



# North Northamptonshire Council

## **Full Council**

North Northamptonshire Council

Thursday 24<sup>th</sup> February 2022

At 10:00 am in the Council Chamber, The Cube, George Street, Corby.

## **Those in Attendance:**

Councillors Paul Bell (Chair), Larry Henson (Vice Chair), Jean Addison, Tim Allebone, Valerie Anslow, Ross Armour, Charlie Best, Matt Binley, Jennie Bone, David Brackenbury, Wendy Brackenbury, Cedwien Brown, Scott Brown, Leanne Buckingham, Lyn Buckingham, Lloyd Bunday, Jon-Paul Carr, Robin Carter, William Colquhoun, Alison Dalziel, Mark Dearing, Scott Edwards, Emily Fedorowycz, Martin Griffiths, Jim Hakewill, Clive Hallam, Ken Harrington, Helen Harrison, Kirk Harrison, Helen Howell, David Howes, Bert Jackson, Ian Jelley, Barbara Jenney, David Jenney, King Lawal, Graham Lawman, Lora Lawman, Anne Lee, Richard Levell, Paul Marks, Dorothy Maxwell, John McGhee, Andy Mercer, Gill Mercer, Macaulay Nichol, Jan O'Hara, Anup Pandey, Tom Partridge-Underwood, Harriet Pentland, Simon Rielly, Russell Roberts, Mark Rowley, Geoff Shacklock, Jason Smithers, Chris Smith-Haynes, Joseph Smyth, Mike Tebbutt, Kevin Thurland, Sarah Tubbs, Michael Tye, Malcolm Ward, Andrew Wetherill and Lee Wilkes.

## **Officers in Attendance:**

Rob Bridge (Chief Executive), Adele Wylie (Director of Governance and Human Resources/Monitoring Officer), Janice Gotts (Executive Director of Finance), Paul Goult (Interim Democratic Services Manager) and Ben Smith (Democratic and Electoral Services Manager).

## **83. Apologies**

Apologies for absence were received from Councillors Ekins, North, Powell, Currall, Sims, Prentice, Waters, Irwin, Watt, Keane, Pengelly, Zoe McGhee, McEwan and Dell.

## **84. Minutes of the Meetings held on 1<sup>st</sup> December 2021 and 9<sup>th</sup> December 2021**

The minutes of the Council meetings held on 1<sup>st</sup> December 2021 and 9<sup>th</sup> December 2021 had been circulated.

Councillor Bell (Chair) MOVED the minutes of the meetings held on 1<sup>st</sup> December 2021 and 9<sup>th</sup> December 2021 be agreed. The motion was SECONDED by Councillor D Brackenbury.

## **RESOLVED that: -**

The minutes of the meetings held on the 1<sup>st</sup> December 2021 and 9<sup>th</sup> December 2021 be agreed as a correct record.

## **85. Declarations of Interest**

Councillor Fedorowycz with regard to the Urgent Item wished it recorded that she did have relations resident in Ukraine.

Councillor Lora Lawman with regard to agenda item 5, wished it recorded that she had in a civic capacity attended events previously as a guest of Kettering Amateur Swimming Club.

## **86. Chair's Announcements**

A request to suspend Procedure Rule 10.1 for the duration of the meeting was MOVED by Councillor Andy Mercer and SECONDED by Councillor Lora Lawman.

### **RESOLVED that: -**

Procedure Rule 10.1 (the Guillotine) be suspended and agree to close the meeting at the conclusion of all business on the agenda.

## **87. Public Participation**

A member of the public Mr Annable, Chair of Kettering Amateur Swimming Club addressed Council at this point. Mr Annable raised concern regarding the lack of investment over a number of years into Kettering Swimming Pool. Mr Annable felt that residents in Kettering were not able to access suitable swimming facilities locally, for recreational and health purposes, but were having to travel to superior facilities elsewhere. Mr Annable felt that the Council should be looking to invest in the Kettering facility. The Chair thanked Mr Annable for his comments.

## **88. Draft Budget 2022-23 and Medium-Term Financial Plan**

The report set out the final revenue budget (2022-23) and Medium-Term Financial Plan for North Northamptonshire Council.

The draft budget proposals were originally considered by the Executive on 23<sup>rd</sup> December 2021. There was an Addendum to the report at the same meeting which provided an update to Members following the Provisional Local Government Finance Settlement, which was published on 16<sup>th</sup> December 2021. The Settlement set out the funding for individual Councils following the Spending Review which was announced on 27<sup>th</sup> October 2021.

The budget consultation period commenced on 23<sup>rd</sup> December 2021 and ended on 28<sup>th</sup> January 2022. The consultation offered residents, local partners and other stakeholders the opportunity to review the draft budget proposals and provide feedback during the five-week consultation period. The draft budgets had also been subject to scrutiny by the Finance and Resources Scrutiny Committee.

The budget was further updated for the latest position and presented to the Executive at its meeting on 10<sup>th</sup> February, for approval and recommendation on to Council.

The Final Local Government Settlement was announced on 7<sup>th</sup> February 2022 (after the report to the Executive on 10<sup>th</sup> February had been published) and largely remained unchanged to the provisional settlement with the exception of an increase of £8k for the Lower Tier Services Grant – the final budget proposals included this change.

The report set out the final revenue budget for 2022-23 and the forecast Medium-Term Financial Plan for North Northamptonshire Council, including the proposed Council Tax level for 2022-23, for approval at Full Council.

The Revenue Budget 2022-23 and Medium-Term Financial Plan formed part of a full suite of budget reports being presented to Full Council. Separate reports were included on the agenda for the Housing Revenue Account Budget 2022-23 and the Capital Strategy and Capital Programme Budget. These reports together provided a framework for revenue and capital planning for 2022-23 and into the medium term. The Council Tax Resolution for 2022-23 was included within the report.

The Government announced a three-year national spending review on 27<sup>th</sup> October 2021, however, the Provisional Local Government Finance Settlement published on 16<sup>th</sup> December 2021 was a one-year settlement only. It assumed an increase of 6.9% in the Core Spending Power for Local Authorities to meet demand and cost pressures and contained the expectation that each Council would increase its Council Tax precept by the maximum amount allowable, i.e., 2.99%, inclusive of a 1% precept for Adult Social Care.

Whilst the additional funding provided within the Settlement was welcomed, this alone was insufficient to address the pressures and funding risks facing local authorities during a time of high inflation and increasing demand, particularly whilst COVID was still present. Further service efficiencies and an increase in the level of Council Tax would enable a balanced budget to be set for 2022-23 as well as supporting the medium-term position.

The proposed budget for North Northamptonshire Council included a core Council Tax increase of 1.99% and applied the maximum allowable social care precept increase of 1%. This would contribute around £5.2m per annum towards services and represented a Band D level of Council Tax for North Northamptonshire Council of £1,578.73 in 2022-23 an increase of £45.83 equivalent to £0.88 per week from 2021-22. This Band D figure did not include the Council Tax for individual town and parish councils or the Council Tax set by the Northamptonshire Police, Fire and Crime Commissioner.

The Final Local Government Finance Settlement was laid before Parliament on 7<sup>th</sup> February 2022 and was unchanged to the provisional settlement except for the Lower Tier Services Grant which was increased by £8k and this had been reflected in the final budget proposals.

The Medium-Term Financial Plan had been updated to reflect the latest forecasts within the 2021-22 budget position which would impact in future years, as well as further expected changes from 2022-23.

The budget proposals supported a wide range of services to residents and businesses across the area including care to vulnerable adults and children, education, the disposal and collection of waste, household waste recycling, economic development, housing and support for the homeless. The budget would underpin the priorities contained within the Council's Corporate Plan which had been approved by Council at its meeting on 1<sup>st</sup> December 2021.

The report indicated that the budget was set in the context of an uncertain economic picture, predominantly due to the global and local challenges posed by the continuing pandemic.

Members noted that unitarisation brought with it both opportunities and challenges. The opportunity to create a new single tier authority to collaborate with residents, businesses, and other partners to help strengthen the local economy, create jobs, improve infrastructure and transport links, protect vulnerable people and improve life chances through education and training – supporting greater resilience within families and communities. Financially, the new Council could benefit from economies of scale, and, through the aggregation of the previous sovereign councils, it had the opportunity to streamline processes, consolidate and reduce the number of contracts, better manage assets for the benefit of the area and improve end to end service delivery.

The report stated that Transformation would play a key part in maximising those opportunities, helping to re-imagine the shape of the Council and how it interacted with the community and other stakeholders whilst recognising the need to ensure the Authority could demonstrate value for money, improve services and achieve efficiencies. Over time transformation could deliver positive change, however, there was a need to first stabilise the position and create a solid foundation on which to build. Inevitably this takes time and was one of the major challenges facing new Councils such as North Northamptonshire.

Whilst it was envisaged that stabilisation of the finances would continue into the second year of the Authority, the Council would bring forward a greater number of transformation opportunities - helping to create a strong and modern Council delivering quality, cost effective services for the benefit of its residents.

The Council would continue to face financial challenges, risks and uncertainties over the short and medium term, like many other Local Authorities. This was not only from the challenges brought about by COVID-19, but also the general upturn in demand for services which was taking place prior to the pandemic, inflation and the fundamental changes to how local government was funded including a business rates baseline reset. These funding changes seemed highly likely to be implemented from 2023-24 and had a potentially significant detrimental impact on the funding for areas such as North Northamptonshire when funding was re-distributed. It was expected that time-limited damping or transitional support would help soften losses in funding, however, this was difficult to predict without further information from Government on its intentions and formal details of proposals.

The full details of the Council's revenue budget and the Dedicated Schools Grant was set out in the report.

The budget report had been updated to reflect any changes identified subsequent to the draft proposals considered by the Executive at its meeting on 23<sup>rd</sup> December and also considered a number of items raised through the Scrutiny process. The main points within the budget proposals were:

- A balanced budget for 2022-23
- Further net investment in services to both protect vital services and invest in service change of £11.3m, including removal of previous one-off funding predominantly related to COVID-19
- Efficiencies and income generation of £7.9m

- Investment in the Children’s Trust to protect and increase the baseline funding from 2021-22 into 2022-23. Further to this there is potential additional one-off revenue and capital investment of £3.65m countywide (£1.6m from the North) to help deliver service improvements for some of our most vulnerable children and young people.
- Planned savings and pressures from previous Medium Term Financial Plans will remain to be delivered, unless there is a requirement to change the assumptions following review
- The use of reserves to support non-recurring investment in service improvement, fund time limited projects, pump-prime invest to save schemes and help manage risk.
- An investment of £1m spread over three years to forward fund initiatives to help address the climate crisis.
- Investment in Social Care to recognise the increase in the National Living Wage to £9.50 per hour and a 1.25% increase in national insurance contributions for care providers.
- An investment of £0.8m recurringly to consolidate the increase in pay for the Council’s lower paid staff to the real living wage in 2021-22, together with improved incremental progression
- An increase in Council Tax consisting of 1.99% for the “core” council tax and 1% for the Adult Social Care precept, resulting in a Band D equivalent charge of £1,578.73 in 2022-23 which is an annual increase of £45.83 from 2021-22, and an average weekly increase of 88 pence.
- No change to the Local Council Tax Support Scheme which will continue at 25%.
- Inclusion of a contingency to mitigate against uncertainty.
- Officers will continue to seek efficiencies in order to help address the budget requirement from 2023-24.

Appendix A accompanying the report set out the summary position for the budget.

Work had been undertaken to review the budget requirement across all service headings and seek mitigating actions (or savings) in order to remain within the funding envelope and set a balanced budget for the Council in line with statutory requirements. The content of the report, along with the detail in Appendix B, outlined the pressures and savings for each of the Directorates. These had been the subject of scrutiny by the Finance and Resources Scrutiny Committee in accordance with the budget strategy paper that was presented to Executive on 18<sup>th</sup> November 2021.

As part of the 2022-23 budget setting process a number of Budget Challenge Sessions were held to help inform the budget process, these consisted of Officers and Members and the objective of these sessions were as follows:

- To remind all Service areas of the financial position of the Council and the need to ensure effective and efficient operations (value for money).
- To understand and quantify the risks and pressures in the budget and identify efficiencies to offset against these.
- To understand each Service position for 2021-22 in terms of finance, HR and performance.

- To review the existing MTFP for 2022-23 onwards (from previous year's budget strategy) – considering the pressures and savings and the ability of services to achieve these for inclusion in the budget plans.
- To utilise the information gathered to date during 2021-22 monitoring to inform the budget setting for 2022-23.
- To understand the planned transformation projects and associated costs/benefits with timing – to include disaggregation and continuing aggregation/service improvement and the impact on the budget.

The outcome was to achieve an agreed way forward on the service proposals for 2022-23 and beyond for consideration as part of the Medium-Term Financial Plan and formed the basis of the contents of this report.

As part of the budget process a total of eight Budget Task and Finish Scrutiny Sessions were held, consisting of two sessions for each of the following main service areas:

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

The Council also held two all Member Budget Briefing Sessions, separate Group meetings and discussed the budget with Trade Union representatives (as part of the Joint Consultative Forum).

The Spending Review and Autumn Budget 2021 set out the funding for Local Government at a national level for 2022-23 to 2024-25. The table within the report provided a high-level summary of the main funding changes for Local Government (as indicated through changes to its Departmental Expenditure Limit (DEL)). Further commentary on the Spending Review and Autumn Budget was set out in Section 4 of the report.

	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Local Government funding (to be distributed in settlement)	1,500	1,500	1,500	<b>4,500</b>
Family help	40	70	90	<b>200</b>
Cyber resilience	12	13	13	<b>38</b>
Funding for social care reform	200	1,400	2,000	<b>3,600</b>
Unallocated	48	17	(3)	<b>62</b>
<b>Cumulative increase in LG DEL</b>	<b>1,800</b>	<b>3,000</b>	<b>3,600</b>	
<b>Annual increase in LG DEL</b>	<b>1,800</b>	<b>1,200</b>	<b>600</b>	

Whilst the additional funding was welcomed for Local Government and the Spending Review 2021, announced on 27th October, covered a period of three years, the Local Government Finance Settlement was for one year (2022-23) only. There were no projected or indicative details about individual Council allocations for the remainder of the spending review period (2023-24 and 2024-25) which, obviously, created uncertainty around the future funding for the Council.

More fundamental changes in Local Government funding had been clearly signalled from 2023-24, so the one-year settlement, which was predominantly a rollover from the previous year, was generally focussed on “stability” for 2022-23.

The settlement itself was relatively good for Local Government when compared to the settlements the sector received before 2020-21. Core Spending Power (i.e., the general funding to Councils including Council Tax, Business Rates and grants) was increased by £3.5bn (6.9%, cash), well above inflation.

Local Government was allocated £1.5bn in additional funding as part of the Spending Review 2021. Around 40% of this funding increase had been allocated to social care. Inflation had been applied to the Improved Better Care Fund, and £636m added to the Adult Social Care Support Grant. This had taken North Northamptonshire’s Adult Social Care Grant to £11.427m.

The remainder of the £1.5bn had largely been allocated through the new one-off 2022-23 Services Grant (£822m), of which North Northamptonshire received £3.914m. The Secretary of State, in his written statement to Parliament, stated that the funding from the new Services Grant was one-off and that the Government would “take the time to fully consider its future distribution in consultation with councils,” and further that this funding would be excluded from any proposed baseline for transitional support as a result of any proposed system changes.

More fundamental changes in the distribution of funding could be implemented as early as 2023-24, with work starting “in the coming months” to work out “with the sector” how to update funding distribution and “challenges and opportunities facing the sector”.

These changes in funding could be significant and would make forecasting for 2023-24 and beyond difficult. Some or all of the Fair Funding Review could be resurrected, and a business rates baseline reset seemed likely which had a potentially significant detrimental impact on the funding for previous growth areas such as North Northamptonshire. It was hoped that damping or transitional support would help soften losses in funding and that the Government would provide details early in 2022 on how such a scheme would work to assist authorities in Medium Term financial planning.

The Government had previously stated that it had abandoned its original plans to allow Councils to retain 75% of their growth in business rates as it was felt that it would conflict with the Government’s ‘levelling up’ agenda. The Government would now look at the mechanism for redistributing funding to the authorities most in need. Since 2013-14 the majority of local councils had retained 50% of business rates through the business rates retention scheme (and this was the position for North Northamptonshire Council). The government originally announced its intention to allow councils to retain 100% of business rates in 2015, in a bid to encourage them to boost economic growth, and this was subsequently reduced to a target of 75% retention. Currently only a small number of pilot authorities have 100% retention.

An increasing share of the growth in the Core Spending Power would come from local taxpayers. Although the maximum increase in “core” Band D would remain at 1.99% in 2022-23, a number of bodies would be able to increase their Band D by more than this. The Council Tax principles for 2022-23 were detailed as follows:

- Core principle of a maximum increase of 1.99% in Band D - This applies to unitary councils, county councils, London boroughs, GLA precept, and fire and rescue authorities.
- Continuation of the adult social care precept, allowing an additional 1% of Band D in 2022-23.
- Shire district councils will be able to increase Band D by the higher of 1.99% or £5.
- Police and Crime Commissioners will be able to increase their precept by a maximum of £10 in each of the next 3 years. The maximum increase in precept was £15 in 2021-22, £10 in 2020-21, and preceded by £24 in 2019-20 and £12 in 2018-19.
- Fire authorities will be able to increase their precept by 2% (except those with the lowest precepts, who will be able to increase by £5).

To help maintain and protect levels of service provision the Council's proposed budget for 2022-23 included a core Council Tax increase of 1.99% which was up to the level set by the government without triggering a referendum and applied the maximum allowable social care precept of 1% in full – resulting in an overall increase of 2.99% for 2022-23. This would contribute around £5.2m per annum towards service priorities and would represent a Band D level of Council Tax for North Northamptonshire Council of £1,578.73 which was an increase of £45.83 (equivalent to £0.88 per week) from the Band D Council Tax level of £1,532.90 in 2021-22. This Band D figure did not include the Council Tax for individual Town and Parish Councils or the Council Tax set for Fire and Police by the Northamptonshire Police, Fire and Crime Commissioner.

Following consultation, the Council made the decision last year to harmonise Council Tax levels across North Northamptonshire in a single year as part of the creation of the new Unitary Council from 1<sup>st</sup> April 2021. Therefore, there would be no further adjustments for Council Tax harmonisation in 2022-23.

Council Tax income remained the most stable form of income to the Local Government Sector, and it would continue to be key to the ongoing financial sustainability of the Council and the delivery of vital services to its residents, a number of which were vulnerable, alongside investment in its Neighbourhoods; this was particularly important when there was such significant uncertainty regarding the funding and pressures for Local Government services in future years.

The Council initially had a forecast funding gap of £18.5m for 2022-23 which included an estimate for the loss of income from funding reforms. Having incorporated the announcements made as part of the Local Government Finance Settlement, applying a Council Tax increase of 2.99% (including 1% for Adult Social Care) and revising the budget assumptions for 2022-23 including a number of new spend pressures and savings, the Council's budget remained in a balanced position for 2022-23.

Whilst the budget was balanced for 2022-23, significant pressures remained in the medium term, most notably due to the assumed changes to Local Government funding following a Business Rates reset which could see the Council potentially lose a significant proportion of the Business Rates growth that it had benefited from over several years.



To help address the longer-term deficit the Council would continue to review its service delivery for the future and had dedicated transformation resources working to deliver the changes required, bringing services together in to more efficient and effective operating models. This would help contribute towards the financial requirements of the Council over the Medium-Term. This included reviewing how the Council interacted with its customers, residents, partners, and other stakeholders and would consider service delivery, contractual arrangements, opportunities to expand and enhance the digital experience and realising property efficiencies, thereby reducing costs and improving services going forward. The transformation plan was reported to the Executive meeting on 23<sup>rd</sup> December 2021.

It was noted that the budget was not just about how to manage within available resources but also where funding should be invested, recognising residents' priorities and collaborating with partners to jointly develop service delivery proposals, giving families strength and self-reliance so they would benefit from greater self-determination and improved life chances. There was a balance to be maintained between encouraging growth, providing high quality universal services and protecting those that were the most vulnerable.

The report indicated that it would be important to ensure that the position was closely monitored and reviewed throughout the year with mitigating actions taken as necessary. There would be a three-way push to keep the basics on track, prevent problems down the line and tackle complex problems together.

Councillor Bunday formally **MOVED** the recommendations detailed in the report. Councillor Roberts formally **SECONDED** the recommendations detailed in the report.

Councillor Rielly on behalf of the Labour Group and Councillor Fedorowycz on behalf of the Green Alliance Group provided a response to the presentation of the report.

The Chair invited Councillor Rielly on behalf of the Labour Group to move amendments relating to the report. Councillor Addison seconded these. The amendments related to a proposal to increase expenditure on community wardens and the creation of an emergency fund to support local foodbanks and other agencies supporting vulnerable residents.

The proposed amendments were put to the vote. The amendments fell.

The Chair invited Councillor Fedorowycz on behalf of the Green Alliance Group to move amendments to the report. Councillor Hakewill seconded these. The amendments related to the creation of a 3-person Sustainability Team, an Energy Efficiency Officer post, the creation of a Citizen's Assembly, expenditure towards additional climate change training in schools, the purchase of an electric refuse truck and the installation of enforcement cameras on Newland Street, Kettering. In addition, the amendments included one-off expenditure on grants and a budget for the delivery of a range of climate change initiatives.

The proposed amendments were put to the vote. The amendments fell.

Members then debated the substantive recommendations.

*(Councillor Anslow left the meeting at this point).*

The recommendations had previously been **MOVED** by Councillor Bunday and **SECONDED** by Councillor Roberts.

**RESOLVED that: -**

1. a) The 2022-23 revenue budget be approved as set out in the report, which sets:
  - i. a budget requirement of £628.1m including Dedicated Schools Grant of £332.3m resulting in a net revenue budget requirement of £295.9m (set out in Appendix A);
  - ii. a total Council Tax requirement for the Council's own purposes of £178.471m as contained in paragraph 5.29 of the report;
  - iii. an average Band D Council Tax of £1,578.73 for North Northamptonshire Council, representing a 1.99% increase in the "core" Council Tax and a further 1% for the Adult Social Care Precept, as set out in paragraph 5.31 of the report, noting a separate Council Tax Resolution report attached at Appendix K;
  - iv. the detailed proposals of savings, pressures and income generation for 2022-23 as set out within the report and Appendix B;
  - v. the provisional dedicated schools grant budget of £332.3m for 2022-23, as detailed in Appendix C, and summarised in paragraphs 5.47-5.58 of the report, noting that there is a further one-off Schools Supplementary Grant allocation of £7.32m in addition to this;
  - vi. the draft planned use of, contribution to, and movement in, reserves as identified in paragraph 5.61 and Section 9 of the report, subject to the final call on reserves after any changes are required to account for final charges etc;
  - vii. the corporate budget requirements as set out in paragraph 8.1 of the report, including a contingency sum of £4.750m as set out in paragraph 8.2;
  - viii. the Treasury Management Strategy for 2022-23 as set out in Appendix H, including the Authorised Borrowing Limit of £859m, and to note a further update to the Strategy will be provided once the disaggregation of Northamptonshire County Council's Balance Sheet has been finalised, subject to the External Audit of the former County Council's accounts;
- b) that the financial position is based on the Final Local Government Finance Settlement announced on 7<sup>th</sup> February 2022 be noted;
- c) that the consultation feedback as at Appendix E for consideration be noted;
- d) the outcome from the Finance and Resources Scrutiny Committee, as detailed at Appendix G and the representations to Executive be noted;
- e) the Equality Impact Summary as at Appendix F as having been taken into consideration be noted;
- f) the Section 25 Report of the Executive Director of Finance (Section 151 Officer) as set out in Section 15 of this report, including the Director's review of the robustness of the estimates and the adequacy of the reserves be noted;

- g) a transfer of £6.585m from reserves relating to a timing issue in respect of Business Rates Reliefs to support businesses through COVID-19 be noted. This was a timing issue which recognised that these grants were awarded and accounted for in the General Fund in 2021-22 but the reduced yield in Business Rates will not be reflected in the Collection Fund until 2022-23;
- h) delegated authority be granted to the Executive Member for Children, Education and Skills and the Executive Member for Finance and Transformation, in consultation with the Executive Director of Children's Services and the Executive Director of Finance (Section 151 Officer), to approve North Northamptonshire's Schools Funding Formula and to finalise the funding allocation for schools, in line with North Northamptonshire's Schools Funding Formula;
- j) delegated authority be granted to the Executive Member for Finance and Transformation, in consultation with the Executive Director of Finance (Section 151 Officer), to agree the use of the following reserves which will provide the flexibility to manage the overall budget during 2022-23: –
- Social Care Reserve;
  - Transformation Reserve;
  - Public Health Reserve;
  - Waste Management Reserve; and the
  - Risk Reserve which includes the capacity to support any further/residual issues associated with the COVID-19 pandemic
- k) delegated authority be granted to the Executive Member for Finance and Transformation, in consultation with the Executive Director of Finance (Section 151 Officer), to conclude the disaggregation of the predecessor Councils, Northamptonshire County Council's accounts following certification and final sign off by the External Auditor.
2. a) approves the Council Tax Resolution attached as Appendix K to this report which is based on the budget proposals, and which:
- Calculates the Council Tax requirement in accordance with Section 31A of the Local Government Finance Act 1992 as amended by the Localism Act 2011;
  - Calculates a basic amount of Council Tax and an amount of tax for each valuation band (the Council element) in accordance with Sections 31B and 36 of the Local Government Finance Act 1992 as amended; and
  - Sets an amount of Council Tax for each category of dwellings in each valuation band in accordance with Section 30 of the Local Government Finance Act 1992.

As required by statute, a recorded vote was conducted on the resolution.

Those voting FOR the resolution – Councillors Allebone, Binley, Bone, D Brackenbury, W Brackenbury, C Brown, S Brown, Bunday, Carr, Carter, Dearing, Edwards, Fedorowycz, Griffiths, Hallam, Harrington, K Harrison, H Harrison, Henson, Howell, Howes, Jackson, Jelley, B Jenney, D Jenney, Lawal, G Lawman, L Lawman, Levell, Marks, Maxwell, A Mercer, G Mercer, Nichol, Pandey, Partridge-Underwood,

Pentland, Roberts, Rowley, Shacklock, Smithers, Smith-Haynes, Smyth, Tebbutt, Thurland, Tubbs, Tye, Ward, Wetherill and Wilkes.

Those voting AGAINST the resolution – Councillors Addison, Armour, Leanne Buckingham, Lyn Buckingham, Colquhoun, Dalziel, Hakewill, Lee, J McGhee and Rielly.

Those who ABSTAINED from voting – Councillors Bell and Best.

*(The meeting adjourned at 12:54 and resumed at 2:00 pm. Councillor O'Hara joined the meeting at this point).*

## **89. Capital Programme 2022-25**

The report before Full Council set out the final Capital Programme for 2022-23 and the Medium-Term Financial Plan for North Northamptonshire Council. The draft budget proposals were considered by the Executive on 23<sup>rd</sup> December 2021.

The budget consultation period commenced on 23<sup>rd</sup> December 2021 and ended on 28<sup>th</sup> January 2022. The draft budgets had been subject to scrutiny by the Finance and Resources Scrutiny Committee. The consultation provided residents, local partners and other stakeholders the opportunity to review the budget proposals and provide feedback during the five-week consultation period. The final budget proposals were reported to the Executive at their meeting on 10<sup>th</sup> February 2022.

The report set out the baseline Capital Programme and identified the key factors and challenges influencing the development of North Northamptonshire Council's future commitments for 2022-23 and beyond.

The report presented the General Fund Capital Programme for 2022-25, the Baseline Development Pool and the Housing Revenue Account (HRA) Capital Programme 2022-25.

The key principles underpinning the current Capital programme were detailed in the report and included: -

- The delivery of a Medium-Term Capital Programme which was affordable and sustainable, ensuring that the Council's internal resources and application of external borrowing were utilised to fund capital expenditure where it supported the delivery of the Council's financial sustainability and where there were statutory requirements such as health & safety;
- New capital investment would only be permitted where it contributed to the achievement of the Council's corporate priorities;
- The use of external funding was prioritised against the areas of greatest need, in the main supporting highways maintenance, the delivery of education places, Super-Fast Broadband and Homelessness Prevention. Priority would be given to schemes that also delivered transformation and/or revenue savings;
- Maximisation of the use of the Council's assets, and where possible working with local partner organisations to maximise the efficiency of assets across the public sector and North Northants;
- Take into account external influences such as the South East Midlands Local Enterprise Partnership, Oxford Cambridge Arc, Health and joint working with other partner authorities;

- Key integration and links with the Council's other corporate strategies including Corporate Plan, Treasury Management, Investment Strategy, and Asset Management Plan;
- Set out the Council's regeneration and economic development ambition and additional objectives;
- Set out the governance and risk management arrangements.

The current Capital Strategy demonstrated how the Council would make expenditure and investment decisions in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability. It set out the key objectives and broad principles to be applied by the Council when considering capital investment and its funding and provided the context for how the Medium-Term Capital Programme sought to support the realisation of the Council's vision and corporate objectives. The Strategy also provided details of the Council's planned future capital programme and capital funding expectations.

It was noted that the current Capital Strategy and the key principles had been developed with reference to the requirements of the current Prudential Code and Treasury Code of Practice. CIPFA consulted earlier in the year on the principles to support the changes to the Prudential Code for Capital Finance in Local Authorities (Prudential Code) and the Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (Treasury Management Code). The consultation closed on 16 November 2021 and the revised code was issued on 20<sup>th</sup> December 2021. This had been considered when updating the Council's Treasury management Strategy for the reports to Executive and was expected to be fully implemented by 2023/24.

The key principles underpinning the Capital Strategy in compiling the Capital programme were as follows: -

- The delivery of a Medium-Term Capital Programme which was affordable and sustainable, ensuring that the Council's internal resources and application of external borrowing were utilised to fund capital expenditure where it supported the delivery of the Council's financial sustainability and where there were statutory requirements such as health & safety;
- New capital investment would only be permitted if it contributed to the achievement of the Council's corporate priorities;
- The use of external funding was prioritised against the areas of greatest need, in the main supporting highways maintenance, the delivery of education places, the Corby Town Plan and Tresham Garden Village within North Northants. Priority would be given to schemes that also delivered transformation and/or revenue savings;
- Maximisation of the use of the Council's assets, and where possible working with local partner organisations to maximise the efficiency of assets across the public sector and North Northants;
- Take into account external influences such as the South East Midlands Local Enterprise Partnership, Oxford Cambridge Arc, Health and joint working with other partner authorities;
- Key integration and links with the council's other corporate strategies including Corporate Plan, Treasury Management, Investment Strategy, Asset Management Plan;
- Set out the Council's regeneration and economic development ambition and additional objectives;
- Set out the governance and risk management arrangements.

The Capital Strategy outlined the Governance Structure for approving new capital schemes. New capital investment would only be permitted if it contributed to the achievement of the Council's strategic priorities. The use of external funding would be prioritised against the areas of greatest need within the North Northants area, in the main supporting highways maintenance and the delivery of education places. Priority would be given to schemes that delivered transformation that the Council was aiming to deliver generating revenue savings or income streams to support the MTFP. An updated strategy was shown in Appendix D.

The Baseline Programme had been put together by taking the already approved schemes in year and the schemes already approved from the Medium-Term Capital Programme by Executive in February 2021. This had resulted in a Total Capital Programme of £75.1m (General Fund £37.0m, HRA £38.1m) over the three-year period, which comprised: -

- A General Fund Baseline Programme totalling £37.0m including the completion of key projects including the Stanton Cross Primary School, and extensions, highways schemes and various property and environmental projects across North Northants;
- A HRA Baseline Programme totalling £38.1m across Kettering and Corby grouped into statutory and priority works, decent homes, health, safety and compliance works, pre-planned stock investment, and enhancements and a significant investment of nearly £21.8m for the Housing Development and New Build Programmes; and
- A Development Pool totalling £81.8m and the prioritisation of 24 key schemes against the associated funding streams making up the Pool. This showed key highways infrastructure projects (A509 bypass and A43 improvements) into 2025-26 based on the current phasing and funding. The key themes were Children's Services including Basic Needs, increasing capacity for pupil numbers, schools' maintenance, looked after children's placements and fostering support, Place including highways maintenance, new road or extension schemes, cycleways, flood alleviation, regeneration and economic development projects and property asset management, adults' community equipment and Corporate Projects mainly corporate IT and service systems.

The disaggregation of the capital assets, balances and debt were still to be finalised and subject to audit of the 2020-21 financial accounts for Northamptonshire County Council.

The Minimum Revenue Provision (MRP) reflected the minimum amount a Council must charge to the revenue budget each year to set aside a provision for repaying external borrowing. The increase in the MRP provision of £1.549m for 2022/23 was to ensure the provision was aligned to the MRP policy moving into the medium term. This formed part of the Treasury Management Strategy.

The Public Works Loan Board would no longer lend to local authorities that planned to buy commercial assets primarily for yield. PWLB would still be available to all local authorities for refinancing. To borrow from the PWLB, local authorities would now be required to submit a summary of their planned capital spending and PWLB borrowing for the following three years including a commentary outlining the expenditure plans of the Council.

The capital programme assumed various sources of funding including capital receipts and grants, together with support from external/internal borrowing, which was at the discretion of the Council for essential capital expenditure.

Councillor Bunday formally **MOVED** the recommendations detailed in the report.  
Councillor Levell formally **SECONDED** the recommendations detailed in the report.

Councillor Colquhoun on behalf of the Labour Group and Councillor Fedorowycz on behalf of the Green Alliance Group provided a response to the presentation of the report.

The Chair invited Councillor J McGhee on behalf of the Labour Group to move amendments relating to the report. Councillor Addison seconded these. The amendments include a proposal to set money aside to switch some streetlights back on and for the installation of new streetlights based upon the recommendations from the Community Safety Team. In addition, there was a proposal to expedite the creation of a new children's home within Northamptonshire, to reduce the necessity of children having to be accommodated outside of the county.

The proposed amendments were put to the vote. The amendments fell.

The Chair invited Councillor Fedorowycz on behalf of the Green Alliance Group to move amendments to the report. Councillor Hakewill seconded these. These included proposals relating to the electrification of the Council's vehicle fleet.

The proposed amendments were put to the vote. The amendments fell.

Members then debated the substantive recommendations.

The recommendations had previously been **MOVED** by Councillor Bunday and **SECONDED** by Councillor Levell.

**RESOLVED that: -**

1. The General Fund Capital Programme 2022-25, Baseline Development Pool and Housing Revenue Account (HRA) Capital Programme 2022-25 be approved.

**90. Housing Revenue Account (HRA) Draft Budget 2022-23 and Medium-Term Financial Plan**

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

Whilst North Northamptonshire Council must only operate one HRA it would continue, for a limited period of time, to operate two separate Neighbourhood Accounts, these being:

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

A future decision would be required around the timeframe for which these two Neighbourhood Accounts continue – typically these interim arrangements would cover a two to three-year period.

Work was underway on preparing a Housing Strategy for North Northamptonshire. This would consider the challenges faced by the Council across the local housing market and would set out measures to enhance housing options for local residents. This document would form a key element of the overarching strategy for North Northamptonshire which will be reported to Members during 2022/23.

The report sought approval for the proposed draft budget for the HRA for 2022/23 and the key principles on which it was based together with the Medium-Term Financial Plan (MTFP) that covered the following four years (2023/24 – 2026/27).

The report also set out the proposals regarding rent increases for 2022/23, as required by the Housing Act 1985. A table summarised the average rent levels for 2021/22 and the proposed rent increase of 4.1% in rent levels for 2022/23.

Neighbourhood Account	22/22 Average Rent Levels £	Increase in Average Rent Levels £	22/23 Average Rent Levels £
Corby	77.88	3.19	81.07
Kettering	82.17	3.37	85.54

The draft HRA Budget had been discussed and debated as part of the Finance and Resources Scrutiny sessions and with tenants representing each of the Neighbourhood Accounts. The final budgets reflected a rental increase of 4.1% which accorded with the Government's Rent Setting Policy and had been clarified by the Rent Regulator. The draft Budget proposals and Medium-Term Financial Plan were set out in Appendix A and Appendix B.

The overriding approach as part of the transition to the Unitary council for North Northamptonshire was to ensure that the arrangements were 'safe and legal.' It was determined that for the HRA this would, in the first instance, be best achieved through operating two Neighbourhood Accounts to be combined under a single HRA for North Northamptonshire. Work was planned to be undertaken during the course of 2022/23 to start to move to a single HRA and this included developing a new 30-year Business Plan.

To help maintain and protect levels of service provision and to continue investment into the housing stock the proposed average rent increase was 4.1% for each of the Neighbourhood Accounts. This was in accordance with the Government's Rent Setting Policy. Taking into account this increase, the draft Neighbourhood Accounts showed a balanced position for 2022/23.

Beyond 2022/23, the Medium-term position (2023/24 to 2026/27) for the Corby Neighbourhood Account showed a deficit of £1.860m whilst the Kettering Neighbourhood Account showed a surplus of £3.921m. The main reason for the difference between the two Neighbourhood Accounts results from how the loans for self-financing were structured. The Corby Neighbourhood Account was increasing its contribution for the repayment of the loans whereas the Kettering Neighbourhood account was reducing its repayments.



The Medium-Term position assumed that rent increases of 2% were applied each year over the Medium-Term. Rent increases would be subject to an annual consultation with tenants and the rent levels would be dependent on the rent setting formula which was based on the CPI in September of the previous year plus 1%.

The scrutiny process for the Draft HRA Budget Proposals was undertaken by Finance & Resources Scrutiny at two meetings on the 6<sup>th</sup> January 2022 and 19<sup>th</sup> January 2022. Outcomes were reported to the Finance & Resources Scrutiny Committee meeting on 1<sup>st</sup> February 2022. Appendix D provided a summary of comments made from the two scrutiny meetings (6<sup>th</sup> January and 19<sup>th</sup> January).

The report stated that representatives of the Kettering Tenants Forum and Corby Tenant Voice Members had been consulted and agreed a 4.1% increase in rent levels for 2022/23.

Each year social landlords must set rent levels and budgets for the forthcoming financial year and provide each individual tenant with 28 days statutory notice of any proposed changes to their rent. The report set out the proposals regarding the rents, as well as the expenditure plans for the 2022/23 rent year, together with a draft Medium-Term Financial Plan (MTFP) covering the four- year period 2023/24 to 2026/27.

The Council housing stock in the Corby Neighbourhood Account comprised 4,621 tenanted and 631 leasehold properties (as at 1<sup>st</sup> April 2021) with a rent roll of £18.956m in 2021/22. The Kettering Neighbourhood Account comprised 3,603 tenanted and 253 leasehold properties (as at 1<sup>st</sup> April 2021), with a rent roll of around £15.066m. East Northants and Wellingborough Councils had no housing stock having made the decision several years ago to sell their stock. The composition of the Housing Stock for both the Corby and Kettering Neighbourhood Accounts was set out in Table 1 and Table 2 in the report.

<b>Table - Corby Neighbourhood Account</b>					
<b>Type of Property</b>	<b>Number of Bedrooms</b>				<b>Total</b>
	<b>One</b>	<b>Two</b>	<b>Three</b>	<b>Four +</b>	
Flats-Low Rise	654	338	51	1	1,044
Flats-Medium Rise	131	187	113	16	447
Houses	1	671	1,683	245	2,600
Bungalows	309	179	42	0	530
<b>Total</b>	<b>1,095</b>	<b>1,375</b>	<b>1,889</b>	<b>262</b>	<b>4,621</b>

<b>Table - Kettering Neighbourhood Account</b>					
<b>Type of Property</b>	<b>Number of Bedrooms</b>				<b>Total</b>
	<b>One</b>	<b>Two</b>	<b>Three</b>	<b>Four +</b>	

Flats-Low Rise	720	455	3	0	1,178
Flats-Medium Rise	235	120	10	0	365
Houses	26	492	1,033	32	1,583
Bungalows	200	275	2	0	477
<b>Total</b>	<b>1,181</b>	<b>1,342</b>	<b>1,048</b>	<b>32</b>	<b>3,603</b>

The Council was required by law (Local Government and Housing Act 1989, Section 76) to avoid budgeting for a deficit on the HRA. This meant the budget must not be based on total HRA revenue reserves falling below zero. In practice the Council was expected to maintain a reasonable balance of HRA reserves to cover contingencies.

The Executive Director (Chief Finance Officer) had reviewed the level of balances required to support the Housing Revenue Account spend annually as part of their risk assessment of the budget. The Executive Director – Finance had assessed that the minimum level of balances, taking all known risks into account, should remain unchanged at £800k for the Corby Neighbourhood Account and that the Kettering Neighbourhood Account be increased from £300k to £650k. This aligned the two Neighbourhood Accounts, so the minimum balances were around 4% of the total budget. Details of Reserves together with any estimated movements were set out in Appendix C.

It was not feasible to merge the two neighbourhood accounts into one when the legacy councils merged and create the operational changes that were required to ensure a safe and legal service. It was also necessary to develop a 30 Year Business Plan for a single HRA. The Council's Corporate Strategy was approved at the Executive on 18<sup>th</sup> November 2021, and this set out its priorities, the objectives to achieve these, key actions, and measures of success. The services delivered within the HRA would support this strategy and would be developed over the forthcoming financial year.

The approach to the HRA budget setting had focused on three key areas for 2022/23 and the following sections of the report take items (i) and (ii) in turn. However, it should be noted that item (iii) would be covered in separate reports on the agenda which covered both the General Fund and HRA Capital Programmes.

- (i) Revenue income and rent and service charge levels;
- (ii) Revenue expenditure plans that reflected service delivery patterns;
- (iii) Capital expenditure plans that would deliver essential works to the stock as well as ensuring the Decent Homes Standard was maintained and support the new build programme.

The HRA received income primarily from rents paid by tenants and from service charges levied. The draft budgets for 2022/23 had been compiled based on a rent increase of 4.1% - which was in accordance with the nationally recommended increase for 2022/23. When considering the rental increase it was important to recognise the long-term impact as income foregone was compounded over future years.

The MHCLG policy statement on rents published in February 2019 announced that rents would increase by CPI + 1% from April 2020 and this would be for a period of five years (2020/21 to 2025/26). Members were reminded of the announcement that was made in July 2015 budget statement where all social rents would decrease by 1% each year over the four-year period 2016/17 – 2019/20 during which the cumulative loss of rental income was around £70m for the Corby Neighbourhood Account and around £60m for the Kettering Neighbourhood Account. This would continue to have a significant cumulative impact on the level of income that would be available to the HRA over the course of the 30-year business plan.

The number of Right to Buy (RTB) sales assumed during 2022/23 and the medium term for the Corby Neighbourhood Account was 50 and for the Kettering Neighbourhood Account was 30 – these assumptions would be kept under review. The part year income associated from these sales had been deducted from the 2022/23 income budget.

For 2022/23 it was assumed that 0.9% of the Corby Neighbourhood housing stock would be void at any one time and it was assumed that 1.90% of the Kettering neighbourhood housing stock would be void at any one time and therefore rent could not be charged. This was consistent with the approach taken in previous years and reduced the total income expected to be achieved by c£170,000 for the Corby Neighbourhood Account and c£290,000 for the Kettering Neighbourhood Account.

Acquisition and new build programmes increased the number of housing stock for the HRA. The Corby Neighbourhood Account would reflect the additional income in 2022/23 from the delivery of 3 new homes during 2021/22 at Stanion Close and would also reflect an increase in income from the delivery of 5 homes at Cannock Road.

The Kettering Neighbourhood Account would reflect the additional income from the delivery of 28 homes across the Scott Road (22 homes) and Albert Street (6 homes) sites. These sites were delivered in 2021/22 and a total of 28 homes had been added to the 2022/23 rental yield.

It was anticipated that a further 18 homes would be delivered at Cheltenham Road that would be available for rent in March 2023, this had been reflected into the revenue account for 2023/24. Further schemes would be reflected in the Medium-Term Financial Plan when there was more certainty around the timed delivery of future housing schemes.

In April 2012, the Government “reinvigorated” its Right to Buy (RTB) policy by reducing the eligibility period for RTB sales and increasing the maximum levels of discount. At the same time, the Government introduced a new mechanism that allowed local authorities to retain 100% of the RTB receipts (after some deductions) from the sale of Council Houses above a specified number of RTB sales set by Government each year for each council (the “RTB threshold”). These were referred to as 1-4-1 Receipts.

There were two core principles for using 1-4-1 Receipts:

- 1) That 1-4-1 Receipts could only be used to fund no more than 30% of eligible expenditure for the provision of new homes; and

- 2) That 1-4-1 Receipts must be utilised within 3 years of them occurring. In order for the Government to enforce the time period in which expenditure must be accounted for, the standard agreement signed by Councils required any 1-4-1 Receipts not utilised within the 3-year timeframe to be paid over to the Government, plus interest charged at 4% above base rate compounded every 3 months.

The previous sovereign Councils (Corby Borough Council and Kettering Borough Council) opted into the 1-4-1 agreement. However, COVID-19 meant that a number of planned new build schemes nationally were delayed as contractors and companies rescheduled their projects and the need to maintain social distancing would see a reduction in staff on site which could have resulted in a delay in delivery. In response to this the Government temporarily lifted the time period for which 1-4-1 receipts needed to be utilised by granting a six-month extension in 2020/21, this extension was then increased to nine months.

The Government announced a number of changes on how 1-4-1 receipts could be used. These changes came into effect from 1<sup>st</sup> April 2021 and included;

- Increasing the time limit for the use of the receipts from three to five years – this covered not just future receipts but existing ones (i.e., back to 2017-18).
- That the use of 1-4-1 Receipts to fund eligible expenditure for the provision of new homes be increased from 30% to 40%.
- Introduction of a cap on the use of Right to Buy receipts on acquisitions to help drive new supply with the phased introduction, with the cap limiting acquisitions to 50% of delivery from 1<sup>st</sup> April 2022, then reducing to 40% from 1 April 2023, and to 30% from 1<sup>st</sup> April 2024 onwards. The first 20 units of delivery in each year would be excluded.

The report indicated that the Council could set its own charges for items that attracted service charges but must review annually the costs that drive these charges as well as how that money could be utilised.

Leasehold service charges covered costs that were recharged to leaseholders in year to reflect either the cost of maintaining the fabric of the building or the cost of maintaining the communal areas. These charges had to reflect the full cost that was incurred by the HRA, no profit should be achieved through the levelling of these charges. Given this, the income budgets proposed reflected only an indicative level and actual charges would be reconciled the following year against actual costs incurred. Within both the Corby Neighbourhood Account and the Kettering Neighbourhood Account leasehold charges for each building would be estimated and leaseholders would be notified of the charges to be applied for 2022/23. This process was in line with that undertaken in previous years.

The HRA managed expenditure that covered delivery of the general housing management function as well as overheads and capital financing charges. The expenditure costs were categorised into the following six headings, further details were set out in paragraphs 4.21 – 4.33 of the report which included -

The Repairs and Maintenance budget included the general cost of maintaining the Council's housing stock on a day-to-day basis. It included, repairs requested by tenants, gas repairs and servicing and costs associated with void property repairs and cleaning.

General Management costs included the cost of managing the housing service. They included the cost of running the landlord service efficiently and effectively including rent collection and allocating and managing tenancies.

Special Services represented the cost of running the Council's sheltered housing schemes for vulnerable residents. It included all costs of maintaining sheltered housing and the services provided to residents. There were 558 properties across ten sheltered housing schemes in the Corby Neighbourhood Account and 406 properties across nine sheltered housing schemes in the Kettering Neighbourhood Account.

Fundamental changes to the HRA were implemented in April 2012 – this was referred to as 'Self-Financing'. The Self-Financing settlement abolished the subsidy system and redistributed debt between authorities based on a government assessment of their ability to service the debt. This had the effect of increasing the debt held by most authorities, but in return they no longer had to pay into the national subsidy pot. Nationally there were 136 authorities who were making subsidy payments and these authorities were required to make a payment to the government that amounted to around £13bn. Conversely 35 authorities received a payment of £6bn from Government as they would no longer be receiving a subsidy payment. The self-financing determinations resulted in Corby Borough Council taking on debt of £70.6m and Kettering Borough Council taking on debt of £72.9m.

The self-financing system allowed authorities to better plan over the longer term as they no longer faced the uncertainty of annual subsidy determinations which were typically announced around December each year notifying authorities of what they would have to pay or receive in subsidy. This meant that all authorities now were able to keep all the rent they received from tenants and were fully responsible for managing their own income and expenditure.

The Government on 29<sup>th</sup> October 2018 revoked the debt limits that were introduced for HRAs in December 2010 by the Localism Bill under self-financing determinations, by lifting the HRA borrowing cap. This meant the Corby and Kettering Neighbourhood Accounts would not be subject to a limit on borrowing.

All borrowing must conform to the Prudential Code which required that borrowing be affordable and prudent. The 2021/22 budget for the Corby Neighbourhood Account provided for the repayment of a loan of £10.646m, for which monies had been set aside annually for loan repayments in the HRA Debt Management Reserve. The outstanding debt on 31<sup>st</sup> March 2022 was estimated to be £60m. The 2022/23 budget provided for £1.972m to be set aside which would be transferred to the HRA Debt Management Reserve which would be used to part fund the repayment of the next loan of £15m which matured in 2031/32.

The Kettering Neighbourhood Account was forecast to have debt of £45.724m as of 31<sup>st</sup> March 2022. This was a combination of debt from self-financing which amounted to £42.903m and new loans amounting to £2.821m to fund new build schemes. The

2022/23 budget provided for the repayment of a loan of £3m, which would reduce the self-financing debt that was outstanding on 31<sup>st</sup> March 2023 to £39.903m.

Business cases that set out how and when the HRA would borrow would be developed and submitted for approval when Business Cases arose, this would be in accordance with the Council's Capital Strategy Approval Process.

Under the self-financing regime the HRA held a depreciation charge that recognised the cost of managing and maintaining the Council stock at the current level. This funding represented a revenue cost to the HRA that was then used to support the capital programme to deliver the required enhancements to the stock to keep it fit for purpose. The revenue contribution to capital expenditure as a minimum must equal the depreciation charge, the draft budget for the two Neighbourhood accounts reflected this.

The report indicated that one of the main areas of risk for the HRA going forward was rent arrears and the management of debt within the rent account. There was a specific risk around the ability to collect this debt as a result of COVID-19 and also as national welfare reform changes were rolled out. The spare room subsidy changes had now been in place for several years and work to manage under occupation was now business as usual.

The Kettering Neighbourhood Account included a provision of £173,000 for Bad Debts and the Corby Neighbourhood Account included a provision of £104,000 for 2022/23 and the Medium-Term Plan included provision for a further £46,000 in 2023/24 for the Corby Neighbourhood Account. The contribution to Bad Debts was shown under the 'other' expenditure heading which also included Contingencies, Rents, Rates, Taxes and Other Charges and interest payable.

The 2021/22 budget included a 0.75% increase to cover the 2.75% 2020/21 pay award, only 2% was included in the 2020/21 base budget. In addition, both Neighbourhood Accounts incorporated a pay contingency for 2021/22 of 2.50%. The 2022/23 budget included a pay contingency of 3% which was aligned to the increase in costs of living. To date the pay award was still to be agreed for both 2021/22 and 2022/23 a 1% change amounts to around £63k for the Corby Neighbourhood Account and around £40k for the Kettering Neighbourhood Account. Both Neighbourhood Accounts provided for an increase in employers National Insurance Contributions which would increase from April 2022 from 13.8% to 15.05%. The Government, as part of the Autumn Budget, announced that authorities would receive additional funding. However, this has been rolled into the £1.5bn that would be distributed nationally which diluted the funding that was available by around a third to meet new costs. For the purpose of the HRA it had been assumed that this would be cost neutral as the support costs would be reduced to reflect the increase in cost as the funding would be received into the General Fund.

The MTFP for both the Corby Neighbourhood Account and the Kettering Neighbourhood Account were detailed at Appendix B. The MTFP's contained several assumptions, the main ones were set out in Table 3 within the report – these assumptions would continue to be reviewed and updated but enabled an initial medium-term position to be determined for both Neighbourhood Accounts.

<b>Table - MTFP Assumptions (2023/24 – 2026/27)</b>		
<b>Assumption</b>	<b>Corby Neighbourhood Account</b>	<b>Kettering Neighbourhood Account</b>
<b>Income</b>		
Rent Levels	Assumes a 2% increase each year (CPI 1% + 1%)	
RTB Sales	50	30
Void Levels	0.90%	1.50%
<b>Expenditure</b>		
Pay Contingency	2.00%	2.00%

The Medium-Term position for the HRA had more certainty than that of the General Fund – largely in part to the self-financing system. Medium Term Financial Planning was more difficult for the General Fund owing to the annual local government finance settlement being announced very late in the budget process and typically only covering a one-year period in recent years.

Councillor Bunday formally **MOVED** the recommendations detailed in the report. Councillor Nichol formally **SECONDED** the recommendations detailed in the report.

Councillor Dalziel on behalf of the Labour Group and Councillor Fedorowycz on behalf of the Green Alliance Group provided a response to the presentation of the report.

The Chair invited Councillor Dalziel on behalf of the Labour Group to move an amendment relating to the report. Councillor Lyn Buckingham seconded this. The amendment was seeking HRA funding (already identified in the proposed budget) be diverted to assist the voids backlog within the Corby stock.

The proposed amendment was put to the vote. The amendment fell.

The Chair invited Councillor Fedorowycz on behalf of the Green Alliance Group to move an amendment to the report. Councillor Tubbs seconded this. The amendment proposed an additional sum of money from reserves to assist with retrofitting work on Council stock.

The proposed amendment was put to the vote. The amendment fell.

Members then debated the substantive recommendations.

The recommendations had previously been **MOVED** by Councillor Bunday and **SECONDED** by Councillor Nichol.

**RESOLVED that: -**

1. a) the 2022/23 Housing Revenue Budgets consisting of the Corby Neighbourhood Account and the Kettering Neighbourhood Account as set out in Appendix A be approved;
- b) an increase in dwelling rents for 2022/23 of 4.1% be approved (based on the Consumer Price Index (CPI) for September 2021 3.1% + 1%) which is in line with the Department for Levelling Up, Housing and Communities (DLUHC) Policy statements on rents for social; and

- c) The Housing Revenue Account Medium Term Financial Plan housing consisting of the Corby Neighbourhood Account and the Kettering Neighbourhood Account for 2023/24 to 2026/27 as set out in Appendix B be approved.

## **91. Urgent Item**

The following motion was **MOVED** by Councillor Smithers and **SECONDED** by Councillor Colquhoun under Meeting Procedure Rule 4.1(g).

*“North Northamptonshire Council unreservedly condemns the unprovoked aggression of Russia in invading the Ukraine and stands in solidarity with the Ukrainian people and supports the British Government in its diplomatic and economic measures against the Russian State.”*

Several councillors spoke in favour of the motion, totally condemning the unwarranted aggression being shown by the Russian government in its invasion of Ukraine and sending its solidarity and support to the Ukrainian people.

### **RESOLVED that: -**

1. The motion be agreed.

## **92. Close of Meeting**

The meeting closed at 4:31 pm.