

Minutes of a meeting of the Executive

At 10.00 am on Thursday 10th February, 2022 in the Council Chamber, Corby Cube, George Street, Corby, Northants, NN17 1QG

Present:-

Members

Councillor Jason Smithers (Leader of the Council) (Chair)	Councillor Helen Howell (Deputy Leader of the Council)
Councillor David Brackenbury	Councillor David Howes
Councillor Lloyd Bunday	Councillor Graham Lawman
Councillor Scott Edwards	Councillor Andy Mercer
Councillor Helen Harrison	Councillor Harriet Pentland

Also in attendance – Councillors David Jenney, Elliott Prentice, Mike Tebbutt, Mark Pengelly, Jim Hakewill, Martin Griffiths, Jean Addison, and Wendy Brackenbury

152 Apologies for absence

No apologies for absence were received.

153 Notifications of requests to address the meeting

The Chair, Councillor Jason Smithers reported that there were two requests to address the meeting as set out below:

- Cllr Mark Pengelly – Item 4 - to present the Finance and Resources Scrutiny Committee Budget Consultation Submission
- Cllr Dorothy Maxwell – Item 5

154 Members' Declarations of Interest

No declarations were received.

155 Finance and Resources Scrutiny Committee budget consultation submission

The Chair, Cllr Jason Smithers invited the Chair of the Finance and Resources Scrutiny Committee (F&RSC), Cllr Mark Pengelly to present the committee's budget consultation submission following the conclusion of the process to scrutinise the Council's draft budget for 2022/23.

It was noted that the F&RSC had met with Executive members and officers of each directorate across eight task and finish group meetings (two per directorate) between

6th and 24th January 2022 in order to scrutinise the budget. In total, the meetings had provided over 19 hours of scrutiny.

Cllr Pengelly thanked all those who had taken part in the scrutiny process, noting the difficulty involved in producing a balanced budget as a new authority while facing Covid-19 pressures alongside uncertainty regarding central government funding in the medium-term, the Council having received a settlement figure for only one year. Cllr Pengelly also stated that full scrutiny of the budget had been difficult to achieve in the timescales available to the committee and requested that the process commence earlier in future years.

Cllr Pengelly recognised the efforts made by the Council in publicising the budget consultation but felt that adoption of a Consultation Policy would enable more effective engagement with residents in future.

Cllr Pengelly referenced a number of aspects of the draft budget and recommendations made by the F&RSC during the scrutiny process as set out below:

- Staffing; a number of unresolved issues had been inherited from legacy councils, with particular focus on the use of agency staff and staff retention
- Utility costs; an initial assumption across directorates that utility costs would increase by an average of 15% was deemed optimistic, and although this figure had since been adjusted to 40%, the Executive was asked to consider whether this figure was sufficient
- Children's Trust Budget Setting; the F&RSC wished to have greater input and meaningful consultation regarding the budget-setting proposals and would undertake scrutiny on this area far earlier in the process
- There remained a case for new children's home in the county to reduce the impact on children and costs associated with "out of county" placements
- Legacy charging anomalies relating to car parking and green waste required harmonisation
- Highways Contract; the F&RSC requested updates regarding the formation of a dedicated client team to oversee the new highways contract
- Chester House; the F&RSC required greater understanding of the capital spend associated with the project
- Further information and explanation be provided to the F&RSC regarding variances in void property turnarounds across the two Housing Revenue Accounts
- Capital Programme; only areas which could be developed in the next financial year should be shown, those for future spend could be identified accordingly
- The Council's scrutiny committees required a dedicated scrutiny officer to provide administrative support, with this issue needing to be resolved as a matter of urgency.

The Chair thanked Cllr Pengelly for his presentation and the Finance and Resources Scrutiny Committee for their diligence and understanding in relation to the

complexities and challenges faced within the budget, and for recognising the improvements made by the Council since 1st April 2021.

Cllr Smithers appreciated the recommendations made by the Finance and Resources Scrutiny Committee and noted that many of the issues identified during the scrutiny process were already being addressed. The Chair provided verbal responses to each of the points raised above by Cllr Pengelly and stated that a full written response on each aspect of the recommendations would be provided.

Cllrs Harrison, Mercer, Lawman, Brackenbury, Pentland, Edwards and Howell welcomed the comments and recommendations of the Finance and Resources Scrutiny Committee and responded to points raised by Cllr Pengelly in relation to their own directorates.

The Chair concluded by stating that the Executive and Council as a whole valued positive, relevant scrutiny and noted that the scrutiny of the Council's initial budget setting process was a milestone for the organisation.

156 Draft Budget 2022-23 and Medium-Term Financial Plan

The Chair, Cllr Jason Smithers invited Cllr Dorothy Maxwell to address the meeting. Cllr Maxwell made reference to Children's Services and Education, specifically the provision of Council-employed educational psychologists and speech and language therapists to better meet the needs of local residents and to reduce the backlog of existing cases, concluding with a request to consider factoring such roles into the budget for 2022/23.

The Chair thanked Cllr Maxwell for her contribution.

The Chair stated that the formulation of the draft budget had been a challenge in balancing increased costs with a wish to learn from the past with a need to commit to the right investments while delivering a balanced budget. The Council had faced a challenging initial year as it stabilised as a new authority with the transformation process set to continue into 2022/23. It was noted that confirmation of the Local Government Finance Settlement would allow the Council to deliver its recently adopted Corporate Plan, with a £1m investment made towards combatting climate change. The Chair concluded by offering his thanks to all members of the Finance Team who had pulled together a complex budget while facing significant challenges and uncertainties.

Cllr Lloyd Bunday, Executive Member for Finance and Transformation then introduced a report that set out the final revenue budget (2022-23) and Medium-Term Financial Plan for North Northamptonshire Council. The draft budget proposals had been considered by the Executive on 23rd December 2021 along with an addendum to the main budget report which provided an update following the provisional Local Government Finance Settlement, published on 16th December 2021. The settlement set out the funding for individual councils following the Spending Review which was announced on 27th October 2021.

The meeting noted that the draft budget had gone through a consultation period commencing on 23rd December 2021 and ending on 28th January 2022. The consultation had provided residents, local partners and other stakeholders with the

opportunity to review the budget proposals and provide feedback during the five-week consultation period. The draft budgets had also been subject to extensive scrutiny by the Finance and Resources Scrutiny Committee.

The report set out the revenue budget for 2022-23 and the Medium-Term Financial Plan for North Northamptonshire Council, including the proposed Council Tax level for 2022-23, with the Executive requested to recommend these proposals to Council for approval at its meeting on 24th February 2022.

Cllr Bunday made reference to the single-year Local Government Finance Settlement, noting that it cast doubt upon levels of future settlements and pointed to several challenges facing the Council in the coming years.

The draft budget before members had been formulated utilising the 2021/22 budget set by the Shadow Executive in February 2021, ongoing budget monitoring forecasts and the outcomes of eight budget challenge sessions with directorates and portfolio holders. Following the conclusion of the public consultation period, analysis of the 504 responses had been undertaken and was included as an appendix to the report. It was noted that although there had been some opposition against a Council Tax increase, the Local Government Finance Settlement had been made on the basis of councils increasing Council Tax by the maximum amounts allowed.

Cllr Bunday stated that although there was a balanced budget this year, next year forecast a deficit of over £25m, rising to nearly £40m by 2025. In light of this, by not increasing Council Tax for the forthcoming year, a further £15m deficit would be added by the end of the 2024/25 financial year. Council Tax remained the most stable and resilient form of income councils had and given that the statutory responsibility of the Council was predominantly demand-led services, it was therefore imperative that all income streams were used to their maximum. Cllr Bunday referenced the support available to those who required assistance in meeting Council Tax payments and noted the need to treat income from its residents with respect.

It was heard that since the December meeting of the Executive, a number of updates had been made to the budget forecast for 2022/23 adding pressures as detailed below:

- £870k - home to school transport
- £165k - commercial lease loss
- £148k - increased fleet fuel costs
- £400k – insurances
- £500k - increase in contingency for increased utility costs

Further savings had been identified as detailed below:

- £115k trade waste
- £203k savings in recycling

The meeting noted that a one-off contribution to the Children's Trust of £594k would be met from reserves to achieve contract savings. This would be financed by a £1.208m increase in Business Rates and a £557k reduction in the contribution to reserves following the announced financial settlement.

Members noted the main headlines of the budget proposals, these having been updated since 23rd December 2021 meeting of Executive to reflect identified changes as well as items raised during the scrutiny process.

The meeting heard that the Dedicated Schools Grant was a ringfenced grant from government allocated to Local Authorities to support a range of education related services. The grant was based on a national formula, and although there was some concern from scrutiny that some areas had been reduced, this reflected a reduction in the number of pupils receiving the service. The total grant was £332.3m, leaving a net revenue budget requirement of £295.9m.

Councillor Bunday referenced the overview of the budget by each directorate and highlighted the main risks facing the Council as part of the budget, specifically Adult Social Care and Children's Services, both being demand-led services subject to volatility.

Reference was made to the Council's Corporate Resources, including Corporate Contingency, Treasury Management Costs and Minimum Revenue Provision. Also noted were details relating to the Pay Contingency and recurring funding for pay increases to the Real Living Wage in 2021-22, to be held centrally until allocation was confirmed.

Cllr Bunday drew attention to the Council's reserves strategy, with a requirement to maintain a prudent level of reserves. It was noted that the true level of reserves would not be fully known until all the legacy sovereign authorities' final accounts had been signed off, the impact of the Covid-19 pandemic was understood and the final outturn position of the Council's accounts for 2021/22 had been reported.

Cllr Bunday concluded by stating that setting a budget for the Council was not just concerned with managing within available resources, but also where funding should be invested, recognising residents' priorities and working with partners to jointly develop service delivery proposals, giving local families strength and self-reliance to benefit from greater self-determination and improved life chances. It was important to note that there was a balance to be maintained between encouraging growth, providing high quality universal services and protecting those that were the most vulnerable.

Cllr Harriet Pentland spoke to welcome the investment to fund initiatives to tackle climate change, noting the significance of this funding in the context of the Council being a new authority. The move demonstrated the Council's commitment to the environment, with the involvement of the Climate Change, Environment and Growth Executive Advisory Panel being key to this work.

Cllr Graham Lawman spoke to welcome funding allocated for improvements to local bus services, noting that a consultation in this regard was already underway.

Cllr David Howes spoke to recognise the effort and work from officers that had gone into the drafting of the budget and also acknowledged the work and understanding of Cllr Bunday in its development.

Cllr David Brackenbury thanked Cllr Bunday and officers for their work in development of the budget while noting the importance of place shaping to attract high quality

employment and housing and in turn resulting in increased income via Business Rates and Council Tax.

Cllr Scott Edwards responded to Cllr Dorothy Maxwell's comments stating that her recommendation would be put forward as an idea to be developed.

Cllr Helen Howell spoke and stated that it was important to ensure that the Council enhanced the lives of its residents, reinforcing the value to the community of positive health and wellbeing.

RESOLVED:-

(KEY DECISION)

That the Executive recommended for approval to Full Council the following:-

- a) the 2022-23 revenue budget for approval and adoption as set out in this 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 as 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.
 - 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. Noting that a separate Council Tax Resolution Report will be presented to Full Council as set out in paragraph 5.31.
 - 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.
 - vi. The draft planned use of, contribution to, and movement in, reserves as identified in paragraph 5.60 and section 9 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, 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.

- ix. That Council delegate authority to the Executive Member for Finance and Transformation in consultation with the Executive Director of Finance (Section 151 Officer) to agree any necessary variations to the budget prior to 1st April 2022.
- x. That Council delegate authority 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
 - Risk Reserve which includes the capacity to support further/residual issues associated with the COVID-19 pandemic

RESOLVED:-

That the Executive:

- a) noted that the financial position has been based on the Provisional Local Government Finance Settlement announced on 16th December 2021 together with any further announcements to the date of the publication of this report.
- b) noted the Consultation feedback as at Appendix G for consideration;
- c) considered the outcome from the Finance and Resources Scrutiny Committee, as detailed at Appendix G and any subsequent representations to Committee;
- d) noted the Equality Impact as at Appendix F as having been taken into consideration;
- e) noted the Section 25 Report of the Executive Director of Finance (Section 151 Officer) as set out in Section 15, including her review of the robustness of the estimates and the adequacy of the reserves;
- f) delegated authority to the Executive Member for Finance and Transformation in consultation with the Executive Director of Finance (Section 151 Officer) to draft the recommended budget resolution for Council in accordance with the necessary legal requirements and to take into account the decisions of the Executive and any final changes and other technical adjustments;
- g) noted that the transfer of £6.585m from reserves relates to a timing issue in respect of Business Rates Reliefs to support businesses through COVID-19. This is a timing issues which recognises that these grants were awarded and

accounted for in the General Fund in 2021-22 but the reduced yield in Business Rates is not reflected in the Collection Fund until 2022-23;

- h) delegated authority 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.

Reason for Recommendations: To ensure that the Council complied with its Constitution and legislative requirements in setting the budget for North Northamptonshire Council from 2022-23.

157 Capital Programme 2022-25

Cllr Lloyd Bunday, Executive Member for Finance and Transformation introduced a report that set out the final Capital Programme for 2022-23 and the Medium-Term Financial Plan for North Northamptonshire Council. The draft budget proposals had previously been considered by the Executive on 23rd December 2021 with the budget consultation period providing residents, local partners and other stakeholders the opportunity to review the budget proposals and provide feedback during the five-week consultation period that concluded on 28th January 2022.

The report detailed 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.

Cllr Bunday noted that the Capital Programme was comprised of the General Fund, Baseline Development Pool and the Housing Revenue Account (HRA) Capital Programme 2022-25. Key principles that underpinned the current Capital Programme and Capital Strategy were outlined to the meeting.

It was heard that the General Fund Baseline Programme totalling £37.0m included funding for the completion of key projects including the Stanton Cross Primary School, and extensions, highways schemes and various property and environmental projects across North Northamptonshire.

The Housing Revenue Account Baseline Programme totalling £38.1m across Kettering and Corby was grouped into statutory and priority works encompassing 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.

Details of a Development Pool totalling £81.8m prioritising 24 key schemes against the associated funding streams making up the Pool was outlined.

Cllr Bunday stated that 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.

Cllr Bunday concluded by noting that as part of the scrutiny of this proposed budget there were over 19 hours of meetings with the directorates and Executive members, with a request made that the capital programme be re-addressed by each department to ascertain what was more aspirational than deliverable in the timescales. As a result of this process there had been an element of re-profiling of the report that was brought to the meeting on 23rd December.

RESOLVED:-

(KEY DECISION)

That the Executive recommended for approval to Full Council the following:-

- a) The General Fund Capital Programme 2022-25, Baseline Development Pool and HRA Capital Programme 2022-25.

Reason for Recommendations: To ensure that the Council complies with its Constitution and legislative requirements in setting the budget for North Northamptonshire Council for 2022-23.

158 Housing Revenue Account (HRA) Draft Budget 2022-23 and MTFP Proposals

Cllr Lloyd Bunday, Executive Member for Finance and Transformation introduced a report that sought approval for the proposed draft budget for the Housing Revenue Account (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 of 4.1% for 2022/23 as required by the Housing Act 1985. This would result in an average rise in weekly rental to £85.54 in Kettering and £81.07 in Corby.

The meeting heard that the 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, with income primarily received through the rents and other charges paid by tenants and leaseholders. The Council owned in excess of 8,200 properties, with a further 884 leasehold properties. This amounted to a projected rental income in excess of £34m.

Local Government Reform meant that the Council held two separate Neighbourhood Accounts, namely Corby and Kettering. Work was planned to be undertaken during 2022/23 to start to move to a single HRA for North Northamptonshire. This would be achieved by developing a new 30-year Business Plan and would also involve the harmonisation of rent and services.

Cllr Bunday stated that the social rent policy of previous governments had resulted in a cumulative loss of rental income amounting to some £130m, which would have a significant impact on this account going forward.

The proposals before members, and the HRA as a whole, had been discussed and debated as part of the Finance and Resources Scrutiny Committee sessions and with

tenants representing each of the Neighbourhood Accounts. A summary of the comments was included as an appendix to the report.

Cllr Bunday drew attention to the medium-term position 2023 to 2027 that showed a deficit for Corby Neighbourhood Account of £1.860m and a surplus for Kettering Neighbourhood Account of £3.921m, this was mainly due to the structuring of loans against housing stock.

The Council was required by law to avoid budgeting for a deficit on the HRA, in practice the Council was therefore expected to maintain a reasonable balance of HRA reserves to cover any contingencies, with the Executive Director for Finance reviewing these balances annually as part of their risk assessment of the budget. It had been determined that the level of reserves 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.

Numbers of “Right to Buy” properties and the number of empty properties must also be taken into account, this was predicted to reduce revenue by approximately £500k. New properties had been added to the stock during 2021 and it was envisaged that there would be further additions in coming years.

Cllr Bunday concluded by noting that as the HRA was a ring fenced, self-financing account with rental levels set by the Housing Rent Regulator, there remained little room for movement save in efficiencies in aggregation and service improvement.

RESOLVED:-

(KEY DECISION)

That the Executive recommended for approval to Full Council the following:-

- a. The draft 2022/23 Housing Revenue Account Budgets consisting of the Corby Neighbourhood Account and the Kettering Neighbourhood Account as set out in Appendix A.
- b. An increase in dwelling rents for 2022/23 of 4.1% (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 statement on rents for social housing.
- c. The draft Housing Revenue Account Medium Term Financial Plan consisting of the Corby Neighbourhood Account and the Kettering Neighbourhood Account, for 2023/24 to 2026/27 as set out in Appendix B.

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

Chair

Date

The meeting closed at 11.15 am