'000	Prior Month Variance £'000	Movement £'000
Northampton Social Work Academy	446	466	20	21	-
Social Work Transport Provision	1,462	1,479	17	-	17
Business Support & Development	1,970	2,068	98	139	(41)
Commissioning & Strategy	6,197	6,318	121	174	(53)
Agency Placements	45,493	46,143	650	-	650
Quality & Performance Management	123	132	9	-	9
Quality & Assurance	3,033	2,918	(115)	-	(115)
Public Health Projects – Invest to Improve	-	-	-	-	-
<b>Quality Assurance and Commissioning Total</b>	<b>58,724</b>	<b>59,524</b>	<b>800</b>	<b>334</b>	<b>416</b>

- 4.19 Quality Assurance and Commissioning are reporting an overspend of £0.800m, an adverse movement of £0.416m from period 5, mainly due to pressure on agency emergency placements of £0.650m.
- 4.20 Northampton social work academy is forecasting an overspend of £0.020m for cost of step up social work students who were employed in the intervening period between the end of their placements and their qualification as social workers before they can be permanently employed.
- 4.21 Social work transport provision is forecasting an overspend of £0.017m. The NCT transport hub pilot has been set up to improve and challenge approval process to ensure efficiency. A detailed review of transport forecasting is ongoing.
- 4.22 Business support staffing budgets are reporting a pressure of £0.098m mainly due to the vacancy factor. The establishment for the service had been historically underfunded due to structural issues from past restructures/reorganisations. This deficit was addressed in the 21/22 budgets from unutilised non-staffing budgets plus an increase in the vacancy factor rate. There are currently several vacant posts across the service off-setting the total impact of the vacancy factor budget which is £0.369m. The movement of £0.091m is due to staff underspends.
- 4.23 Commissioning and Strategy are reporting a forecast overspend of £0.121m due to a £0.150m uplift to the residential short breaks contract with Northamptonshire Healthcare NHS Foundation Trust and additional ad-hoc income of £0.025m for services provided to other local authorities and £0.005m underspend on staffing. The movement of £0.053m is due to staffing underspend.
- 4.24 Quality & Assurance are reporting a forecast underspend of £0.115m mainly due to vacancies across the service. The forecast underspend on staffing is £0.287m, this is offset by vacancy factor budget of £0.169m and £0.015m forecast spend on car

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mileage and allowances for advocacy visit and £0.012m underspend on non-pay budgets.

4.25 The placements budget is reporting a forecast overspend of £0.650m on residential placements. A detailed placement and forecasting model is now in place tracking at an individual placement level. The model will be used to inform the placement sufficiency strategy and commissioning within the Trust.

### 4.26 Agency placements

4.27 Agency placements is forecast to overspend by £0.650m. This is a highly volatile area, with one single placement costing in excess of £0.4m per annum. We have seen an increase in emergency placements during September, which has increased the projected overspend on residential placements to £1.378m. The emergency placements are high cost and for an initial 28 days, therefore the projections are volatile and subject to change.

4.28 Attached at Appendix A is the current placements report giving detailed breakdown of placements and historic changes to aid forecasting

4.29 We have previously been able to mitigate these pressures across the overall placements budget, with variances across the individual placements types. The table below details the individual placement type.

Placement Type	21/22 Revised Budget £	21/22 Forecast Commitment £	P06 Reporting Variance £
Agency Foster Placements	15,135,801	15,314,120	178,319
Agency Residential Placements	17,525,521	18,904,320	1,378,799
Agency Supported Accommodation	3,358,915	4,341,476	982,561
Welfare Secure Placements	318,917	0	(318,917)
Remand Secure Placements	274,141	214,265	(59,876)
DCT Agency Placements	4,004,976	3,402,081	(602,895)
18+ Former LAC Agency Placements	4,874,280	3,965,631	(908,649)
<b>Total LAC Agency Placements</b>	<b>45,492,551</b>	<b>46,141,893</b>	<b>649,342</b>

### 4.30 Agency foster placements

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Agency foster placements budget is £15.1m. At period 6 there is forecast overspend of £178k. There are currently 324 active placements, an increase of 13 since the start of the financial year. Approximately 63% agency placements are with foster carers.

### **4.31 Agency residential placements**

Agency foster placements budget is £17.5m. At period 6 there is a forecast overspend of £1.379m (net of partner contributions) due to additional placements and increases and decreases in packages. In period 6 there were 3 new high cost placements, 28 day crisis placements @ £8,400, £9,100 and £10,100 per week. The forecast has been adjusted and status of placements is to be reviewed.

There are currently 86 active placements, a decrease of 4 since the start of the financial year. Approximately 15% of total agency placements are residential placements.

The forecast has been reduced by £174k for 2 remaining active packages due to turn 18 by the end of the financial year.

The average weekly rate for a residential placement is £4,279.

### **4.32 Agency supported accommodation**

Agency supported Accommodation budget is £3.358m. At period 6 there is forecast overspend of £0.983m. There are currently 46 active placements. The forecast has been reduced by £778k for 27 remaining active packages due to turn 18 by the end of the financial year.

The average weekly rate for a supported accommodation placement is £2,120.

### **4.33 Welfare and remand secure placements**

The budget for welfare and remand placements is £0.593m. At period 6 there is forecast underspend of £0.379m. During period 6 ,2 of the secure placements ended.

The estimated forecast for welfare placements was removed in period 5 as the 2 probable placements were placed in remand secure. The forecast includes an estimate of £262k grant income.

The average weekly rate for a remand secure placement is £2,205. In 2020/21 the spend was £467,128.

### **4.34 Agency DCT placements**

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Agency DCT placements is forecasting an underspend of £603k. The net movement is due to increased cost of £352k for 1 placement and forecast adjustment of £56k for 1 client that turned 18 in October, assuming the placement will end in December.

There are currently 20 active placements, the same as the start of the financial year. The average weekly rate for a DCT placement is £3,238. The weekly cost of packages ranges from £795 to £7,986. Partner Contribution from Health and Education for DCT placements is forecast at £854k.

### 4.35 18+ Former LAC agency placements

18+ Former LAC is forecasting an underspend of £909k. There are currently 102 active placements, same as the start of the financial year.

The average weekly rate for an 18+ LAC placement is £680.

The forecast will be reviewed in more detail. This is required to clarify the assumption in the modelling and check the average cost of step down costs for LAC in residential and fostering transferring into supported accommodation.

### 5.0 Savings target and delivery

5.1 The savings requirement of £3.260m is for the full financial year. The performance of these savings are reviewed at the monthly transformation and efficiency board meetings. A revised savings and transformation programme will be developed in 21/22 to ensure delivery.

Table 8 – savings delivery

REF	Name	Target 21/22 (£000's)	SRO	Estimated not Deliverable (£000's)	Savings Estimated as Deliverable but at risk (£000's)	Savings Delivered (£000s)	Savings mitigated in year (£000's)
19-002-02	Improvement in capacity building in foster (BRR)	1,084	Olivia Ives	£198	£571	£314	-
19-002-05	Reducing Reliance on Agency Staff (BRR)	388	Andrew Tagg	-	£388	-	-
19-002-07	Improved children's outcomes (BRR)	843	Olivia Ives	-	£612	£231	-
19-002-09	Supported Accommodation	197	Louise Mackender	-	-	-	£197

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19-002-10	In-House Foster Carers	433	Olivia Ives	-	£433	-	-
19-002-12	Transport Optimisation	316	Louise Mackender	-	£316	-	-
	<b>TOTAL</b>	<b>3,261</b>		<b>£198</b>	<b>£2,320</b>	<b>£545</b>	<b>£197</b>

RAG	Work stream	Deliverable/action	Financial
Red	Delays being experienced across the work stream Escalation required SRO/SLT intervention/recovery plan needed	Deadline missed Escalation to SRO/Service lead required Recovery plan required	Planned amount not achievable
Amber	Risk of delay / key deliverables Corrective action required Being managed within work stream	At risk of missing scheduled date	Forecast as deliverable with elements of risk
Green	Work stream is on track to deliver all scheduled dates	On track to meet scheduled date	Delivered pending financial verification
Blue	Complete	Complete	Fully Delivered and verified
BLANK	Not started	Not started	N/A

Green - £4.085m (Including 2020/21 delivery of savings of £3.540m)  
 Amber - £2.320m (Plans in place, potential risk to full year delivery target - in year mitigation required)  
 Red - £0.198m (Alternative Savings required)  
 Blue - £0.197m (Savings mitigated in year)  
 Total - £6.8m

- 5.2 BRR funded improvement in capacity building in foster care seeks to develop specialist resilient foster carers to be able to foster young people with higher complex needs. 4 Carers have placements attached which has delivered savings to date of £0.314m. If the 4 placements remain stable to 31<sup>st</sup> March, further £0.366m will be achieved, providing total in year savings of £0.680m.
- 5.3 The service is forecasting 6 further placements to be matched to carers before the end of the financial year. All 6 have yet to be approved by NFA, with expectation these will be matched providing further contribution to in- year savings of £0.206m is included within the forecast.
- 5.4 The BRR funded savings project reducing reliance on agency staffing seeks to reduce the high levels of agency staff covering permanent vacancies.
- 5.5 BRR funded improved children outcomes project was originally based on reducing the number of young people in care but has been formally replaced by the high cost placements review project as an alternative delivery model. Savings are generated from a review of high-cost placements.

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- 5.6 Reduction in residential care project seeks to generate savings from reduced use of external residential care.
- 5.7 The supported accommodation savings project generated savings through the commissioning of managed accommodation for young persons.
- 5.8 This saving overlaps with the high costs placement review, therefore savings delivered will be allocated across both projects. The supported accommodation savings has been fully delivered as at period 5.
- 5.9 In-house foster carers project seeks to generate savings by increasing the capacity of in house foster carers and thus reducing the reliance on other costlier placements types.
- 5.10 The transport optimisation project seeks to deliver savings through a tighter management and application of the transport policy. The NCT transport hub pilot has been set up to improve and challenge approval process to ensure efficiency.
- 5.11 A detailed review of transport forecasting will be completed by P7 to determine the level of savings that can be achieved.
- 5.12 A revised savings programme has been implemented to deliver the full £6.840m savings deducted from the initial 17<sup>th</sup> month contract sum. The governance, monitoring and reporting will be managed through the transformation and efficiency board.

## 6. Reserves and ring fenced funding

Table 9 – Reserves

Reserves	Opening Balance £'m	YTD Commitment £'m	Balance £'m
Litigation costs (HRA)	0.051	0.018	0.033
Family Group Conferencing	0.289	0.289	-
International Social Worker visa costs	0.148	-	0.148
Youth Offending Service	0.427	-	0.427
Troubled Families	0.844	0.600	0.244
Staff Retention	0.650	0.166	0.484
<b>Total Reserves</b>	<b>2.410</b>	<b>1.073</b>	<b>1.337</b>

- 6.1 Total reserves carried forward to 21/22 are £2.410m as detailed in table 10.
- 6.2 In addition to the above the underspend of £0.812m was also carried forward from 20/21.
- 6.3 Litigation costs (HRA)
- This reserve is to support children who have had court judgement in their favour from Human Rights Assessments claims. Expenditure incurred to date is £0.018m.
- 6.4 Family group conferencing

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£0.289m payment to Leicestershire County Council for the delivery of the Family Group Conference Service as part of a DfE funded pilot

DfE funded eighteen month controlled trial of family group conferencing (FGC), a comprehensive process through which the child's extended family create their own plan of how they will all come together to look after the child. This trial is for a select cohort of families to assess the impact of FGC in reducing the number of children that come into care.

### 6.5 International social worker visa costs

To provide assistance for overseas social workers in their visa application.

### 6.6 Youth Offending Service

This provides help and support to the most vulnerable families, at the earliest possible stage, in order that children's outcomes across a range of areas improve. The programme is focused on happier, healthier children with improved educational attendance, attainment and improved life chances. Parents are supported to engage in preparation for work and towards financial independence so that they and their children can escape poverty and hardship.

### 6.7 Supporting families

This reserve is help achieve significant and sustained progress against multiple problems to make work and ambition possible for all families. Funding by central government is allocated based on level of need by application.

### 6.8 Staff retention

Three-year retention scheme for qualified social workers to reduce staffing cost, turnover and the reliance on agency staffing.

### 6.9 Table 10 – Ring fenced funding

<b>Other ring fenced funding</b>	<b>Opening balance - £'m</b>
DfE Invest to improve	0.976
PH Funded interventions	1.341
BRR Fostering	0.276
BRR Practice improvement	0.079
<b>Total ringed fenced funding</b>	<b>2.672</b>

In addition to the reserves identified at table 9, other ringed fenced funding totalling £2.672m has also been carried forward.

### 6.10 DfE Invest to Improve comprises of four priority areas that was identified as most likely to have a positive impact upon the improvement plan for children's services as below:

## Item 4 – Appendix A

- Edge of Care – to reduce the numbers of children looked after through supporting family networks to meet needs of children and generally reduce levels of residential placements.  
The majority of this funding is supporting staffing arrangements with current forecast costs of £307k. The balance of the funding is earmarked to support training qualification and hardship support.
- Early Help – to reduce pressure upon the front door through among other things lowering rate of contacts and referrals and improving pathways to early help responses.  
Current Staffing arrangements are committing £0.100m with further £0.097m earmarked for vacant posts. The remaining balance has been ring-fenced to meet essential maintenance of the family hubs and provide necessary equipment to enhance the venues and make them more appealing to the community.
- Strengthening practice for impact and outcomes - to improve effective strengths-based and relationship-based practice and improve consistency of practice.
- Digital and IT – to facilitate more efficient working practices and communications.

6.11 PH Funded interventions to improve outcomes for children and young people and specifically contribute to public health outcomes. There are three strands to this intervention as below:

- Care leavers mental health and wellbeing – this seeks to address the significant disadvantages that care leavers face in a number of areas, a significant factor of this being their prior experience in the care system. The project links to addressing the Ofsted inspection outcomes, learning from serious incidents, the high levels of self-harm, the JSNA findings, the views of care leavers and wider issues for children in care and care leavers.
- Mentoring for Adolescents – this is to invest in a sustainable mentoring programme to provide targeted mentoring support in school environments. This will broaden the offer of support for young people to ensure their needs are met in the right way and at the earliest opportunity.
- Fostering support capacity building – this programme seeks to deliver an agreed range of interventions, support and training for foster carers to give them a greater level of confidence and expertise to understand and address the complex health needs.

6.12 BRR Fostering is ring fenced for the recruitment and capacity building of resilient foster carers to foster young persons with complex needs and reduce costly external placements costs.



6.13

BRR Practice Improvement seeks to reduce the admission to and the re-unification of children and young persons from foster care and residential placements.

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## Finance and Resources Scrutiny Committee 30<sup>th</sup> November 2021

<b>Report Title</b>	<b>Budget Forecast 2021/22 as at Period 6</b>
<b>Report Authors</b>	Janice Gotts, Executive Director of Finance <a href="mailto:Janice.gotts@northnorthants.gov.uk">Janice.gotts@northnorthants.gov.uk</a>
<b>Executive Member</b>	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

### List of Appendices

#### Appendix A – Savings Schedule

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

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- 1.1. The purpose of this report is to set out the forecast outturn position for the Council based on the Period 6 monitoring forecasts for the General Fund and the Housing Revenue Account. Some areas remain unchanged from Period 5 and the detail of those variations is included within the report for completeness.
- 1.2. The monitoring report 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 September 2021 (Period 6) and the views of the budget managers.
- 1.3. This report was submitted to the Executive for consideration at its meeting on 18<sup>th</sup> November 2021.

#### **2. Executive Summary**

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- 2.1 The revenue budgets (2021/22) and Medium-Term Financial Plans for North Northamptonshire Council for the General Fund and the Housing Revenue Account (HRA) were approved by the Shadow Authority at its meeting on 25<sup>th</sup> February 2021.
- 2.2 This report recognises that the forecast outturn position is based on comparatively early indications of spend in the new Council. As previously reported, 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 shape the medium-term financial plan.

- 2.3 The report provides commentary on the Council's current forecast financial outturn position for 2021/22 for both the General Fund and the HRA. With the move to a new Unitary Council from 1<sup>st</sup> April 2021 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 using the latest intelligence available.
- 2.4 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, determining the outturn under the current circumstances presents an element of risk which will continue to be closely monitored during the financial year.
- 2.5 As a newly created 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 at this stage with work continuing between the two authorities to confirm the charges.
- 2.6 The balances on the reserves brought forward to the Council will not be complete until the accounts of its predecessor Councils are signed off. The draft outturn position for both Kettering Borough Council and the Borough Council of Wellingborough were reported to Executive on 26<sup>th</sup> August 2021. The audit report 2020/21 for Kettering Borough Council was presented to the Audit and Governance Committee on 27<sup>th</sup> September 2021 and the reserves position previously reported to this Committee remains unchanged. The accounts for the Borough Council of Wellingborough remain in draft format as the external audit is still on-going. The outcome of this audit was reported to the Audit and Governance Committee at the meeting on 8<sup>th</sup> November 2021.
- 2.7 The 2020/21 outturn position for Corby Borough Council, East Northamptonshire Council and the County Council for 2020/21 are summarised within a separate report on this agenda. The 2019/20 audit results for both Corby Borough Council and East Northamptonshire Council are expected to be reported to the Audit and Governance Committee meeting on 10<sup>th</sup> January 2022, with the results of the 2020/21 audit to follow around March 2022.
- 2.8 The Council's overall outturn forecast for the General Fund for 2021/22, as at Period 6 is a forecast overspend of £26k against the approved budget of £292.5m. This is summarised in the table below:

<b>General Fund Forecast Outturn 2021/22</b>			
	<b>Net Budget</b>	<b>Forecast Position at 31/03/22</b>	<b>P6 Forecast Variance at 31/03/22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>

<b>Net Total Available Resources</b>	<b>292,505</b>	<b>292,505</b>	<b>0</b>
<b>Total Corporate Budgets</b>	<b>23,950</b>	<b>23,950</b>	<b>0</b>
Children's & Education	60,351	60,351	0
Adults Communities & Wellbeing Services	120,854	121,104	250
Place & Economy	55,783	55,137	(646)
Enabling & Support Services	31,567	31,989	422
<b>Total Directorate Budgets</b>	<b>268,555</b>	<b>268,581</b>	<b>26</b>
<b>Total Budget</b>	<b>292,505</b>	<b>292,531</b>	<b>26</b>
<b>Net Position 2021/22</b>	<b>0</b>	<b>26</b>	<b>26</b>

- 2.9 The forecast overspend as at Period 6 of £26k is a favourable movement of £47k since Period 5 where an overspend of £73k was reported. The following table summarises the movement of £47k.

<b>General Fund Forecast Movement (Period 5 v Period 6)</b>		
	<b>Report Reference</b>	<b>Movement in Forecast £'000</b>
Adults	5.27	500
Place – Car Park Income	5.44	24
Place – Facilities Management	5.46	91
Place – Planning Income	5.48	37
Place – Bus Service Pressure	5.55 – 5.57	16
Place – Transport Pressure	5.58	50
Place – Waste Management	5.59 – 5.62	(219)
Place – Verge Maintenance	5.63	24
Place – Emergency Planning	5.64	(178)
Place – Trading Standards	5.66	71
Place – Pest Control	5.67	37
Corporate – Capital Financing (Minimum Revenue Provision)	5.75	(500)
<b>Total</b>		<b>(47)</b>

- 2.10 The Council's overall outturn forecast for the Housing Revenue Account – which comprises of two Neighbourhood Accounts (Corby and Kettering) for 2021/22, as at Period 6, is a forecast pressure of £183k against the approved budget of £35.2m. This will be managed through seeking mitigation in year or use of the HRA reserve - this is an increased pressure of £109k to that reported in Period 5. This is summarised in the table below and further details are set out in Section 7. It is important to note that this is subject to continual review.

<b>Housing Revenue Account Forecast Outturn 2021/22</b>				
<b>Directorate</b>	<b>Expenditure</b>	<b>Income</b>	<b>Net</b>	<b>P6 Forecast Variance at 31/03/22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Corby Neighbourhood Account	19,647	(19,647)	0	174
Kettering Neighbourhood Account	15,503	(15,503)	0	9
<b>Net Position 2021/22</b>	<b>35,150</b>	<b>(35,150)</b>	<b>0</b>	<b>183</b>

### **3. Recommendations**

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3.1 It is recommended that Finance and Resources Scrutiny Committee:

- a) notes the content of the report
- b) notes the recommendations approved by the Executive at its meeting on 18<sup>th</sup> November when considering the report on the budget forecast position as at Period 6, and which are set out below:
  - Note the Council's forecast outturn position for 2021/22 and the associated risks and other considerations.
  - Note the assessment of the current deliverability of the 2021/22 saving proposals in Appendix A.
  - Note that in accordance with the Council's Constitution the Executive Director of Finance (S151 Officer), in consultation with the Executive Member for Finance and Transformation, has approved funding of up to £16,263 to the operator of the Bus Service W8 between Wollaston, Bozeat and Wellingborough to cover the period from 8<sup>th</sup> November 2021 to 1<sup>st</sup> April 2022.
  - Note and approve the application of the Council's contingency budget in 2021/22 as set out in paragraph 5.5.
  - Approve an increase in the gross revenue budget to reflect additional Household Support Fund grant received from Government. It is forecast that this figure will be £2.508m based on the allocation for the County, however, final confirmation is awaited from government on the individual allocations to North Northamptonshire Council and West Northamptonshire Council, see paragraph 5.65.
  - Note that an urgent decision was made to approve the funding of Free School Meal vouchers for the October half term at an approximate cost of £0.152m from the Household Support Fund.
  - Approve the use of the Household Support Fund grant to meet the estimated cost of £0.305m for Free School Meal vouchers for the Christmas break and note that a separate report is on the agenda for this Committee proposing the use of the Household Support Fund.

- Note that an urgent decision was made to increase the Council's minimum hourly wage rate for staff to the Real Living Wage of £9.50 per hour at an estimated cost of £0.8m to be funded from the Council's contingency budget in year and included within the Council's Medium Term Financial Plan from 2022/23.

3.2 Reason for Recommendations – to note the forecast financial position for 2021/22 as at Period 6 and consider the impact on this year and future years budgets.

#### **4. Report Background**

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4.1 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<sup>th</sup> February 2021. This included £19.161m of savings. This report sets out the in-year variations to budgeted assumptions.

4.2 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<sup>th</sup> February 2021. This report includes an early analysis of the in-year variations to budgeted assumptions.

##### **Housing Revenue Account (HRA)**

4.3 The 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.

4.4 Within North Northamptonshire prior to 1<sup>st</sup> 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.

#### **5. Overview of Forecast Position 2021/22**

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##### **Available Resources and Corporate Costs**

5.1 The Council is responsible for the collection of local taxes (Council Tax and Business Rates). At the end of September 2021, 56.79% 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 as a consequence of the COVID-19 pandemic.

- 5.2 Business Rates collection was 48.72% at the end of September 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. The Government for the first three months of the 2021/22 financial year (April to June) extended the 100% relief available throughout 2020/21 so that there is 100% business rate relief for properties in the retail, hospitality and leisure sectors. From July 2021, those properties will get 66% relief until March 2022. The impact of extended retail relief and the change from 100% relief to 66% during the year, aligned with the need to reapply for relief, has lowered the collection rate at this point in time, however, it is expected that this will level out over the year.
- 5.3 It is unknown how businesses will be affected in the longer term following the reduction / cessation of COVID-19 related financial support and the position on collection is monitored each month.
- 5.4 The total net budget for Corporate Resources is £23.950m which consists of the contingency budget and budgets for treasury related costs.
- 5.5 The contingency budget is held to meet unforeseen or unplanned/unbudgeted costs. The balance on the budget is currently £3.784m following the urgent decision to utilise c£0.8m to fund the pay changes. It is proposed that the contingency budget is also used to meet the final funding requirement for the operation of the Chester House Estate once the position is confirmed on future contributions following the exit of West Northamptonshire Council on 23<sup>rd</sup> October and taking into account the deficit identified in the business plan for this year (see paragraph 5.36). Ongoing costs will be incorporated into the Council's Medium Term Financial Plan.

### Directorate Budgets

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

<b>General Fund Forecast Outturn 2021/22 by Directorate</b>			
<b>Directorate</b>	<b>Net Budget</b>	<b>Forecast Spend at 31/03/22</b>	<b>P6 Forecast Variance at 31/03/22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Children's & Education	60,351	60,351	0
Adults Communities & Wellbeing Services	120,854	121,104	250
Place & Economy	55,783	55,137	(646)
Enabling & Support Services	31,567	31,989	422



<b>General Fund Forecast Outturn 2021/22 by Directorate</b>			
<b>Directorate</b>	<b>Net Budget</b>	<b>Forecast Spend at 31/03/22</b>	<b>P6 Forecast Variance at 31/03/22</b>
<b>Total Directorate Budgets</b>	<b>268,555</b>	<b>268,581</b>	<b>26</b>
Corporate Costs	23,950	23,950	0
<b>Net Budget Requirement</b>	<b>292,505</b>	<b>292,531</b>	<b>26</b>
Less Funding	(292,505)	(292,505)	0
<b>Net Position 2021/22</b>	<b>0</b>	<b>26</b>	<b>26</b>

### **Children's and Education Services – Balanced**

- 5.7 The net revenue budget for Children's Services is £60.351m which includes the Northamptonshire Children's Trust and Education Services not funded by the Dedicated Schools Grant.
- 5.8 The budgeted figure for the Children's Trust is £137.18m for 2021/22. This is split £60.57m (44%) to North Northamptonshire Council and £76.61m (56%) to West Northamptonshire Council. The original contract for the services of the Trust will run for 17 months to 31<sup>st</sup> 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.
- 5.9 The Children's and Education Services remaining in the Council include the client-side function that oversees the performance of the Northamptonshire Children's Trust on behalf of both North Northamptonshire Council and West Northamptonshire Council 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
- 5.10 The full year effect of prior year savings decisions is £1.7m and includes improving the edge of care support and intervention (£400k), working to minimise the amount of time a child is in care (£300k), step down from high end residential placements to fostering placements (£200k), reduced requirement for inflation (£300k), reducing agency staff (£100k) and capacity building within foster care (£400k). These services and savings are currently being delivered through Northamptonshire Children's Trust.
- 5.11 At this 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.

## Children's Trust

- 5.12 As at the end of Period 6 the forecast outturn position for 2021/22, is an overspend of £0.622m against the approved budget of £123.348m. This is the budget for the whole County and North Northamptonshire will be c44% of that sum in line with the agreed disaggregation. This represents 0.5% of the Trust's controllable budget.
- 5.13 The trust will mitigate this pressure through the use of the carry forward reserve of £0.812m (relating to the financial period Nov 2020–Mar 2021). The carry forward reserve figure has reduced by £0.280m from £1.092m due to an end of year adjustment relating to accumulated absences £0.277m and minor admin expenses £0.003m. Through the detailed monthly financial reporting key budget risk areas will continue to be reported to ensure effective monitoring is in place.
- 5.14 Within external placements, an additional resource is in place to support the development of provision in line with the sufficiency action plan, with a key focus on provision for emergency and complex referrals. All placements, especially the high costs ones, are regularly reviewed by the Trust using a risk-based approach to ensure sufficiency of provision and improve outcomes for the children and young persons.
- 5.15 A revised joint funding panel has been launched on the 1<sup>st</sup> November 2021 to agree funding for placements with a social care, education and health.

## **Adults, Communities and Wellbeing Directorate - Forecast overspend of £0.250m**

- 5.16 The net revenue budget covers Adult Social Services, Community Services and Public Health and Wellbeing and totals £121.080m in 2021/22. Significant work continues to be undertaken to understand the likely ongoing commitment to packages of care within the Council 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 balanced position.**

- 5.17 Under the 2014 Care Act, local authority Adults Services have a responsibility to make sure that people over 18 who live in their areas are provided with personal day to day care (helping people get dressed, washed, going to the toilet, eating etc.) where they cannot do things for themselves or access family support. The service also provides other physical or psychological support to people with disabilities in order to help them live a full life. The overriding responsibility is to keep people safe and protect them from harm or neglect.
- 5.18 Care can take in many forms and can be provided directly by the Council, through contracted organisations or families can receive a personal budget to buy suitable care for themselves. Although receiving formal or long-term care is subject to people meeting the Council's eligibility criteria, the service also has a key responsibility for helping people to stay independent and preventing or delaying the need for care.

- 5.19 The service has indicated that an uplift award ranging between 2.2% and 2.65% to care providers for providing care packages on framework rates during 2021/22 will be made, this is expected to cost approximately £1.2m which has been met through additional investment in Adult Social Care as part of the 2021/22 budget setting process.
- 5.20 At this point in the year, whilst there is some capacity for further net growth in care costs there remains a risk to the financial position from the volatility of demand predominantly due to underlying care conditions and the ongoing pressures on the care sector from the COVID-19 pandemic.
- 5.21 Within Adult Social Care there is £1.3m for demographic growth of which £0.3m relates to Mental Health Services; these are driven by the forecast number of additional clients requesting care. The past four years' growth in adult social care costs in Northamptonshire have tended to be driven by two factors, general market inflation (predominately wage related) and acute care needs for existing clients, rather than increased clients due to demographic changes. However, it is too early to confirm whether this trend will continue in Northamptonshire.
- 5.22 COVID-19 has had a significant impact in Adult Care budgets with additional pressures forecast in 2021/22 of £4.6m of which £3.9m relates to CCG discharges in to care facilities as part of the rapid response discharge process from hospital and £0.7m relates to pressures within the Mental Health Pooled Fund. There are budgeted care related savings of £4.4m proposed to be delivered by Adult Social Care in 2021/22. Prior year savings of £2.1m are also forecast 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.
- 5.23 The existing savings programme includes saving proposals being delivered over a number of financial years. These include savings proposals that formed part of the Future Northants Transformation Programme covering:
- Admissions Avoidance Service (£1.9m), which is a new service (initially funded by the business rates pilot fund) provided by Adult Social Care with health partners. The Admission Avoidance care model focuses on patients/clients presenting at acute hospitals with relevant conditions who can be rapidly assessed, diagnosed and treated without being admitted to a ward, if clinically safe to do so. Currently the Crisis 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.

- 5.24 Additional savings for 2021/22 total £0.6m and cover Learning Disability Provider Framework efficiencies, Specialist centre for Step down Care Mental Health and Acquired brain injury, Prevention contract cessation/redesign and Sheltered Housing Contracts cessation/redesign.
- 5.25 The achievement of the planned savings is reviewed throughout the year and, whilst most are forecast to be achievable, there is a significant shortfall currently forecast on the planned savings for Admissions Avoidance, predominantly due to the impact of COVID-19.
- 5.26 The current forecast is for an underspend of c£0.5m against budget and the details are set out in the paragraphs which follow. However, it should be noted that further work is being undertaken within the service to review the service users assigned from the County to each of the successor Councils (North and West) at vesting day as well as the potential care commitments that are included within the position as both may impact on the forecast.
- 5.27 Specialist and Complex - Mental Health (NCC) - forecast underspend of £1.5m (£2m – Period 5). 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<sup>st</sup> 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 is currently at c30%. This service, like most services within Adult Social Care, is subject to demand fluctuation.
- 5.28 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.
- 5.29 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 to date c46% have transferred to the Council.
- 5.30 Other variances across the directorate total a forecast £0.1m underspend.

#### **Public Health – Forecast balanced position.**

- 5.31 Public Health and Wellbeing is currently leading Northamptonshire's response to the COVID-19 pandemic. The Gross expenditure budget is primarily funded by Public Health England.
- 5.32 The service is working with a number of funding streams that have been made available as a result of COVID-19 such as the Contain Outbreak Management Fund. The potential commitments against such funding streams are influenced by the incidence of COVID-19 cases which may change the priority and profile of spend against this funding.

## **Housing and Community Services – Forecast pressure £250k**

- 5.33 Housing and Community Services includes provision of housing services and support for homeless people. It also includes libraries, cultural facilities (such as museums, theatres, art galleries and heritage sites), sports and leisure facilities (such as swimming pools, tennis courts, golf, playing pitches, indoor courts/sports halls etc.), archaeological archiving and activities and access to parks and open spaces for play and recreation. The Service is also responsible for community grants as well as providing education and outreach services and advice and support. The forecast remains in line with the previous month.
- 5.34 There is a forecast £0.1m pressure related to staffing costs within Housing, Homelessness and Community Leisure services due to the high level of temporary staff currently employed covering permanent posts due to a number of factors such as vacancies, maternity leave, etc. This is being reviewed by the service at present and exploring ways of mitigating costs.
- 5.35 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 visitor numbers. This is in part offset by lower staff costs which are estimated to be around £0.2m. The service has made a claim against COVID-19 funding which is available from Government for income losses until the end of June 2021 totalling £250k. This funding has been taken into account in the forecast.
- 5.36 The Chester House Estate has now had a successful go-live event. The revised Business Plan had projected a £115k pressure in the first six months of trading to the end of the 2021/22 financial year. This was due to the one-off costs of bringing the service to operational readiness. However, subsequent to this West Northamptonshire Council (WNC) has confirmed its intention to withdraw from the service as of 23 October 2021 and there will be a reduction in contributions as a result which will be met by North Northamptonshire Council. This additional shortfall will be finalised once the continuing contribution to the joint archives service is confirmed. Any shortfall for the Estate will be met from the Council's contingency budget in-year.

## **Place and Economy - £646k Underspend**

- 5.37 The Place and Economy net budget totals £55.783m and is forecasting an underspend of £646k, which is a positive change of £47k since last month. Place and Economy covers the following four areas:
- Growth and Regeneration
  - Assets and Environment
  - Highways and Waste
  - Regulatory Services
- 5.38 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.

- 5.39 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.
- 5.40 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.
- 5.41 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.
- 5.42 The Service has a forecast underspend of £646k which consists of the following main movements as outlined in the paragraphs below

#### **Car Parking Income - £468k Pressure**

- 5.43 As previously reported last month there is a forecast pressure for car parking income in relation to Kettering as charging had previously been suspended for a number of months – the estimated pressure is £158k. Car Parking charges were reintroduced from 9<sup>th</sup> August 2021 following the removal of COVID-19 restrictions on 19<sup>th</sup> July 2021.
- 5.44 There is also a forecast net pressure of £57k (£33k in Period 5) for Corby car parking income as, although charging is in place, receipts have been lower than would normally be expected. 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. This is reflected in the forecast net pressure. There is a further pressure of £43k relating to additional costs for maintenance work at the Car Parks in Corby.
- 5.45 The forecast pressure on the number of Fixed Penalty Charges for on-street parking is estimated to be £210k. This is an area that will continue to be monitored closely to understand the reasons for the movement and the implications for the longer term.

#### **Facilities Management - £91k Pressure**

- 5.46 There is a reduction in income due to the expiry of a lease at Eaton Walk in relation to Wilko in May this year. The year-to-date impact of this is a loss of income of £82k, with other small variances of £9k. This is a total pressure of £91k.

### **Commercial Income - £200k Underspend**

- 5.47 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 around £200k better than budget.

### **Planning Fees / Building Control Income - £273k Pressure**

- 5.48 Income from both Planning Fees and Building Control income is forecast to be lower than budget, the forecast pressure is £273k this is an increase of £37k from Period 5. This is an area that remains difficult to predict in the current economic climate and is one that will continue to be closely monitored.

### **Temporary Toilets - £28k pressure**

- 5.49 During COVID-19 temporary toilets were set up at Meadow Road in Kettering and these are expected to remain until the end of the year resulting in an additional pressure of £28k.

### **Markets - £16k Pressure**

- 5.50 As previously reported, 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. The costs associated with managing the market have also transferred to Kettering Town Council.

### **Concessionary Fares - £836k Underspend**

- 5.51 This has remained unchanged since last month. The Department for Transport had requested that authorities continue to reimburse bus operators based on the average number of journeys in the winter months prior to the COVID-19 outbreak (December 2019 to February 2020).
- 5.52 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. The Council's support to the bus industry helps safeguard local bus services for residents throughout the pandemic and during the recovery period. This approach was agreed by the Executive at the meeting on 26<sup>th</sup> August 2021. The estimated underspend is £236k.
- 5.53 Further to this it is forecast that the Council will underspend against the budget determined through the disaggregation principles by around £0.6m.

### **Subsidised Bus Services - £30k Pressure**

- 5.54 There is a forecast pressure of £30k which is unchanged from Period 4 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.

## **Bus Service W8 Wollaston and Bozeat: Local Bus Contract - £16k Pressure**

- 5.55 The operator has informed the Council, as the Transport Authority, that the service is no longer commercially viable and without subsidy, they will withdraw the service. Furthermore, the driver shortage which has been reported nationally, has affected services locally, whereby they may not be able to provide a service even with subsidy from NNC. Therefore, they have submitted a formal notice of intention to terminate the service on 15<sup>th</sup> November 2021.
- 5.56 In order to find an alternative operator, a tendering exercise under the Northamptonshire County Council Local Bus Services Framework was conducted and has generated a compliant bid from Stagecoach Midlands. In a subsidy-based bid, they have requested £139/day from NNC to support the service. Under this agreement, they will retain all on-bus revenue as a subsidy-based arrangement.
- 5.57 In accordance with the Constitution the requirement for an urgent decision was agreed between The Executive Director of Finance (S151 Officer) and the Executive Member for Finance to provide funding up to £16,263 to the operator of the Bus Service W8 between Wollaston, Bozeat and Wellingborough to cover the period from 20<sup>th</sup> October 2021 (or as soon as reasonably practical to start the service after this date) to 1<sup>st</sup> April 2022.

## **Transport - £50k Pressure**

- 5.58 There are other transport & contract pressures of £48k, these include an unbudgeted payment of £12k for East Midlands Rail Franchise in collaboration with other East Midland authorities and a reduction of £11k in income from sponsorship of roundabouts and £25k additional salary costs for Transport & Highways Management.

## **Waste Management - £535k Underspend**

- 5.59 There is a forecast net underspend of £89k on the Refuse and Recycling Collection Service across the Kettering and Corby areas which is an increase of £21k from the Period 5 projection. This comprises a projected saving of £261k on co-mingled waste and a projected saving of £19k on food waste due to reduced gate fees. This is partly offset by pressures on garden waste of £129k due to a higher gate fee and a pressure of £62k as the Council previously received an income stream for paper.
- 5.60 Kettering and Corby trade waste income are forecasting a net underspend of £74k (Period 5 - £83k) this results from forecasting £100k more income than budget which is partially offset by additional costs of £26k.
- 5.61 The Waste Management service is also forecasting an underspend of £163k (Period 5 - £165k) due to lower than anticipated tonnages for:
- Domestic waste (£82k)
  - Hazardous Waste (£41k)
  - Closed landfill sites (HWRCs) (£40k)



5.62 The Housing Waste Recycling Centres are forecasting an underspend of £209k. The variances relate to;

- Basket price of commodities (£128k)
- Transportation efficiencies from haulage contractors (£58k)
- Staffing (£23k)

#### **Maintenance of Verges - £24k**

5.63 There is a forecast pressure of £24k relating to highways and grass verge maintenance due to the difference between the anticipated cost of the service and the disaggregated budget from NCC.

#### **Emergency Planning - £178k Underspend**

5.64 There is an underspend of £178k for emergency planning for salary vacancies not recruited to during the year, due to higher-than-expected staff turnover.

5.65 The Emergency Planning team oversee the Household Support Fund which is a new grant allocation of £5.065m for Northamptonshire. The grant allocation to North Northamptonshire is estimated at £2.508m when allocated on the basis of the COVID Relative Needs Formula; the Council is currently in dialogue with government regarding confirmation of the grant allocation specific to the Council. There is a separate report on the agenda which sets out proposals for the use of the Household Support Fund. Within this it is proposed that the Fund meet the cost of the Free School Meal vouchers approved for the October school break, alongside the Christmas school break as a priority.

#### **Trading Standards - £71k Pressure**

5.66 There is a pressure of £71k for trading standards, this is due to unbudgeted costs of £79k for the ICT investment in a new Trading Standards Database to support the information requirements for the service; partially offset by costs recovered from a fraud prosecution case of £35k. There is also a pressure of £27k due to the impact of the disaggregation move to Deene House and increased costs for agency support for the team.

#### **Pest Control - £37k Pressure**

5.67 There is a pressure of £37k for pest control relating to unbudgeted salary costs.

#### **Enabling and Support Services - £422k pressure**

5.68 Enabling and Support Services consists of the following main grouping of services which also includes a number of corporate budget areas:

- a) Finance, Procurement and Revenues and Benefits Service
- b) Human Resources, Legal and Democratic Services
- c) Transformation, ICT and Customer Services

- 5.69 Overall, for these services the net revenue budget is £31.567m in 2021/22. Currently there is a forecast pressure of £0.422m which is set out in the following paragraphs.
- 5.70 There is a forecast overspend of £463k relating to income assumptions within the treasury management function, which is unchanged from the forecast reported in Period 5. 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.
- 5.71 Work is ongoing to mitigate budget pressures through reviewing the council's investment portfolio and seeking further investment opportunities.
- 5.72 The Revenues and Benefits Service were forecasting an overspend of £94k at the end Period of 5, this remains unchanged for Period 6. 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 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.
- 5.73 During Period 5 an ongoing levy of £31k was identified in relation to the management of historic insurance liabilities associated with the former Councils within North Northamptonshire through Municipal Mutual Insurance (MMI).
- 5.74 Public Sector Audit Appointments Ltd (PSAA) is the body a number of local authorities have used to appoint external auditors. The revenue PSAA receives covers the costs of its auditors and operating expenses. As PSAA operates on a not-for-profit basis surplus funds are redistributed to those authorities who opted into the PSAA, this amounts to one off income for the Council of £41k.
- 5.75 The required level of Minimum Revenue Provision (MRP) for 2021/22 has been reviewed, together with the provisional slippage of the capital program in 20/21 from the legacy authorities, realising a potential underspend of £500k.
- 5.76 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.

- 5.77 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.
- 5.78 The ICT budget is forecasting a pressure of £75k. This is in relation to a historical budget pressure inherited from a legacy borough in relation to contract inflation and remote support from a contract with Capita.
- 5.79 A review of all income budgets within the Transformation Directorate is currently underway, with £300k already being identified as unachievable in relation to ex LGSS income budgets for business systems and change management. These budgets were allocated between Councils as part of the general disaggregation principles for the County Council's budget. This has now been reflected as a pressure within the ICT budget.

### Changes to the Pay Scale

- 5.80 In October the Council was pleased to announce that all its directly employed staff would receive, as a minimum, £9.50 per hour. The change in pay was to be backdated to 1<sup>st</sup> April 2021, this is equivalent to the Real Living Wage set by the Living Wage Foundation in November 2020 and which allows six months for implementation. Alongside this the Council also reviewed the differentiation between pay scales at the lower end of the salary scale increasing the rate of pay further for some employees.
- 5.81 The estimated impact from the minimum pay rate and the change in pay scale differentiation is estimated to be around £0.8m funded from the contingency budget. The figures in the report reflect this. The recurring costs will be incorporated within the Council's Medium term Financial Plan from 2022/23.

### Summary of General Fund Savings Delivery

- 5.82 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**. It is recognised that the continuing numbers of COVID-19 cases may put some savings at risk particularly with regard to Adult Social Care. Where there is concern regarding the achievement of savings mitigations are being sought. The position is unchanged from Period 5.

	Children's & Education	Adults, Communities and Wellbeing Services	Place and Economy	Enabling & Support Services	Total
	£000	£000	£000	£000	£000
<b>Service Savings</b>					
Demographic/ service demand	0	(25)	(2,817)	(750)	(3,592)

	<b>Children's &amp; Education</b>	<b>Adults, Communities and Wellbeing Services</b>	<b>Place and Economy</b>	<b>Enabling &amp; Support Services</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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)

## **6. Housing Revenue Account**

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- 6.1 Within North Northamptonshire prior to 1<sup>st</sup> 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.
- 6.2 The forecast position for the Corby Neighbourhood Account at the end of Period 6 shows a pressure of £174k which is an increase of £132k to that reported in Period 5. Rental income from dwellings is forecast to be £125k less than budget – this is a result of reduced Right to Buy Sales and the void rates being higher than budgeted. There is also a pressure of £43k from lower service charge income (Period 5 - £42k). There are also minor pressures of £6k within Repairs and Maintenance. The forecasts for the Corby Neighbourhood Account are reflected in the following table.

<b>Corby Neighbourhood Account</b>			
	<b>Original Budget 2021/22</b>	<b>Projection P6 2021/22</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>INCOME</b>			
Rents - Dwellings Only	18,956	18,831	125
Service Charges	622	579	43
HRA Investment Income	69	69	0
<b>Total Income</b>	<b>19,647</b>	<b>19,479</b>	<b>168</b>
<b>EXPENDITURE</b>			
Repairs and Maintenance	5,550	5,556	6
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
<b>Total Expenditure</b>	<b>19,647</b>	<b>19,653</b>	<b>6</b>
<b>Net Operating Expenditure</b>	<b>0</b>	<b>174</b>	<b>174</b>

- 6.3 The forecast position for the Kettering Neighbourhood Account at the end of Period 6 shows a pressure of £9k which is a reduction of £23k to that reported in Period 5. Rental income from dwellings is forecast to be £46k less than budget – this is a result of higher void rates than budgeted and there is also a pressure of £22k from lower service charge income. This is offset by savings of £59k within Repairs and Maintenance. The forecasts for the Kettering Neighbourhood Account are reflected in the table below.

<b>Kettering Neighbourhood Account</b>			
	<b>Original Budget 2021/22</b>	<b>P6 Projection 2021/22</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>INCOME</b>			
Rents - Dwellings Only	15,066	15,020	46
Service Charges	430	408	22
HRA Investment Income	7	7	0
<b>Total Income</b>	<b>15,503</b>	<b>15,435</b>	<b>68</b>
<b>EXPENDITURE</b>			
Repairs and Maintenance	4,041	3,982	(59)
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
<b>Total Expenditure</b>	<b>15,503</b>	<b>15,444</b>	<b>(59)</b>
<b>Net Operating Expenditure</b>	<b>0</b>	<b>9</b>	<b>9</b>

## **7. Conclusions**

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- 7.1 The forecast overspend as at Period 6 is £26k which is a favourable movement of £47k since Period 5 where an overspend of £73k was reported.
- 7.2 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.
- 7.3 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.

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

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### **Resources and Financial**

- 8.1 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 overspend of £26k and the Housing Revenue Account is forecasting an overspend of £183k.

### **Legal**

- 8.2 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).
- 8.3 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**

- 8.4 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 Council budget, and aggregation of former district and borough council budgets. Over time, the budget will be informed by financial reality however at present, there are inherent risks in the forecast position as actual activity may not directly align to the budgets provided through aggregation or disaggregation of services.

- 8.5 Where any variances or emerging pressures are identified during the year, mitigating actions will be considered and appropriate management interventions undertaken.
- 8.6 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 in both expenditure and income.
- 8.7 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.
- 8.8 The Council holds a contingency and a number of reserves to help safeguard against the risks inherent within the budget for 2021/22. Where required pressures and other movements will be included as part of the Council's Medium Term Financial Strategy when this is updated from 2022/23.

### **Consultation**

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

### **Climate Impact**

- 8.10 Among the new Council's priorities will be putting in place plans to improve the local environment and tackle the ongoing climate emergency. Where these have a financial impact then it will be reflected in the budget.

### **Community Impact**

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

## **9. Issues and Choices**

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- 9.1 The report focuses on the forecast revenue outturn against budget for 2021/22 and makes recommendations for the Executive to note the current budgetary position as such there are no specific choices within the report.

## **10. Background Papers**

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- 10.1 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.

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
<b>Savings</b>					<b>(19,161)</b>	

## Finance and Resources Scrutiny Committee 30<sup>th</sup> November 2021

<b>Report Title</b>	Capital Monitoring 2021/22 – Period 6
<b>Report Authors</b>	Janice Gotts Executive Director of Finance <a href="mailto:Janice.gotts@northnorthants.gov.uk">Janice.gotts@northnorthants.gov.uk</a>
<b>Executive 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 – Carry Forward Requests

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

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- 1.1. This report sets out the provisional capital outturn position for 2020/21 for all the sovereign North Northamptonshire Council (NNC) authorities, and the subsequent carry forward requests from each authority due to the rephasing of scheme expenditure profiles.
- 1.2. The report also details the latest revised capital budgets (2021/22) for the General Fund (GF) and the Housing Revenue Account (HRA) Capital Programme, including new schemes which have been approved since 1<sup>st</sup> April 2021.
- 1.3. This report was submitted to the Executive at its meeting held on 18<sup>th</sup> November 2021.

## **2. Executive Summary**

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- 2.1 The report sets out the provisional 2020/21 outturn for each of the sovereign authority capital programmes. The position is provisional as the annual statutory audit of accounts for each legacy authority is still ongoing. As a part of the outturn process, active capital schemes have been identified which will carry forward into the new authority and form part of the revised capital programme for 2021/22.
- 2.2 The report provides commentary on the Council's current forecast financial outturn position for 2021/22 for both the GF and the HRA Capital Program. With the move to a new Unitary Council from 1<sup>st</sup> April 2021 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.
- 2.3 This report contains details of new schemes which have already received scrutiny and approval by the S151 Officer and members of the Strategic Capital Board, and which are key to the delivery of priorities and needs within North Northamptonshire.

## **3. Recommendations**

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- 3.1 It is recommended that the Finance and Resources Scrutiny Committee note the report which includes:
- a) the capital outturn position of all sovereign council authorities for the financial year 2020/21.
  - b) the proposed capital carry forwards for the GF and HRA capital programmes as detailed in Appendix A.
  - c) new schemes that have been approved since 1<sup>st</sup> April 2021.
  - d) the capital outturn position for the GF Capital Programme and HRA Capital Programme for 2021/22 initial monitoring commentary
- 3.2 Reason for Recommendations:
- This is in line with the Council's constitution and financial regulations in relation to governance.

## **4. Report Background**

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- 4.1 The Capital Programme is the Council's plan for investing in assets to efficiently deliver its statutory services, and to improve the local infrastructure of North Northamptonshire, with the benefits lasting over a number of years.

4.2 Resources come from Government grants and contributions, capital receipts from surplus land and buildings, revenue contributions and borrowing. The report provides an update to the approved Capital Programme.

#### 4.3 Capital Programme 2021/22 to 2024/25

The capital programme has been developed in line with the strategic priorities previously established within the District and Borough Councils and the relevant areas of the County Council. Looking ahead North Northamptonshire will need to consider the investment decisions for the whole of the area over the longer term and align to its vision and strategic priorities. The latter will become clearer as the Council is currently in the process of drawing up the corporate plan.

4.4 Table 1: The programme approved by the Shadow Executive totalled £219m with the breakdown as shown in the table below.

Table 1 Directorate	General Fund Capital Programme			General Fund Development Pool			Housing Revenue Account			Total £'000
	2021/22 £'000	2022-25 £'000	Total £'000	2021/22 £'000	2022-25 £'000	Total £'000	2021/22 £'000	2022-25 £'000	Total £'000	
Place	20,424	14,387	<b>34,811</b>	27,197	46,482	<b>73,679</b>	-	-	-	<b>108,490</b>
Children's Adults, Communities & Wellbeing	8,971	-	<b>8,971</b>	6,408	10,883	<b>17,291</b>	-	-	-	<b>26,262</b>
Transform'n	11,773	11,027	<b>22,800</b>	1,840	3,695	<b>5,535</b>	13,742	36,313	<b>50,055</b>	<b>78,390</b>
	2,245	1,110	<b>3,355</b>	1,778	981	<b>2,759</b>	-	-	-	<b>6,114</b>
<b>Total</b>	<b>43,413</b>	<b>26,524</b>	<b>69,937</b>	<b>37,223</b>	<b>62,041</b>	<b>99,264</b>	<b>13,742</b>	<b>36,313</b>	<b>50,055</b>	<b>219,256</b>

4.5 The programme has been split into three areas which have been amalgamated from the predecessor council's capital investment plans:

- General Fund Committed Capital Programme containing schemes approved by predecessor councils, the majority of which are in the process of being delivered.
- General Fund Development Pool containing schemes which are in the early stages of their lifecycle and are not ready to commence. 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 prior to requests for approval from Executive.
- Housing Revenue Account Capital Programme contains all schemes; committed and those in their early stages of their life cycle.

#### 4.6 Draft Outturn 2020-21 and Re-profiling of Schemes.

On 25<sup>th</sup> February 2021, North Northamptonshire Shadow Authority approved the revenue and capital medium term budget plans. For capital this considered new schemes for 2021/22 which were part of an ongoing programme and estimates of the forecast remainder of the District and Council Capital Programmes that would be inherited. This report informs members of the provisional capital outturn position for 2020/21 for all legacy North Northamptonshire authorities, for both GF and HRA, and any potential re-profiling of budgets (carry forward) into 2021/22.

4.7 The provisional outturn outlined in table 2, is fully funded, either through borrowing, internal resources or external funding arrangements.

4.8 There may, however, be risks linked to these schemes that have slipped in relation to delivery and a review of any risks along with a review of the appropriateness of continuing with the schemes given the priorities of the new Council will be undertaken by the Directorates and the S151 Officer as part of the ongoing financial and project management of the programme.

4.9 Table 2 below shows the total summary capital outturn for each sovereign authority, these figures include the main Capital Programme and the HRA Capital Programme.

Table 2 Legacy Authority	Total Approved Budget	Actual Spend	Variance	WNC C/fwd	C/fwd in NNC Feb Budget	NNC C/fwd	Total	Budget not C/fwd
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
NCC	169,538	63,966	-105,572	74,709	22,690	6,894	104,293	-1,279
Corby	19,326	8,991	-10,335	-	1,620	9,105	10,725	390
Kettering	47,250	7,676	-39,574	-	-	19,491	19,491	(*) -20,083
Wellingborough	19,880	10,339	-9,541	-	6,245	3,693	9,938	397
East Northants	3,970	2,672	-1,298	-	-	920	920	-378
<b>Total</b>	<b>259,964</b>	<b>93,644</b>	<b>-166,320</b>	<b>74,709</b>	<b>30,555</b>	<b>40,103</b>	<b>145,367</b>	<b>-20,953</b>

\*Note the -£20m variance shown against Kettering is due to the removal of the Commercial Properties investment Scheme from the programme when setting to 2021/22 budget.

4.10 In respect of the table above please note:

- The £1.2m variance show against NCC is mainly due to a £880k underspend on the £5.2m Isebrook expansion scheme where final costs were recognised in 2020/21.
- The February budget c/fwd inclusions were based on end of November 2020 (P8) monitoring forecasts, so many of the carry forward since budget variances were reported to later member meetings in the legacy authorities as a profiling change.

4.11 The further re-profiling of £40.1m in delivery of the Capital and HRA programmes shown above represents an addition to the Capital Programme for

the Council, however the funding requirement and overall treasury position reported as part of the budget will not be affected as these schemes were part of an approved programme.

#### **4.12 Capital Approval Process**

The capital approval process for North Northamptonshire Council was endorsed by the Finance and Resources Scrutiny Committee at its meeting on 13<sup>th</sup> July 2021. The process aims to:

- set out the requirements of the scheme including costs (capital and revenue) and funding opportunities over the life of the scheme, and
- provide greater emphasis on the link to strategic priorities and achievement of benefits and outcomes, including any contribution to reducing carbon and/or how the development or investment will support a zero-carbon agenda.

4.13 The governance process consists of Directorate Portfolio Boards or Management Teams which work to develop schemes to meet Council priorities and then submit business cases to the Strategic Capital Board (made up of Council Officers) for consideration. Each scheme requiring approval to enter the development pool or commitment must submit a business case setting out the requirement for funding and how it meets the Council's strategic priorities together with an identification of benefits, risks and expected outcomes including climate impact. Prior to submission there should be engagement with relevant stakeholders, such as Ward Members and a business case should not be submitted without the sign off from the relevant Executive Member.

4.14 The Strategic Capital Board meets each month to consider new proposals, and progress in relation to schemes already in delivery including any risks. The Board is chaired by the Executive Director of Finance and consists of the other Directors and Finance/Project Management support.

4.15 Once schemes are considered and agreed by the Board, they will then progress for Member review, firstly through consultation with the Deputy Leader and the Executive Member for Finance and Transformation and, subject to their approval and comments, on to Executive (or Council depending on the funding route and values) for formal approval. Generally, this will be through the monthly Capital Update Report to Executive.

#### **4.16 Capital Outturn P6 2021/22**

The Capital Outturn for P6, as shown in table 3 below, for the GF Capital Programme, shows a revised updated capital budget position by Directorate, including the re-profiling and in year approved programmes. This is forecasting a spend of £70.4m, an underspend of £27.6m, compared to budget and an underspend of £2.3m compared to the previous month.

Table 3 Directorate	General Fund Capital Programme					
	Original Budget	Budget C/wd	Approved in year	Revised Budget	P6 Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Place	20,412	14,735	14,015	49,162	38,587	-10,575
Children's	8,971	-322	12,088	20,737	10,887	-9,850
Adults, Communities & Wellbeing	11,784	13,231	348	25,363	18,171	-7,192
Transformation	2,245	490	34	2,769	2,769	0
<b>Total</b>	<b>43,413</b>	<b>28,134</b>	<b>26,485</b>	<b>98,032</b>	<b>70,414</b>	<b>-27,618</b>

#### 4.17 General Fund Capital Programme Funding

For the General Fund capital programme, funding sources have been identified to cover the MTFS capital budget requirements, as shown in table 4, of £124.555m, including the original MTFS budget of £69.937m, together with funding for the slippage (£28.134m) and in year approved schemes (£26.484m).

Table 4 Directorate	General Fund Capital Programme										
	Capital Receipts	Discretionary	Specific Grant	Grants & contrib	S106	RCCO	Basic Needs Grant	External contributions	Capital Reserves	BRR	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Place	8,082	18,572	10,017	12,154	7,449	2,333	0	2,416	2,795	0	63,819
Children's and Education	0	1,214	4,172	0	11,545	0	3,806	0	0	0	20,737
Adults, Communities & Wellbeing	1,702	14,978	13,402	4,040	245	384	0	137	1,232	0	36,120
Transformation	914	470	20	0	0	0	0	0	600	1,875	3,879
<b>Total</b>	<b>10,698</b>	<b>35,235</b>	<b>27,610</b>	<b>16,194</b>	<b>19,240</b>	<b>2,717</b>	<b>3,806</b>	<b>2,553</b>	<b>4,628</b>	<b>1,875</b>	<b>124,555</b>

#### 4.18 Development Pool

With a budget for 2021/22 of £37.2m, currently £12.9m has been transferred from the development pool into the current capital programme, leaving a remaining budget for 2021/22 of £24.3m, with a further £62m included within the MTFS for 2022 to 2024. The Development Pool will be reviewed as part of setting the Capital Strategy from 2022/23.

#### 4.19 HRA Capital Programme

The Capital Budget for 2021/22 approved at the 25<sup>th</sup> February 2021 Shadow Authority meeting totalled £13.742m. Since that time further re-profiling of



spend has been identified from the previous district and borough schemes totalling £11.970m, giving a 2021/22 budget of £25.712m. The P6 outturn forecast is a spend of £18.332m, an underspend of £7.380m against the revised budget. There have been no further new approvals since budget setting.

Housing Revenue Account	Original Budget	Budget C/wd	Revised Budget	P6 Forecast	Variance
	£'000	£'000	£'000	£'000	£'000
Corby	7,638	5,999	13,637	9,275	(4,362)
Kettering	6,104	5,971	12,075	9,057	(3,018)
<b>Total</b>	<b>13,742</b>	<b>11,970</b>	<b>25,712</b>	<b>18,332</b>	<b>(7,380)</b>

#### 4.20 HRA Capital Programme Funding

For the HRA capital programme funding sources have been identified to cover the MTFS capital budget requirements of £62.025m, including the original MTFS budget of £50.055m as set out in table 1, together with funding for the slippage £11.970m.

Total Funded By	Total Budget Funding	Reprofiling/ Carry Forward	TOTAL HRA Funding
	£000's	£000's	£000's
Revenue Contribution	20,416	1,567	21,984
Capital Receipts	17,537	3,486	21,023
Social Housing Borrowing/Use of Reserves	12,102	6,917	19,019
<b>Total</b>	<b>50,055</b>	<b>11,970</b>	<b>62,025</b>

## 5. Implications (including financial implications)

### 5.1 Resources and Financial

5.1.1 The budget requirements are funded from external grants/contributions linked to the development (i.e., S106 contributions) or capital receipts. There is no requirement for the Council to undertake borrowing to support either of these schemes.

## 5.2 Legal

5.2.1 The council must utilise funding and deliver schemes in line with the restrictions and requirements as set out in the agreements linked to that funding.

## 5.3 Risk

5.3.1 The deliverability of the 2021/22 Capital Programme is monitored by each accountable project manager and senior officer. There is further review throughout the financial year reported through the Executive Committee.

5.3.2 If any overspends or emerging pressures are identified during the year, then mitigating actions will be sought and management interventions undertaken.

5.3.3 Details of pressures, risks and mitigating actions implemented will be provided as part of the finance monitoring reports as the year progresses.

5.4.3 There is a risk that delays, and cost increases may arise as a result of COVID-19 restrictions and changes arising from EU Exit. Generally, this relates to the supply and price of materials with projects requiring increased lead in times.

5.4.4 There is a risk in relation to funding, particularly S106 where works may be required to take place in advance of S106 triggers/funding being payable. This occurs where a road or school is needed to provide infrastructure for the first residents/businesses utilising the site. Where this is the required, the Council will fund costs at risk in relation to the funding being received to reimburse its costs.

## 5.4 Consultation

5.4.1 The 2021/22 Capital Strategy and Capital Programme were subject to consultation prior to approval by the North Northamptonshire Shadow Authority in February 2020.

5.4.2 Consultation, where relevant, is detailed as part of the respective separate report elsewhere on the agenda.

## 5.5 Climate Impact

5.5.1 The climate impact would be considered and managed via the relevant planning process.

5.5.2 A number of capital schemes includes initiatives to offset/reduce carbon impact as a priority for the Council.

## 5.6 **Community Impact**

- 5.6.1 These proposals can be considered to have a positive impact on the community as the Capital Programme delivers the infrastructure to support and connect communities.

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## Slippage by Scheme by Directorate

Scheme	Predecessor or Council	NNC Directorate	Slippage
Chester House Estate	NCC	A, C & W	575,995
Disabled Facilities Grant	BCW	A, C & W	662,147
Castle Theatre	BCW	A, C & W	4,401
PFP Leisure	BCW	A, C & W	8,336
Empty Properties	BCW	A, C & W	176,452
Disabled Facilities Grant	CBC	A, C & W	280,910
Disabled Facilities Grant	KBC	A, C & W	455,000
Housing and Homelessness Prevention	KBC	A, C & W	2,526,000
Disabled Facilities Grants	ENC	A, C & W	312,593
Private Sector Decent Homes Project	KBC	A, C & W	69,000
Social Housing Grant	KBC	A, C & W	13,000
Community Fund	KBC	A, C & W	31,000
Community Centre Improvements	KBC	A, C & W	71,000
Desborough Leisure Centre Floor Replacement	KBC	A, C & W	16,000
Corn Market Hall Boiler Replacement	KBC	A, C & W	5,000
Grants - Village Halls	KBC	A, C & W	12,000
Swimming Pool	KBC	A, C & W	9,000
GLaM	KBC	A, C & W	3,584,000
Lawrences Pre Contract	KBC	A, C & W	266,000
SCW - Small Capital Works	KBC	A, C & W	89,000
Burton Latimer Community Leisure	KBC	A, C & W	790,000
Desborough Park	KBC	A, C & W	30,000
Desborough CCTV	KBC	A, C & W	76,000
CCTV - LITTLE STANION S106	CBC	A, C & W	5,070
CCTV - PRIORS HALL S106	CBC	A, C & W	12,999
CCTV - WELDON S106	CBC	A, C & W	17,331
CCTV UPGRADES AND IMPROVEMENTS	CBC	A, C & W	21,020
OAKLEY VALE COMMUNITY FACILITY	CBC	A, C & W	159,474
GOLF COURSE PROJECTS	CBC	A, C & W	12,518
SAXILBY BOXING CLUB, INCL ROOF WORKS	CBC	A, C & W	63,303
LPSC - FIRE DOOR UPGRADE	CBC	A, C & W	24,807
POOL PLANT ROOM & PRIORITISED INVESTMT	CBC	A, C & W	272,293
PRIVATE SECTOR HOUSING - HOME REPAIR GRANTS	CBC	A, C & W	66,247
WARMER HOMES	CBC	A, C & W	702,000

Scheme	Predecessor or Council	NNC Directorate	Slippage
CORBY HOME SUPPORT SERVICE GRANT AID	CBC	A, C & W	7,987
Greenway Washbrook Road	ENC	A, C & W	296,750
Football Club Development - Higham Ferrers	ENC	A, C & W	23,000
Waendel Leisure Centre Pool Area	BCW	A, C & W	18,252
Temporary Accommodation Mitigation Fund	BCW	A, C & W	154,459
Football pitch Improvement works	BCW	A, C & W	51,930
Croyland Park S106	BCW	A, C & W	1,040
Renovation Grant-Discretionary	BCW	A, C & W	70,225
Northamptonshire Libraries Self Service Terminals	NCC	A, C & W	50,020
Oundle Library	NCC	A, C & W	37,574
Community Library Prog - Desborough Library	NCC	A, C & W	2,847
Community Library Prog - Earls Barton	NCC	A, C & W	18,944
Community Library Prog - Finedon	NCC	A, C & W	3,129
Community Library Prog - Raunds	NCC	A, C & W	22,977
Community Library Prog - Rothwell	NCC	A, C & W	27,578
Community Library Prog - Thrapston	NCC	A, C & W	81,390
Community Library Prog - Wollaston	NCC	A, C & W	1,927
Social Care system replacement	NCC	A, C & W	940,858
Kettering Secondary School Extensions	NCC	Childrens	-353,394
Isebrook School	NCC	Childrens	-900,599
Schools Minor Works - 2020-21	NCC	Childrens	696,819
Red Kite 6th Form Block	NCC	Childrens	113,514
Prince William School phase 2 works	NCC	Childrens	55,813
Stanton Cross Primary School	NCC	Childrens	-74,241
Isebrook SEND College School expansion	NCC	Childrens	43,032
Schools Minor Works Programme 2019-20	NCC	Childrens	47,836
Earls Barton School S106 works	NCC	Childrens	49,000
A43 Corby Link Road	NCC	Place	-244,486
Northamptonshire Superfast Broadband	NCC	Place	489,142
Contribution to HWRC Sinking Fund	NCC	Place	59,733
S106 Funded Highways Schemes	NCC	Place	-710,158
Minor Works 2020-21	NCC	Place	322,645
Tithe Barn Road Office Refurbishment	BCW	Place	21,237

Scheme	Predecessor or Council	NNC Directorate	Slippage
CPO Fund	BCW	Place	49,827
Crematorium - Pathways and Garden Infrastructure	BCW	Place	363,183
Tithe Barn Phase 2	BCW	Place	-45,173
Property Renovations	BCW	Place	-633,000
Open Spaces/ Parks/ Brooks and Waterways	BCW	Place	-535,000
Car Parking - Kettering Town Centre	KBC	Place	30,000
Woodland Improvements	CBC	Place	59,141
Shire Lodge Cemetery Extension	CBC	Place	-189,203
Air Conditioning and UPS	ENC	Place	13,876
Regeneration & Economic Development	ENC	Place	-84,919
AMP - East Northamptonshire House	ENC	Place	44,040
AMP- East Northamptonshire House Internal Works	ENC	Place	68,106
AMP- East Northamptonshire House H&S Audit	ENC	Place	210,761
Rushden Centre	ENC	Place	3,650
AMP - Car parks	ENC	Place	32,450
Bassetts Park Skate Park	BCW	Place	100,688
Croyland Gardens landscaping & public realm improvement	BCW	Place	92,848
Brooks & Waterways	BCW	Place	154,769
Play Equipment -parks	BCW	Place	258,194
Park Improvement	BCW	Place	64,236
Capital Community Grant	BCW	Place	15,160
High St/Jackson Lane car park	BCW	Place	97,100
Health and Safety Improvements	KBC	Place	32,000
Residential Zones / CPE	KBC	Place	20,000
Depot Improvements	KBC	Place	9,000
Cemetery works	KBC	Place	46,000
Municipal Offices - Major Works	KBC	Place	187,000
Corporate Property Stock Conditions Work	KBC	Place	92,000
Churchill Way Public Realm	KBC	Place	211,000
Meadow road Urban Park	KBC	Place	50,000
Stock Improvement & Compliance	KBC	Place	540,000
Town Centre Improvements	KBC	Place	44,000
London Road Site Development - Pre contract works	KBC	Place	50,000
High Street - Heritage Action Zone	KBC	Place	3,448,000
Public Realm 5	KBC	Place	48,000
Conservation Area Enhancement Schemes	KBC	Place	4,000
Improving access to FE/HE	KBC	Place	98,000

Scheme	Predecessor or Council	NNC Directorate	Slippage
Electric Vehicle Charging	KBC	Place	40,000
Industrial Units - Energy Efficiency	KBC	Place	50,000
Chesham House - Major Works	KBC	Place	108,000
Haylock House	KBC	Place	137,000
Warren Hill - Music & Database	KBC	Place	12,000
Grounds Fleet & Equipment S106	KBC	Place	152,000
OAKLEY VALE PHASE 6 DEVELOPMENT	CBC	Place	6,653
TOWN FUND CAPITAL PROJECTS	CBC	Place	6,569
Cycleway Infrastructure Improvements	CBC	Place	95,000
Pedestrianisation of George Street	CBC	Place	350,000
GROSVENOR HOUSE IMPROVEMENTS	CBC	Place	90,133
S106 FUNDING - CYCLE & PEDESTRIAN	CBC	Place	800,000
SHOPPING PARADE PRIORITY IMPROVEMENTS	CBC	Place	73,983
SHOPPING PARADE UNITS FIRE DOOR REPLACMT	CBC	Place	64,640
REMOVAL OF REDUNDANT BUS SHELTERS	CBC	Place	12,299
TREE SURVEYING	CBC	Place	58,976
CORBYS TOWN CENTRE IN BLOOM PLANTERS	CBC	Place	20,965
SHRUB BED IMPROVEMENTS	CBC	Place	11,162
Bassett's Close S106	BCW	Place	21,466
Street Lighting	BCW	Place	170,369
BCW Property Renovations (shops & other buildings)	BCW	Place	235,720
Structural Rebuild - 1a High Street	BCW	Place	9,230
Conversion - 12a High Street	BCW	Place	121,762
Conversion - 16a Market Street	BCW	Place	188,178
Conversion - 17 Market Street	BCW	Place	128,314
Tithe Barn Public Realm	BCW	Place	59,582
Doddington Road Cemetery	BCW	Place	114,086
Wellingborough Heritage and Shop Front Grant Initiative	BCW	Place	205,953
Castle Fields Park S106	BCW	Place	115,626
Queensway Open Space S106	BCW	Place	16,676
Shop Front Improvements	BCW	Place	13,383
Multi Storey Car Park (MSCP)	BCW	Place	2,349
43a/44a High Street (conversion to residential accommodation)	BCW	Place	12,786
Operational Property refurbishments	BCW	Place	97,715
Swanspool House Extension Roof	BCW	Place	15,111



Scheme	Predecessor or Council	NNC Directorate	Slippage
CTU Protection Measures	BCW	Place	13,724
Isham Bypass	BCW	Place	1,000,000
Country Parks Minor Developments	NCC	Place	36,156
Sywell CP Sewage Treatment	NCC	Place	101,877
Country Parks Pay & Display Equipment	NCC	Place	1,781
LTP Integrated Transport Block 2020-21	NCC	Place	512,531
DFT Highways 2020-21 Further Works	NCC	Place	165,783
Capital support to routine maintenance 2020-21	NCC	Place	325,717
Highway Maintenance - LTP 2020-21	NCC	Place	744,721
Challenge Fund Schemes 2020-21	NCC	Place	1,727,801
Targetted Patching 2020-21	NCC	Place	51,971
Rights of Way Improvements 2020-21	NCC	Place	470,392
Eskdail St. Kettering Highways works	NCC	Place	135,172
Corby Town Fund Walking & Cycling	NCC	Place	454,973
Barton Road/Cranford Road Junction	NCC	Place	207,638
Denford Flood Management	NCC	Place	31,430
Smart Commuters	NCC	Place	69,210
WA0003 Closed Landfill Sites	NCC	Place	10,120
Property Minor Works 2019-20	NCC	Place	68,127
Infrastructure / Flexi & Remote Working	KBC	Transformation	70,000
Passport Replacements and IP addressing	NCC	Transformation	3,278
NCloud Server Replacements	NCC	Transformation	76,352
Capita ONE to Cloud	NCC	Transformation	95,805
Office365 Implementation	NCC	Transformation	80,818
Sharepoint 2007 Migration	NCC	Transformation	79,000
IT Security Solutions	NCC	Transformation	85,000
CAPITAL WORKS : DISABLED ADAPTATIONS	CBC	HRA	127,547
CAPITAL WORKS : NO FINES EXTERNAL INSULATION	CBC	HRA	60,561

Scheme	Predecessor or Council	NNC Directorate	Slippage
DECENT HOMES : KITCHEN & BATHROOMS	CBC	HRA	127,066
DECENT HOMES : CENTRAL HEATING REPLACEMENT	CBC	HRA	56,253
DECENT HOMES : REWIRES	CBC	HRA	1,139,571
DECENT HOMES : ENTRANCE DOORS/FLATS/DWELLINGS	CBC	HRA	24,236
MAJOR ROOFING WORKS	CBC	HRA	7,881
VOIDS MAJOR WORKS	CBC	HRA	11,632
ASBESTOS MANAGEMENT SURVEYS	CBC	HRA	89,933
WINDOW REPLACEMENTS	CBC	HRA	19,872
GARAGE DEMOLITIONS	CBC	HRA	23,749
HOUSING MANGEMENT SYSTEM	CBC	HRA	33,050
L.A.NEW BUILD - CHELTENHAM PROJECT	CBC	HRA	1,387,901
L.A.NEW BUILD - HIDDEN HOMES	CBC	HRA	285,779
L.A.NEW BUILD - NEVILLE HOUSE	CBC	HRA	133,591
L.A.NEW BUILD - WILBY CLOSE	CBC	HRA	153,541
GARAGE SITE REDEVELOPMENTS	CBC	HRA	268,167
L.A. NEW BUILD -STANION LANE	CBC	HRA	71,577
KINGS PARK: FAIRFIELD	CBC	HRA	5,000
L.A. NEW BUILD - OAKLEY RISE	CBC	HRA	234,476
L.A. NEW BUILD - CANNOCK ROAD	CBC	HRA	581,663
L.A. NEW BUILD - FURLONG CLOSE	CBC	HRA	22,094
NEW BUILD - HIDDEN HOMES 2	CBC	HRA	49,089
NEW BUILD - WILLOW LANE	CBC	HRA	549,934
L.A.NEW BUILD : CANADA SQ	CBC	HRA	12,000
LA NEW BUILD - SOCIAL HOUSING 2015-18	CBC	HRA	142,101
HOUSING CAPITAL FEES	CBC	HRA	380,406
Housing Association Grant	KBC	HRA	332,000
Desborough & Rothwell	KBC	HRA	688,000
Scott Road New Build	KBC	HRA	2,969,000
New Build - Albert Street	KBC	HRA	730,000
Stamford Road Land Acquisition	KBC	HRA	30,000
Decent Homes - Kitchen & Bathroom Renewal	KBC	HRA	349,000
Central Heating Renewal	KBC	HRA	-62,000
Decent Homes - Electrical Upgrades	KBC	HRA	-9,000
External Door Replacements	KBC	HRA	151,000
Roof Renewals	KBC	HRA	350,000
External Insulation	KBC	HRA	90,000
Door Entry Systems	KBC	HRA	48,000
Hidden Homes	KBC	HRA	127,000
Improving access for disabled people	KBC	HRA	21,000

Scheme	Predecessor or Council	NNC Directorate	Slippage
Health & Safety and Fire Precautions	KBC	HRA	138,000
Sheltered Housing - "Sparkle" Programme	KBC	HRA	19,000
			<b>40,103,143</b>

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