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Meeting: Executive

Date: Thursday 23rd December, 2021

Time: 10.00 am

Venue: Council Chamber, Cedar Drive, Thrapston, NN14 4LZ

To members of the Executive

Councillors Jason Smithers (Chair), Helen Howell (Vice-Chair), David Brackenbury, Lloyd Bunday, Scott Edwards, Helen Harrison, David Howes, Graham Lawman, Andy Mercer and Harriet Pentland

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

Adele Wylie, Monitoring Officer
North Northamptonshire Council



Proper Officer
15th December 2021

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ITEM	NARRATIVE	DEADLINE
Members of the Public Agenda Statements	Members of the Public may make statements at meetings in relation to reports on the agenda. A request to address the committee must be received 2 clear working days prior to the meeting. The member of the Public has a maximum of 3 minutes to address the committee.	5:00 pm Monday 20 th Dec 2021
Other Members Agenda Statements	Other Members may make statements at meetings in relation to reports on the agenda. A request to address the committee must be received 2 clear working days prior to the meeting. The Member has a maximum of 3 minutes to address the committee. A period of 30 minutes (Chair's Discretion) is allocated for Member Statements.	5:00 pm Monday 20 th Dec 2021

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

Members' Declarations of Interest

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

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

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

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

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

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EXECUTIVE 23rd December 2021

Report Title	Draft Budget 2022-23 and Medium-Term Financial Plan
Report Author	Janice Gotts Executive Director of Finance janice.gotts@northnorthants.gov.uk
Executive Member	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

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

List of Appendices

- Appendix A – Budget Summary
- Appendix B – Budget Change Proposals Listing
- Appendix C – Fees and Charges Policy and Schedule (TO FOLLOW)
- Appendix D – Dedicated Schools Grant
- Appendix E – Initial Equality Screening Assessment

1. Purpose of Report

- 1.1 This report sets out the Draft Revenue Budget for 2022-23 and the indicative Medium-Term Financial Plan for North Northamptonshire Council. It will form the basis of the budget consultation process which will commence once the draft budget has been approved. Residents, local partners and other stakeholders will have the opportunity to review the proposed budget and provide feedback during the five-week consultation period, which will commence following the Executive meeting on 23rd December 2021 and run until 28th January 2022. The draft budget will also be presented to the Finance and Scrutiny Committee for feedback.

- 1.2 Taking into account the comments from Finance and Scrutiny Committee and the wider consultation response, the Executive at its meeting on 10th February 2022 will consider the final draft budget proposals and the Council Tax Resolution report for 2022-23 for recommendation on to Council at its budget meeting on 24th February 2022. The Council Tax Resolution report will contain the final information from all the precepting authorities required to propose the Council Tax for all areas of North Northamptonshire.
- 1.3 The budget report sets out the latest estimated funding position, service budget pressures, key financial risks and challenges influencing the development of the Council's financial plans for 2022-23 and the ongoing financial impact of those plans, together with the longer-term estimates of funding and spending requirements.
- 1.4 The Revenue Budget 2022-23 and Medium-Term Financial Plan forms part of a full suite of budget reports being presented to the Executive. These include the Housing Revenue Account Budget 2022-23 and the Capital Programme 2022-23 to 2024-25. These reports when taken together will provide a framework for revenue and capital planning for 2022-23 and into the medium term.

2. Executive Summary

- 2.1 The report presents the Draft General Fund Revenue Budget and Medium-Term Financial Plan for North Northamptonshire Council. The draft budget proposals support a wide range of services to residents and businesses across the area including care to vulnerable adults and children, education, the disposal and collection of waste, household waste recycling, economic development, housing and support for the homeless. The budget will underpin the priorities contained within the Council's Corporate Plan which was approved by Council at its meeting on 1st December 2021 and has the following six key thematic policy areas:
 - **Helping people to lead active, fulfilled lives** – helping people be more active, independent, and fulfilled
 - **Building better, brighter futures** – caring for young people, providing them with a high-quality education and opportunities to help them flourish
 - **Develop safe and thriving places** – enabling a thriving and successful economy that shapes great places to live, learn, work and visit
 - **Create a green, sustainable environment** – taking a lead on improving the green environment, making the area more sustainable for generations to come
 - **Build connected communities** – ensuring communities are connected with one another so they are able to shape their lives and areas where they live

- **Develop modern public services** – proving efficient, effective and affordable services that make a real difference to all our local communities
- 2.2 The budget is set in the context of an uncertain economic picture, predominantly due to the global and local challenges posed by the continuing pandemic which, at the time of writing the report, was becoming more concerning with the growth in transmission of the new Omicron variant.
- 2.3 Unitarisation brought with it both opportunities and challenges. The opportunity to create a new single tier authority to work 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.
- 2.4 Transformation plays a key part in maximising those opportunities, helping to re-imagine the shape of the Council and how it interacts with the community and other stakeholders whilst recognising the need to ensure the Authority can demonstrate value for money, improve services and achieve efficiencies. Over time transformation can deliver real positive change, however, there is a need to first stabilise the position and create a solid foundation on which to build. Inevitably this takes time and is one of the major challenges facing new Councils such as North Northamptonshire.
- 2.5 Whilst it is envisaged that stabilisation of the finances will continue into the second year of the Authority, the Council will 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.
- 2.6 The Council will continue to face financial challenges, risks, and uncertainties over the short and medium term, like many other Authorities. This is 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.
- 2.7 The draft Medium-Term Financial Plan (MTFP) set out in this report incorporates a number of assumptions regarding the pressures, savings and investment plans for the Council. It also includes assumptions based on the announcements in the Spending Review and Autumn Budget 2021 which was presented to Parliament on 27th October 2021. This set out the overall funding available for Local Government as well as other key economic indicators. However, the detail of the individual allocations to each Council will not be known until the publication of the Local Government Finance Settlement which is currently anticipated to be on 16th December.

2022/23 Budget Approach and Headlines

2.8 The main headline assumptions within the draft budget proposals are:

- A balanced budget for 2022-23
- Further net investment in services to both protect vital services and invest in service change of £8.2m, including removal of previous one-off funding predominantly related to COVID-19
- Efficiencies and income generation of £7.6m
- 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 recurrently 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 an average weekly increase in Council Tax of 88 pence for a Band D equivalent property.
- 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.

2.9 **Appendix A** sets out the summary position.

2.10 Work has been undertaken to review underlying pressures across services and seek mitigating actions around future forecast increases in service need. The content of the report, along with the detail in **Appendix B**, outlines the pressures and savings for each of the Directorates. These will also be scrutinised by the Finance and Resources Scrutiny Committee in accordance with the budget strategy paper that was presented to Executive on 18th November 2021.

2.11 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 Value for Money. Also, to understand the risks and pressures in the budget and identify any efficiencies to offset against these.
- To understand the Service position for 2021-22 in terms of finance, HR and performance.
- To review the existing MTFP for 2022-23 onwards – pressures and savings and the ability of services to achieve these for inclusion in the budget.
- To utilise the information gathered to date during 2021-22 monitoring to inform the budget planning 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.

2.12 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 forms the basis of the contents of this report.

Funding Context

Government Grant

2.13 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 following table provides a high-level summary of the main funding changes for Local Government (as indicated through changes to its Departmental Expenditure Limit¹ (DEL)). Further commentary on the Spending Review and Autumn Budget is set out in Section 4 of this report.

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

2.14 Whilst the additional funding is welcomed for Local Government, it is anticipated that some of it will come with further spend expectations and will not be available to underwrite existing spend pressures, indeed some changes may potentially

¹ The government budget that is allocated to and spent by government departments is known as the Departmental Expenditure Limit, or DEL. This amount, and how it is split between government departments, is set at Spending Reviews. The table illustrates the Local Government DEL (LG DEL).

create an additional financial requirement in excess of the funding received. On this basis the additional £200m funding for Social Care Reform has been matched with an equal anticipation of new spend and the funding for family help, cyber resilience and the unallocated sum totalling £100m has not been taken into account until further details are made available. Of the remaining £1.5bn uncertainty remains regarding its allocation and whether this will assume some offsetting against the additional social care grant of £300m that was included from 2021-22. Therefore, the allocations included within this report, and the Council's budget assumptions, remain as estimates until receipt of the Local Government Finance Settlement.

- 2.15 At the time of writing this report the detail of the provisional Local Government Finance Settlement which sets out the allocation of funding to each individual Local Authority had not been announced.

Business Rates and Council Tax

- 2.16 The Spending Review and Autumn Budget remained generally silent on the detail of the Government's plans for funding reform within the Sector as part of the Review of Relative Needs and Resources (formerly the Fair Funding Review) and changes to the Business Rates Retention (BRR) system including the reset, both of which have been delayed several times since 2019-20. Whilst the Spending Review covers a three-year period, the Government has not officially indicated what period the Finance Settlement will cover for Local Government and whether it will be one-year or longer. Clarity is expected when the Finance Settlement is published later this month.
- 2.17 The Government has stated recently that it has abandoned its original plans to allow Councils to retain 75% of their growth in business rates as it is felt that it would conflict with the Government's 'levelling up' agenda. The Government will now look at the mechanism for redistributing funding to the authorities most in need. Since 2013-14 the majority of local councils have retained 50%² of business rates through the business rates retention scheme (and this is 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.
- 2.18 For 2022-23, the Government has indicated that Local Government will be able to increase Council Tax by up to 2% for core pressures, and a further 1% precept for Adult Social Care. The Government makes the assumption that Councils will raise their Council Tax by the maximum allowed when determining the Core Spending Power³ for Local Authorities.

² The 50% BR retention in NNC is split 49% to the Local Authority and 1% to the Fire Service

³ The Core Spending Power measures the core revenue funding available for local authority services, including Council Tax and locally retained business rates – essentially setting out the money that has been made available through the Local Government Finance Settlement.

- 2.19 To help maintain and protect levels of service provision it is proposed that the Council will consult on a core Council Tax increase of 1.99% which is up to the level set by the government without triggering a referendum, and it will also utilise the allowable social care precept increase of 1% in full. 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 is 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 does not include the Council Tax for individual Town and Parish Councils or the Council Tax set for Fire and Police by the Northamptonshire Police, Fire and Crime Commissioner.
- 2.20 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 1st April 2021. Therefore, there will be no further adjustments for Council Tax harmonisation in 2022-23.
- 2.21 Council Tax income remains the most stable form of income to the Local Government Sector, and it will continue to be key to the ongoing financial sustainability of the Council and the delivery of vital services to its residents, a number of which are vulnerable, alongside investment in its Neighbourhoods; this is particularly important when there is such significant uncertainty regarding the funding and pressures for local government services in future years.

The Overall Position 2022-23

- 2.22 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 Autumn Budget, 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 is now able to propose a balanced draft budget for 2022-23.
- 2.23 Whilst the budget is balanced for 2022-23, significant pressures remain in the medium term, most notably due to the assumed changes to Local Government funding following a Business Rates reset which will see the Council potentially lose a significant proportion of the Business Rates growth that it has benefited from over several years.
- 2.24 To help address the longer-term deficit the Council is continuing to review its service delivery for the future and has dedicated transformation resources working to deliver the changes required, bringing services together in to more efficient and effective operating models. This will help contribute towards the financial requirements of the Council over the Medium-Term. This includes reviewing how the Council interacts with its customers, residents, partners, and other stakeholders and will take into account service delivery, contractual arrangements, opportunities to expand and enhance the digital experience and realising property efficiencies, thereby reducing costs and improving services

going forward. There is a separate report on this agenda which outlines the transformation work.

Next Steps

2.25 Following the consultation on the draft budget the updated full suite of budget reports will be presented to the Executive on 10th February 2022. This will include

- the General Fund Revenue Budget 2022-23 and Medium-Term Financial Plan, including the Dedicated Schools Grant
- the Housing Revenue Account Budget 2022-23 and Medium-Term Financial Plan,
- the Capital Strategy and Capital Programme, and
- the Treasury Management Strategy.

2.26 The Draft Housing Revenue Account Budget 2022-23 will be considered by the Tenants representatives.

2.27 These reports together will provide a framework for revenue and capital planning for 2022-23 and into the medium term. The suite of budget reports, including the Council Tax Resolution will be considered by Council on 24th February 2022, following the recommendation of the Executive at its meeting on 10th February.

2.28 The budget timetable from the time of writing the report is set out in the table below.

Key Dates	Activity
16 th December	Local Government Finance Settlement expected (exact date to be confirmed)
23 rd December 2021 <i>(published 15th December 2021)</i>	Draft budget report 2022/23 presented to Executive for approval Formal consultation on the budget will commence following the meeting, and subject to Executive approval
January 2022	Finance and Resources Scrutiny Committee members scrutinise the individual Directorate budget plans, in advance of February Executive HRA rent increase consultation to Tenants representatives
13 th January 2022	Budget Update to Executive, if required, following the Local Government Finance Settlement
28 th January 2022	Budget consultation ends

Key Dates	Activity
10 th February 2022	Updated Budget report, including feedback from Scrutiny, presented to Executive for approval and recommendation on to Council
24 th February 2022	Setting of the Budget - Suite of Budget Reports presented to Council for approval

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

2.30 It is important to ensure that the position is closely monitored and reviewed throughout the year with mitigating actions taken as necessary. There will be a three-way push to keep the basics on track, prevent problems down the line and tackle complex problems together.

3. Recommendations

3.1 It is recommended that the Executive:

- a) Approves for consultation the 2022-23 Draft Budget, which includes:
 - i. an estimated net revenue budget of £293.2m (£618.6m including the Dedicated Schools Grant) as set out in Appendix A, noting that this is subject to further update following the publication of the provisional Local Government Finance Settlement.
 - ii. 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.
 - iii. Net Pressures of £8.2m, including adjustments for the reversal of one-off funding in 2021-22, and savings and income generation proposals of £7.6m as set out in Appendix B.
 - iv. the draft fees and charges proposed at Appendix C.
 - v. corporate budget requirements as set out in paragraph 8.1, including a contingency sum of £4.250m as set out in paragraph 8.2.
 - vi. the draft planned use of, contribution to, and movement in, reserves as identified in paragraph 5.54 and section 9 of the report, noting the

reserves will be reviewed again prior to the final budget proposals to consider the risk applying at that time.

- vii. the provisional dedicated schools grant budget of £325.4m for 2022-23, pending the Final Settlement, as detailed in Appendix D.
- b) For the Dedicated Schools Grant (DSG):
- i. Notes the provisional allocations of the increased funding for the Schools Block and High Needs Block for 2022-23 and reduced Central School Services Block for the Dedicated Schools Grant (DSG) allocations.
 - ii. Following consultation with the Schools Forum, delegates authority to the Executive Member for Children’s Services in consultation with the Executive Member for Finance and Transformation, Director for Children’s Services, and the Executive Director of Finance (S151 Officer) to determine the DSG 2022-23 schools funding formula, high needs funding arrangements and the early years funding formula in line with Department for Education guidance.
- c) Endorses the budget consultation process as outlined at paragraphs 13.13 to 13.17 which commences following the approval of the recommendations in this report.
- d) Notes that the funding allocations are estimates at this stage and will not be confirmed until the publication of the Local Government Finance Settlement.
- e) Delegates authority to the Executive Member for Finance and Transformation in consultation with the Executive Director of Finance (Section 151 Officer) to amend the draft budget following the publication of the Local Government Finance Settlement.

3.2 Reason for Recommendations:

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

4. Report Background

4.1 The budgets for North Northamptonshire Council comprise of a General Fund Revenue Account, a Housing Revenue Account (HRA), a Dedicated Schools Grant (DSG) budget and a capital programme.

- The **General Fund** includes all revenue income and expenditure, including day to day running costs, financed from Council Tax, Business Rates,

government grants and fees and charges, excluding those related to council housing.

- The **Housing Revenue Account (HRA)** includes all revenue expenditure and income on activities related to being a housing landlord.
- The **Dedicated School Grants DSG** focuses on the funding for schools and Early Years settings as well as other specific Education related costs.
- The **Capital Programme** includes all capital expenditure and income, including the acquisition, replacement and enhancement of assets financed from government grants, external contributions, revenue contributions, capital receipts and borrowing.

4.2 This report focuses on the Council's General Fund budget and notes the planned use of the DSG for 2022-23 and into the medium-term. Reports containing full details of the proposed draft budgets for the Housing Revenue Account and the Capital Programme are included as separate reports to this meeting of the Executive.

National and Economic Context to the 2022-23 Budget

Economic Context

- 4.3 The Chancellor delivered his three-year Spending Review for 2022-23 to 2024-25 on 27th October 2021. The overall economic picture indicated was one of an improving fiscal position, recognising that this is from a very difficult place as the economy was emerging from the pandemic; also now recognising that this was prior to the most recent COVID variant (Omicron) being identified. At the time of the Chancellor's statement the Office for Budget Responsibility's (OBR) economic forecasts showed an improvement compared to those in March 2021. They are also forecasting that the pandemic will result in economic scarring equivalent to 2% of GDP (rather than the 3% forecast in March 2021).
- 4.4 Also stated at this time was that economic growth was forecast to be 6.5% in 2021, followed by 6.0% in 2022, 2.1% in 2023. However, from 2024 onwards, GDP is forecast to grow below its long-term trend of 2%.
- 4.5 Whilst there are still high levels of debt, this had also improved since the March forecast. The budget deficit was expected to reduce by almost half to £183bn in 2021/22 (£51bn lower than in the March forecast). Borrowing reached £320bn (15.2% of GDP) in 2020-21.
- 4.6 The forecast for inflation is probably of far greater relevance to the Council's budget for 2022-23 than it has been in previous years. The Consumer Price Index (CPI) dropped significantly in 2020 (during the pandemic), and has now bounced-back, with an expected peak of over 4% in the next six months. The OBR is expecting CPI inflation to reach 4.4% next year. The OBR forecasts that CPI will have returned to its target level (2%) by 2023.

- 4.7 The latest figures, as at the date of the Spending Review, show that the labour market has proven to be more resilient than was originally presumed and the unemployment rate, originally estimated at 7.6% for mid-2021, is only 4.5%. The economy is predicted to grow by 6.5% in the current year, 6.0% in 2022 and 2.1% in 2023.
- 4.8 The economic impact of the UK leaving the EU are still settling down, and more recently, disruptions to global supply chains and a shortage of labour in industries, such as haulage, hospitality and care, pose risks to the economic outlook. Rising inflation, linked in part to the supply shortages and increasing energy prices, present an additional problem for the economy heading into 2022. Indeed, the recent growth figures from October 2021, reported in December 2021, noted that the economy hardly grew in October as supply chain disruption affected activity and the positive rebound that had been seen previously had now stuttered
- 4.9 Full details of the Spending Review announced by the Chancellor are available using the link below. The paragraphs which follow summarise the main points for local government. It should be noted that the individual allocations to each council will only be confirmed as part of the Local Government Finance Settlement which is anticipated to be published around 16th December 2021.

<https://www.gov.uk/government/publications/autumn-budget-and-spending-review-2021-documents>

Local Government Finance Announcements

- 4.10 Core Spending Power (CSP) is a measure of the resources available to local authorities to fund service delivery. It sets out the money that has been made available to local authorities and is a combination of both central and local government decisions. For local authorities it is estimated that Core Spending Power will increase by an average of 3% in real terms each year over the three-year period. CSP is the Government's preferred choice for the measure of the resources available to councils and includes the estimated level of Council tax, assuming the full precepts are taken.
- 4.11 The core spending power increase includes:
- **£4.8bn** extra for Local government over the spending review period, with £1.6bn of new grant funding in 2022-23 followed by flat cash thereafter. The additional funding is expected to fund the increased national insurance costs that councils will face as an employer.
 - Over the three-year period this includes an additional **£300m** of which £200m has been allocated for the Supporting Families programme, and £38m funding to tackle cyber security challenges and invest in cyber resilience with a total of £62m still to be allocated
 - **£3.6bn** for the previously announced adult social care reforms, including the proposed cap on the cost of care.
 - It is not yet known how the funding will be allocated to individual councils.

- A council tax referendum limit of 2% and Adult Social Care precept of 1% per year.

4.12 The Local Government Departmental Expenditure Limit (LG DEL) will rise by £3.6billion by 2024-25, (an average annual real terms increase of 9.4% from 2021-22 to 2024-25). This includes £2bn in 2024-25 related to the income from the health and social care levy, intended to fund the reforms set out in the adult social care reform paper released in September 2021.

	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
Total LG DEL	9,100	10,800	12,100	12,700
Growth above 2021/22		1,800	3,000	3,600
This includes:				
Funding for social care reform		200	1,400	2,000
Other Funding		1,600	1,600	1,600

4.13 The following table helps to illustrate the detail of the changes:

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

4.14 The current budget makes no assumptions regarding the funding for family help and cyber resilience and whether this will be distributed amongst all authorities, or if it will be subject to separate allocations/bids. It is assumed that spend will need to increase to match any funding that is made available. Similarly, whilst the budget does allow for additional funding of £0.803m (as an estimated share of the £200m available for Social Care Reform), this is matched by a likely spend increase of a similar level.

Business Rates

4.15 The Chancellor announced that the Government would provide a package of business rates measures to support businesses in England. For 2022-23 this includes:

- A new relief for eligible retail, hospitality, and leisure properties with 50% relief on rates bills up to £110,000 per business.
- A freezing of the multipliers at 49.9p (small business multiplier) and 51.2p (standard multiplier).

- The extension of the current Transitional Relief and Supporting Small Business schemes.
 - The scope of the discount for 2022-23 will return to pre-Covid-19 eligibility for retail properties. Hospitality and leisure properties will continue to remain in scope.
- 4.16 Local Government will be reimbursed for the Business Rates reliefs through Section 31 grant. In addition, the government will provide New Burdens funding to cover items such as IT costs and additional staff costs.
- 4.17 The final report for the Review of Business Rates was also published at the Budget. The Budget and the Review commits, in the longer term, to making improvements to the business rates system, including:
- More frequent revaluations, moving to a three yearly cycle starting from the next revaluation in 2023.
 - New changes to support delivery of the more frequent revaluations, including new duties on ratepayers to provide the VOA with information.
 - A new relief to support investments in property improvements.
 - New exemption and relief to support green technologies.
- 4.18 Council Tax announcements are as follows:
- Core referendum limit will stay 2% a year.
 - Social care precept will be up to 1% per year.
 - Police and Crime Commissioners increase up to £10 per year.
- 4.19 In conclusion, additional government funding is welcome; however, it is not expected this will meet all the extra cost and demand pressures anticipated over the period, especially as there is no planned increase after 2022-23 and no explicit funding to address the existing pressures on adult social care services. With regard to the funding allocated to social care from the Health and Care Levy, it remains to be seen whether this will be sufficient to fund the planned reforms. Finally, there has been no increase in public health funding to address the health inequality issues highlighted by the pandemic.

Other Announcement from the Spending Review

- 4.20 For Education, there is an increase in the Core Schools Budget of £4.7bn over the Spending Review period, equivalent to a cash increase of £1,500 per pupil compared to 2019-20. Further to this, £2.6bn (capital) over the Spending Review period was announced for SEND, which is intended to provide 30,000 additional places. The COVID recovery funding has been extended by an additional £1.8bn, and of this £1bn will be provided to schools over the next two academic years (£145 per pupil in primary schools and more in secondary schools). The Holiday Activities and Food Programme has been extended, with £200m per year to continue the programme.
- 4.21 The Public Health Grant is expected to be maintained in real terms.

- 4.22 There was further investment announced for affordable housing, with £1.8bn added with the aim to deliver £10bn of investment during the life of the Parliament, including 1 million new homes in the Spending Review Period. £300m of this will be distributed to local authorities to support the development of smaller brownfield sites.
- 4.23 The Right to Buy regime has also been amended and Councils will now be allowed to spend over a longer time frame (five years instead of three years), to pay up to 40% of the cost of a new home (up from 30%) and allow them to be used for shared ownership and First Homes.
- 4.24 Funding of £38m will be available to support Councils with Cyber Security and £34.5m to “strengthen local delivery and transparency”, with some of this needing to be used to establish the new Audit Reporting and Governance Authority (ARGA) as a system leader for local audit.
- 4.25 Spending on rough sleeping increased to £639m per annum by 2024-25.
- 4.26 Specific announcements for Children and Families, the most significant being 'Start for Life' hubs.
- 4.27 Other Spending Review announcements which may impact on the Council’s budget include a number of changes that directly impact on household income and also the cost of services:
- National Minimum Wage to increase to £9.50 per hour
 - Public Sector pay freeze will end
 - Universal Credit Uplift – the taper will reduce from 63% to 55%. Claimants will be able to retain an additional 8p for every £1 of net income earned. A £500 per year increase to the amount that households with children or a household member with limited capability for work can earn before their Universal Credit award begins to be reduced.
 - Continuation of the temporary increase in the surplus earnings threshold to £2,500 for Universal Credit claimants until April 2023, when the threshold will reduce to £300.
 - Workers leaving the furlough scheme and making a Universal credit claim will be prioritised through the Job Finding Support Scheme.
- 4.28 In addition to the details contained from the 2021 Spending Review the Council’s budget in the medium term may also be affected by Government action on Levelling-up. The Government has delayed the publication of the levelling up white paper from the end of this year until January 2022. The paper is expected to set out in more detail the framework and next steps towards levelling up opportunities and boosting livelihoods across the country to address regional inequalities.

Funding for Adult Social Care Reform

- 4.29 On 1st December 2021, the Department for Health and Social Care published its long-awaited Adult Social Care (ASC) Reform White Paper entitled “People

at the Heart of Care”. The White Paper acknowledges the role of families and friends in caring for each other and supporting unpaid carers to achieve their own life goals. It includes the Government’s wish to help the ASC workforce to feel recognised and to have opportunities to develop their careers.

- 4.30 In summary, the government has set out its ten-year vision and three-year funding plans. It wants to better integrate social care with health and housing, and it intends for the Care Quality Commission (CQC) to independently review and assess each Council’s performance in delivering its ASC duties and to review how partners are working within ‘Integrated Care Board’ areas. Where the CQC identifies a serious and persistent risk, the Government’s priority will be to support Councils to lead their own improvement wherever possible, however, where a Council has not been able to tackle sustained problems, the Health and Social Care Secretary would be able to intervene.
- 4.31 The Care Act 2014 provides a strong foundation for the vision detailed in the White Paper. The paper also recognises that the Act requires additional strength (provided through measures currently in parliament). It includes three objectives as set out below with a focus on personalised care. There is recognition that this already exists in some areas, but the government wants to see it extended across the country:
1. People have choice, control, and support to live independent lives further.
 2. People can access outstanding quality and tailored care and support.
 3. People find ASC fair and accessible.
- 4.32 As announced by Government in September, £5.4bn of the new Health and Social Care Levy is being invested in Adult Social Care over the next three years. The White Paper includes proposals for supporting Councils, including a specific focus on strengthening market shaping and commissioning functions and plans for improved data that will allow understanding about how local areas are achieving the vision for reform, identifying strong performance, and spreading best practice. The paper highlights the commitment to:
- £3.6bn to pay for the cap on care costs, the extension to means test and support progress towards Councils paying a fair cost of care.
 - £1.7bn for social care improvements, including at least £500m workforce investment.
- 4.33 Within the spending review allocations announced in October, the £3.6bn to be allocated to Councils to reform the social care charging system has been set out. It is intended to enable all Local Authorities to move towards paying care providers a fair rate for care and to prepare local care markets for implementing reform. Self-funders will be able to ask their Local Authority to arrange their care for them from October 2023. Additional support for Councils includes specific assistance to strengthen their market shaping and commissioning capabilities. An increase in improvement funding of more than £70m between 2022–23 and 2024–25 is planned. Whilst the market shaping duty will remain with Councils, a more joined up approach across health, social care and housing and the wider community is being looked at.

- 4.34 It is currently assumed that the extra income from the Council's share of the £3.6bn funding over the next three years will be matched by an increase in expenditure.
- 4.35 Further announcements are awaited regarding the remainder of the funding for social care improvements and its allocation. However, it is anticipated that this will also require extra spend commitments, possibly resulting in a net additional burden, rather than solely meeting existing pressures.

Local Government Funding Context

- 4.36 Nationally, the future of local government funding remains uncertain with the position being made more difficult by the impact of COVID-19.
- 4.37 The Review of Relative Needs and Resources which would seek to rebalance the funding formula used to assess resource needs for local authorities, is now not expected to take effect until 2023-24 at the earliest, as the Treasury has indicated that it will prioritise the need for stability over calls for reform to distribution systems.
- 4.38 The Government issued a call for evidence on the reform of Business Rates during the Summer of 2021. In its final report on this the Government decided to not move forward with proposed reforms which could have seen the tax replaced with a levy based on the combined capital value of domestic land and property. Instead, in the Spending Review, the Treasury confirmed a 50% break for leisure, retail and hospitality businesses until March 2023, following on from reliefs given to help companies through COVID-19. To support all businesses in the short term the Government have frozen the business rates multiplier in 2022-23. Local authorities will be compensated for these measures through specific grants outside the settlement.
- 4.39 As previously stated, it is now unlikely that the proposed move towards 75% local retention of business rates will proceed, with an increase in the local share only potentially being pursued if this is consistent with the Government's levelling-up agenda. This adds to the uncertainty about the future levels of business rate funding for the Council, as the resetting of the base level will see the growth in business rates income, which has been significant over previous years for North Northamptonshire, being redistributed to areas deemed to be of higher need.
- 4.40 This partially accounts for the forecast budget gap for the Council from 2023-24 – 2024-25, as set out in the report. Whilst the Council's budget forecast anticipates that funding reforms could take effect from 2023-24, the timelines still remain challenging owing to the complexities of the national funding schemes, the consultation requirements and the need for exemplars, as well as the Government still negotiating through the effects of the pandemic.
- 4.41 Once further information is released regarding the impacts of the issues described above, finance officers will model this into the Medium-Term Financial Plan and provide Members with an updated position.

4.42 It is essential that the Council continues to seek further efficiencies, cost reductions and income generation over the medium term in order to balance the budget in future years. As a new Council there are some inherent difficulties in identifying savings while still in the first year of operation, however, the work has already begun to seek savings through transformation and service improvement reviews which will continue to be built on and further expanded. Directorates are also reviewing budgets with a view to accelerating savings in advance of 2023/24 where possible.

5. Council Funding

5.1 The following table provides a summary of the 2022-23 Budget and the Medium-Term Financial Plan and its proposed funding. This section provides narrative around each of these funding streams. Whilst the position is balanced for 2022-23, the gap in 2023-24 increases to £23.7m and in 2024-25 to £32.5m. Essentially the delay to the funding review has deferred the concerns regarding the loss of funding by a further year. This is predominantly as a result of loss of cumulative business rates growth.

	2022/23 £000	2023/24 £000	2024/25 £000
Base Budget (excluding DSG Funding)	293,164	306,510	321,475
Base Budget (DSG Funded)	325,429	325,429	325,429
Net Budget Requirement	618,593	631,939	646,904
Funded By:			
New Homes Bonus	(1,819)	0	0
Business Rates Funding Baseline	(84,403)	(66,005)	(67,187)
Business Rates Collection Fund	6,154	575	0
Council Tax	(178,408)	(180,192)	(181,993)
Council Tax Collection Fund	3,149	475	0
Revenue Support Grant	(4,756)	(4,756)	(4,756)
Social Care Grant	(7,678)	(7,678)	(7,678)
Improved Better Care Fund	(11,186)	(11,186)	(11,186)
Dedicated Schools Grant	(325,429)	(325,429)	(325,429)
Rural Services Delivery Grant	(35)	(35)	(35)
Transfer to / (From) Reserves	(7,357)	(2,470)	(2,270)
Other – Adults	(803)	(5,621)	(8,030)
Other - Additional Funding	(6,022)	(6,022)	(6,022)
Total Funding	(618,593)	(608,344)	(614,586)
Remaining Budget Requirement	0	23,595	32,318

Overview of Funding Assumptions

- 5.2 The Council's General Fund budget is funded from five main income sources which are Council Tax, Business Rates, government grants, fees and charges and, where needed, the use of reserves. The ability to grow and maintain resources raised locally, such as Council Tax, has become even more important for local authorities' financial sustainability, particularly when considered against the change in local government funding and short-termism of financial settlements which does not facilitate meaningful medium term financial planning.
- 5.3 The headline figures for local authorities were announced as part of the Autumn Budget, detailed funding allocations will be made available as part of the provisional Local Government Finance Settlement, which is expected around 16th December 2021 and therefore the figures remain draft at this stage.
- 5.4 The funding assumptions made in the Table at 5.1 are set out under the relevant headings below.

New Homes Bonus

- 5.5 New Homes Bonus was introduced in 2011 to encourage local authorities to grant planning permission for new houses in return for additional revenue. It is a grant paid by central government to local authorities to reflect and incentivise housing growth in their areas.
- 5.6 It is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use and it is based on the national average for a Band D property. There is also an extra payment for providing affordable homes, which amounts to £350 per home. Payments are split 80/20 in two tier areas between Districts and Counties. In Unitary areas such as North Northamptonshire no split exists
- 5.7 Payments of New Homes Bonus were originally made for six years; however, payments were reduced to five years from 2017-18 and then to four years from 2018-19. A national baseline of 0.4% housing growth was also introduced, below which grants will not be made.
- 5.8 The payments for 2022-23 are based on the number of new homes delivered in 2019-20. The growth in tax base for North Northamptonshire based on a Band D in 2019-20 was 1,006 properties giving a grant of £1.682m. In addition to this the number of Affordable Homes bought back into use was 392 and for this we receive £350 per dwelling, therefore this element of the scheme amounts to £0.137m. The total payment is therefore £1.819m.
- 5.9 Central government have previously announced that New Homes Bonus payments will be phased out with 2022-23 being the final year of the scheme – it is anticipated that the Government will issue a consultation paper when it considers alternative schemes.

Business Rates Funding

- 5.10 The draft budget shows funding from Business Rates to be £84.4m, this includes the baseline funding, growth and S31 grants. North Northamptonshire has benefitted well under the present Business Rates Retention system due to an above average increase in business growth across its area.
- 5.11 The way that the business rate retention scheme operates in future years could have major financial implications for Councils. The Government have recently announced that they have abandoned plans to allow Councils to retain 75% of their growth in business rates as it would conflict with the government's 'levelling up agenda'. The government will now look at the mechanism for redistributing funding to the authorities most in need.
- 5.12 Since 2013-14 the majority of local government has retained 50 per cent of business rates through the business rates retention scheme. Some Council areas retain 100% following the introduction of pilot schemes several years ago.
- 5.13 The Government in its Autumn Budget announced that there would be a freeze in the National Multiplier (this is used to calculate the Business Rates paid by businesses by multiplying it to the Rateable Value of the property). The Councils will be recompensed for the loss in income through a S31 Grant. There will also be no reset of the Business Rates Baselines being the point from which growth is measured. Since 2013-14 the baselines have remained unchanged.
- 5.14 Any gains that are not lost through the economic slowdown could be lost following a reset. A reset could result in a significant proportion of the Council's increased Business Rates funding being taken away and effectively re-allocated to other areas as part of this, and the review of Relative Needs and Resources. This is a very significant funding risk and the outcome of this will be determined by the methodology used to redistribute any remaining growth in the system and whether there will be any "floors" or "ceilings" introduced to protect those Councils that have lost a significant proportion of their funding.
- 5.15 The three key variables in any changes to the Business Rates System are as follows:
- The resetting of the Business Rates Baselines – the point from which growth is measured
 - Funding Levels
 - The Business Rates Yield
- 5.16 The Business Rates yield could be impacted by the following factors:
- The growth in businesses
 - The number of businesses that cease trading
 - Reduction in the collection rate.
- 5.17 Whilst the volatility is recognised, this will not directly impact the 2022-23 budget due to the accounting mechanisms of the Collection Fund whereby the demand

on the Collection Fund is reflected in year regardless of what is collected and the impact from a lower yield would be felt in future years.

- 5.18 The next Business Rates revaluation to review the rateable value of non-domestic properties will take place on 1st April 2023, this is a slight delay to the date originally proposed and is intended to better reflect the impact of COVID-19. It is intended that this revaluation will be based on property values as of 1st April 2021 as the basis for calculating what businesses rates should be paid by each hereditament⁴.
- 5.19 After the next revaluation in 2023, revaluations will take place every three years. The delay to 2023 of the next revaluation means that there is currently a gap in the Transitional Relief and Supporting Small Business schemes, and so these have been extended for 2022-23. A consultation on the Transitional Relief scheme for the 2023 revaluation will be carried out during 2022.

Business Rates Collection Fund

- 5.20 There was a significant change to business rates in 2020-21 in response to the pandemic, whereby the Government provided 100% Retail Relief to businesses in the retail, hospitality and leisure sectors. Government under Section 31 of the Local Government Finance Act 2003 made payments to authorities to recognise the reduction in the Business Rates yield owing to these reliefs.
- 5.21 In 2021-22 the Government followed a similar practice to that in 2020-21 whereby the Government for the first three months of the 2021-22 financial year (April to June) extended the 100% rate relief for properties in the retail, hospitality and leisure sectors. that was available throughout 2020-21. From July 2021, those properties will get 66% relief until March 2022.
- 5.22 The estimated impact of the extended retail relief in 2021-22 from Section 31 Grants is £6.585m the reliefs will be transferred to the Business Rates Reserve in 2021-22 which will then be used to fund the Collection Fund deficit of £5.579m in 2022-23.
- 5.23 The mechanics of the Collection Fund means that what is actually collected in 2022-23 will not impact on the 2022-23 budget, as the demands have been set for the year, however any changes in collection rates are accounted for in the following year. The implications of existing and future bad debts and appeals provisions will be closely monitored to assess the impact on future years.
- 5.24 The government amended secondary legislation, which allowed Authorities to spread the in-year estimated deficit on the 2020-21 Collection Fund in equal instalments over three years (2021-22 to 2023-24). The regulations to allow Collection Fund spreading became law on 1st December 2020. The Business Rates estimated deficit was £1.781m of which £56k related to prior years which were not able to be spread over 3 years meaning £1.725m could be spread equally over the three-year period 2022-23 to 2024-25. In accordance with

⁴ The term hereditament is used in local business rates taxation to refer to rateable units of property.

legislation £575k was spread in each of these years. The composition of the Business Rates Collection Fund is shown in the following table.

	2022/23 £000	2023/24 £000	2024/25 £000
Business Rates Collection Fund Deficit	5,579	0	0
Spreading Business Rates Deficit	575	575	0
Total Business Rates Collection Fund Deficit	6,154	575	0

Council Tax

5.25 Council Tax is the most stable, sustainable and significant source of income for North Northamptonshire Council representing around 60% of total funding in 2022-23, excluding the ringfenced Dedicated Schools Grant. The following could all impact the Council Tax Yield for 2022-23 and these will be closely monitored during the year.

- Increase in caseloads for Local Council Tax Support (LCTS)
- Lower Collection rates
- Slowdown in housing growth

5.26 The Taxbase for 2022-23 was reported to Council at the meeting on 1st December 2021, the Taxbase is based on a Band D and includes projected growth and an average collection rate of 98.5%. The tax base for 2021-22 was 111,892 and it is estimated that this will increase by 1,155 to 113,047 from 2022-23.

5.27 The Autumn Budget announcement indicated that the “core” Council Tax referendum threshold for 2022-23 would be 2%. Any increase in Council Tax of 2% or above would be subject to a local referendum. The Government also provided Councils with the ability to raise a further 1% through the Adult Social Care precept. For 2021-22 the levels were 2% ‘core’ (plus 3% for the Adult Social Care precept).

5.28 The Council will consult on a core Council Tax increase up to the level of the government limits, without triggering a referendum, of 1.99%, together with utilising the allowable adult social care precept increase of 1% in full. A total increase of 2.99%. This would result in the 2022-23 Band D Council Tax for North Northamptonshire Council (excluding the Council Tax for individual town and parish councils and the Council Tax set for the fire and police by the Northamptonshire Police, Fire and Crime Commissioner) increasing by £45.83, from £1,532.90 to £1,578.73 which is equivalent to a weekly increase of £0.88 (88 pence).

5.29 The Local Council Tax Reduction Scheme (LCTRS) replaced Council Tax benefit in 2013. Council Tax benefit was a nationally prescribed scheme, whereas LCTRS is a local scheme set at the discretion of the Council. The scheme applies to working age claimants. Eligible pensioners continue to

receive up to 100% Council Tax support depending on the levels of income they receive.

- 5.30 The Council Tax support scheme for 2022-23 was considered by the Executive at its meeting on 18th November 2021 and by Council at its meeting on the 1st December 2021 and the recommendation was to continue with the existing 25% scheme in 2022-23. The 2022-23 budget reflects this decision.
- 5.31 Any change in the scheme would impact on the Council's budget. Generally, a 1% movement in the minimum payment rate from the current scheme of 25% amounts to a change in the Council's budget of c£80k.

Council Tax Collection Fund

- 5.32 Due to the mechanics of the Collection Fund, it means that what is actually collected in 2022-23 will not impact on the 2022-23 budget as the precepts and demands have been set for the year, however any changes in collection rates are accounted for in the following year and this could have an impact on the 2023-24 budget.
- 5.33 As with Business Rates the government amended secondary legislation to allow Authorities to spread the in-year estimated deficit for Council Tax on the 2020-21 Collection Fund in equal instalments over 3 years (2021-22 to 2023-24). The estimated Collection Fund deficit for Council Tax for 2021-22 is £2.674m, after taking account of spreading of the 2020-21 deficit of £475k, this increases the 2022-23 deficit to £3.149m. A final figure will be calculated by 15th January 2022 in accordance with The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020. The composition of the Council Tax Collection Fund estimated deficit is shown in the following table.
- 5.34 Other elements contributing to the deficit in 2022-23 include adverse movement on the carry forward deficit positions from the ex-sovereign Councils and an increase in the provision for bad debts due to the impact of COVID-19. Collection of historic debt has now resumed from May 2021 and this may see a reduced requirement for the bad debt provision, which will be taken into account in the financial position for 2023-24.

	2022/23 £000	2023/24 £000	2024/25 £000
Council Tax Collection Fund Deficit	2,674	0	0
Spreading Council Tax Deficit	475	475	0
Total Council Tax Collection Fund Deficit	3,149	475	0

Revenue Support Grant

- 5.35 The Revenue Support Grant is a central government grant given to local authorities which can be used to finance revenue expenditure on any service. The amount of Revenue Support Grant to be provided to authorities is established through the Local Government Finance Settlement.
- 5.36 No announcements have been made regarding Revenue Support Grant for 2022-23, however, it is expected that payments will continue as part of a one-year roll over settlement. In 2021-22 a grant of £4.756m was received and it has been assumed that the same level of funding will be received in 2022-23 and subsequent years. The actual amount of funding will be confirmed as part of the Finance Settlement.

Social Care Grant

- 5.37 In the Spending Review of September 2019, the government announced an additional £1bn of funding for Local Authorities through a grant to be made available in 2020-21. Of this funding, £850m was allocated using Adult Social Care Relative Needs Formula (RNF), with the remaining £150m allocated based on Adult Social Care precept flexibility.
- 5.38 The 2019 Spending Review announcement also stated that existing £2.5bn of social care funding for 2019- 20 would continue for 2020-21 at the same level. These elements were all rolled up together into the Social Care Grant for 2020-21. The 2020-21 allocation for Northamptonshire in totality was £15.3m. The 2021-22 budget was broadly split 50/50 resulting in £7.678m being allocated to this Council.
- 5.39 The Spending Review announced on 25th November 2020 confirmed an additional £300m of funding nationally for Adult and Children's Social Care. This funding was distributed in accordance with the Adult Social Care Relative Needs Formula (RNF) adjusted for precept flexibility and resulted in this Council receiving a further £0.730m, making the total funding £8.408m.
- 5.40 It is unclear if the £300m will continue into 2022-23 and, therefore, at this stage it is not reflected in the budget assumptions.
- 5.41 The Autumn Budget announced that there would be further funding for Social Care reform made available over the next three years and that Local Government will receive £3.6bn over that period. The profile of this funding is £200m (2022-23) £1.4bn (2023-24) and £2bn in (2024-25). At this stage it is not known how the grant funding will be allocated, and for the purpose of medium term modelling a similar approach has been applied to that used in recent years and this funding has been separately shown in the Table at 5.1 – see funding line titled 'Other Adults'. It is also assumed that the funding will be matched by the need for new and additional spend within the Directorate Budgets.

Improved Better Care Fund (iBCF)

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

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

5.43 The improved Better Care Fund for 2022-23 will be confirmed in the Provisional Local Government Finance Settlement for 2022-23. Within the draft budget this funding is currently forecast to continue at existing 2021-22 levels of £11.186m.

Dedicated Schools Grant

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

5.45 The DSG consists of the following four blocks.

- **Schools Block** (age 5 to 16) based on the primary units of funding (PUF) and secondary units of funding (SUF), premises funding announced in July 2021 updated for the number of pupils in the October 2021 school census and growth funding.
- **Central School Services Block (CSSB)** based on the units of funding and total historic commitments funding announced in July 2021 updated for the number of pupils in the October 2021 school census.
- **High Needs Block** (age 0 to 24) based on the allocations announced in July 2021 with the basic entitlement element updated for the number of pupils in the October 2021 school census.
- **Early Years Block** based on the early years funding rates published in December 2021.

5.46 The majority (>90%) of the DSG is allocated to the Local Authority and paid to providers based on a national formula which funds direct education provision including maintained schools and academies, early years' providers and high needs education (age 0 to 24).

5.47 The individual school budgets for academies and funding for high needs 'places' in academies, free schools and FE colleges (set prior to the start of the academic year) are paid to academies directly by the Education Skills and Funding Agency (ESFA). The ESFA deducts this funding from the LA's

Dedicated Schools Grant before the grant is paid to LAs and is termed 'recoupment'.

- 5.48 Northamptonshire County Council's DSG was disaggregated for both North Northamptonshire Council and West Northamptonshire Council with the ESFA for 2021-22. Each Council will continue to receive their separate DSG allocations going forward.
- 5.49 The December DSG Settlement provides the final settlement figures for the DSG Schools Block and Central School Services Block based on October 2021 census. However, the Early Years Block is an indicative figure as it is based on the January census. The Early Years Block will be updated in July 2022 (to reflect the January 2022 census data) and will be further updated in July 2023 (to reflect January 2023 census data). The final settlement figure for the DSG High Needs Block is adjusted to reflect any further cross boundary pupil changes.
- 5.50 The following table sets out the indicative disaggregated DSG funding based on the provisional settlement:

DSG Blocks	Provisional 2022-23 NFF Allocation
	£m
Schools Block	250.38
Central School Services Block	3.55
High Needs Block	49.36
Early Years Block	22.14
Total DSG Allocation	325.43

Full details of the DSG are included in **Appendix D**

- 5.51 The draft budget papers estimate a DSG settlement of £325.43m. Whilst there are different percentage variances between the different funding blocks, this is due to the principles that make up the National Funding Formula (NFF), the overall DSG figure in the Settlement is in line with the draft budget. The table below summarises the movements between the 2021-22 allocation and the draft 2022-23 budget position.

Dedicated Schools Grant	Schools Block	Central School Services Block	High Needs Block	Early Years Block	Total DSG Allocation
	£m	£m	£m	£m	£m
2021-22 DSG Allocation	244.81	3.91	45.50	22.14	316.36

Dedicated Schools Grant	Schools Block	Central School Services Block	High Needs Block	Early Years Block	Total DSG Allocation
Provisional 2022-23 NFF Settlement	250.38	3.55	49.36	22.14	325.43
Change from 2021-22	5.57	(0.36)	3.86	0.00	9.07
% Change	2.28%	(9.15%)	8.48%	0.00%	2.87%
<i>Note – The Central School Services Block has reduced by £0.36m this is the net reduction of which there is an estimated reduction of £0.45m relating to the historical commitments in the General Fund and £0.09m increase in funding which is reflected in the DSG.</i>					

5.52 North Northamptonshire Council, together with North Northamptonshire Schools Forum, has consulted with schools and academies on the options of transferring either 0.5% (£1.258m) or 1.31% (£3.297m) from the Schools Block to the High Needs Block to support demand pressures within High Needs. The actual amount transferred will be dependent on the October 2021 school census. The consultation ran from 5th November to 3rd December and the preferred option will require the agreement of Schools Forum. The option of 1.3% will also require the authorisation of the Secretary of State. Schools Forum will decide at its meeting on 16th December 2021 which option to adopt for the 2022-23 Schools Block DSG. There were 33 responses (out of 131 maintained schools and academies, c25% response rate) to the Schools Forum consultation, of which 30 responses preferred the option of transferring 0.5% from the Schools Block to the High Needs Block, and 3 responses opted to transfer 1.31%.

Rural Services Delivery Grant

5.53 There was an increase nationally of £4m for Rural Services Delivery Grant, from £81m in 2020-21, to £85m in 2021-22. No changes are expected for 2022-23 and North Northamptonshire Council's grant in 2021-22 totalled £35k; this remains unchanged and is reflected in the 2022-23 budget.

Transfers to / from Reserves

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

	2022/23* £m	2023/24 £m	2024/25 £m
Transfer to Reserves			
Business Rates s.31 Grant	2.043	0	0
Business Rates	0.776	0	0
Elections	0.150	0.150	0.150

Total to Reserves	2.969	0.150	0.150
Transfer from Reserves			
Business Rates Reserve – Movement for grant repayment to the Collection Fund	(6.585)	0	0
Transformation Reserve – funding for Transformation Team**	(2.170)	(2.170)	(2.170)
Smoothing Reserves – Regeneration	(0.200)	(0.200)	0.000
Smoothing Reserves - Climate Change	(0.500)	(0.250)	(0.250)
Smoothing Reserves - Pay and Grading review	(0.220)	0	0
Smoothing Reserves - ICT upfront disaggregation support costs	(0.100)	0	0
Smoothing Reserves - demobilisation of highways Contract	(0.201)	0	0
Risk Reserves (COVID) - Backlog fund for EHCP posts	(0.350)	0	0
Total from Reserves	(10.326)	(2.620)	(2.420)
Net Transfer to / (from) Reserves	(7.357)	(2.470)	(2.270)

**Currently this excludes the estimates one-off investment funding for the Children's Trust which will be subject to a separate business case.*

***the future funding for the team will be dependent upon the programme requirements*

- 5.55 There is a transfer to the Business Rates Reserve of £2.043m which reflects the timing issues relating to S31 for 2020-21 and 2021-22, together with a further £0.776m in relation to Business Rates growth.
- 5.56 There has been a transfer of £6.585m from the Business Rates reserve to fund the adjustment to the Business Rates Collection Fund as set out in paragraph 5.22 above.
- 5.57 To fund the ongoing commitment to the transformation program, there is a transfer from reserves each year of £2.170m to support this activity in helping the council achieving the savings targets required for future years.
- 5.58 Last year the Council committed to adding a further £200k per annum for a period of three years towards community and voluntary organisations, particularly as a number had been adversely affected by the COVID crisis.
- 5.59 In support of the council's commitment to climate change and moving forward towards achieving a carbon neutral organisation, £1m has been transferred from smoothing reserves over three years to provide pump priming to support this programme.

5.60 £0.521m has been brought into the revenue budget from earmarked reserves for one-off costs associated with the Pay and Grading Review, Demobilisation of the highways contract and ICT Service development work in relation to the disaggregation of this service from West Northamptonshire.

6. Fees and Charges

6.1 The income that the Council derives from fees and charges is important to support Council services. The Council's fees and charges have been reviewed for 2022-23 focusing on the need to continue the harmonisation of charges across North Northamptonshire following Unitarisation. Further changes are proposed to the level and number of charges following a review by each service area, with the intention to produce a single charging schedule.

6.2 However, further work is needed in relation to the fees for Hackney Carriage and Private Hire Vehicles to allow for the appropriate policy development before new consolidated fees are proposed for consultation. This will follow a separate review as follows with the key stages being:

- New Taxi Licence policy drawn up for consultation
- 8-week consultation period with relevant stakeholder groups
- Subject to consultation, the planned adoption of new fees by October 2022

6.3 Alongside harmonisation, uplifts may be applied in line with inflationary increases, where applicable, or other guidance as appropriate.

6.4 The updated schedule of fees and charges is included at **Appendix C**.

7. Directorate Budgets for 2022-23

7.1 This Section provides an overview of the following main budget areas within the Council.

- Children's and Education
- Adults Communities and Wellbeing
- Place and Economy
- Enabling and Support Services

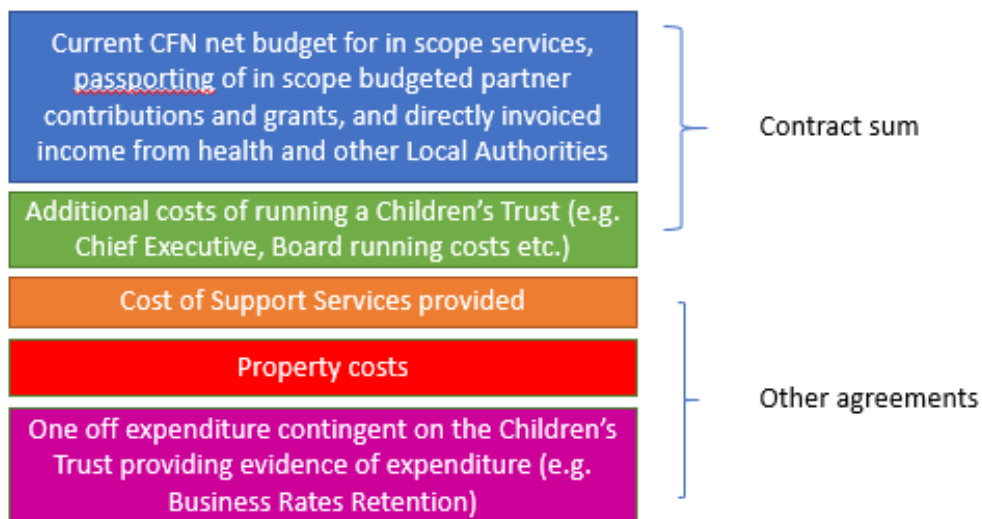
7.2 The following table provides a high-level summary of the draft 2022-23 budget proposals:

	Children's & Education	Adults, Communities and Wellbeing Services	Place and Economy	Enabling and Support Services	Corporate	Total
	£m	£m	£m	£m	£m	£m

Net Budget	61.5	116.5	55.3	33.8	26.1	293.2
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Children’s and Education Services

- 7.3 The draft net revenue budget for Children’s Services includes the Northamptonshire Children’s Trust and Education Services not funded by the DSG for 2022-23; the net draft budget is £61.5m (2021-22 is £59.5m).
- 7.4 From 1st November 2020, the Northamptonshire Children’s Trust delivered children’s social care and targeted early help on behalf of Northamptonshire County Council, and from 1st April 2021 this was delivered on behalf of North Northamptonshire Council and West Northamptonshire Council. The Councils set the strategic outcomes and priorities and the Trust is responsible for delivering those outcomes.
- 7.5 The Children’s Trust budget is made up of the following components:



*CFN = Children First Northamptonshire

- 7.6 Services provided by the Trust include:
- Targeted early help services to children and families
 - Front door and safeguarding services
 - Support and placements for Children in Care
 - Support and placements for Disabled Children
 - In house fostering and residential provision
 - Commissioning of external placements and contracts
 - Commissioned legal services and transport for children in care
- 7.7 Making a difference to children, young people and families is of high importance to both Councils as joint owners of Northamptonshire Children’s Trust. The financial proposals contained within the NCT business plan build on the recent

Ofsted monitoring visit which was encouraging and highlighted the tangible progress being made and the 'relentless commitment' of colleagues at West Northamptonshire Council, North Northamptonshire Council and the Children's Trust working in partnership in improving services, alongside areas to focus on further development.

- 7.8 A proposed contract sum totalling £137.45m has been put forward for 2022-23 – a net increase of £0.3m, after savings from the prior year. This is indicative of the national picture of rising costs and demand for children's social care. The Council's share of this increase totals c£0.13m.
- 7.9 In order to achieve planned savings within the Children's Trust budget and improve the service offer, there are separate requests for one-off investment of £1.35m revenue across both Councils (£0.6m attributable to North Northamptonshire based on the proxy allocation) and £2.3m capital (£1.0m to North Northamptonshire). These requests will be subject to separate detailed business cases in accordance with each Council's governance process. The contribution to the revenue costs will be underwritten from the Council's reserves and the capital funding will be met through borrowing, in the absence of an alternative funding stream.
- 7.10 The Children's Trust Budget is monitored in year through regular meetings between officers of both North and West Northamptonshire Councils and the Trust.
- 7.11 The Children's and Education Services remaining with the Council includes the Intelligent Client Function (ICF) for the Northamptonshire Children's Trust and the Local Authority statutory education functions as follows:
- Education inclusion
 - Education Psychology
 - Support for children with Special Educational Needs and Disabilities (SEND)
 - School Improvement
 - Virtual Schools (lead in the North Northamptonshire Unitary Authority)
 - School admissions and school place planning
 - Early Education and Child Care
- 7.12 The Children's Directorate draft budget reflects pressures of over £1.8m the main pressures in addition to the increase in contract sum with the Children's Trust include a reduction in the historical funding for the Central Schools Block (£458k), additional resources to clear the backlog and meet the increasing demand on Education and Health Care Plans (EHCP) (£700k) of which £350k is currently assumed as time-limited in order to address the workload pressures created from COVID-19 and will be met from COVID-19 risk related reserves, a re-alignment from the DSG (£600k) to be funded from the General Fund and £72k to meet the increase in costs for safeguarding.
- 7.13 The Council has approved the creation of a separate Director of Children's Services post for North Northamptonshire, previously the post was shared

between North Northamptonshire and West Northamptonshire Council at an additional estimated cost of c£70k.

- 7.14 Full details of the 2022-23 budget and Medium-Term Financial pressures and savings are contained within **Appendix B**.

Adults, Communities and Wellbeing

- 7.15 The draft net revenue budget for Adults, Communities & Wellbeing includes Adult Social Services, Community Services and Public Health & Wellbeing. The draft net budget for 2022-23 is £116.5m (2021-22 is £120.6m). Details of the net budget and the adjustments for pressures and savings are set out in Appendix B.

Adult Social Care Services

- 7.16 Under the 2014 Care Act, local authority Adults Services have a responsibility to make sure that people over 18 who live in their areas are provided with an assessment of need, and when deemed eligible are subsequently provided with support to meet those eligible needs where they cannot do things for themselves or access family support. The service also provides other physical or psychological support to people with disabilities in order to help them live a full life. The overriding responsibility is to keep people safe and protect them from harm or neglect.
- 7.17 At any one time around 3% of the over 65 population receive long term care organised by the council, but over half the population will be known to social care at some point. This service also cares for many younger adults with complex learning disabilities, physical disabilities, and mental ill-health.
- 7.18 Care can take many forms and can be provided directly by the Council, through contracted organisations or families can receive a personal budget to buy suitable care for themselves. Although receiving formal or long-term care is subject to people meeting the Council's eligibility criteria, the service also has a key responsibility promote wellbeing and helping people to stay independent and preventing or delaying the need for care.
- 7.19 The main proposals for the 2022-23 draft budget set out in the paragraphs which follow, and all are set out within Appendix B.
- 7.20 The projected inflation requirements of £5.198m are based on a number of factors. The most significant is a provision for the National Living Wage (NLW) to increase across the board by 6.6% in line with announcements by Government alongside changes to National Insurance as part of the Social Care Levy and other contractual obligations.
- 7.21 Demographic and service demand growth for Adult Social Care is budgeted to cover the anticipated increased costs due to additional clients requesting support from the service. Within Adult Social Care there is a growth proposal of £1.6m for demographic growth of which £0.5m relates to Mental Health

Services; these are driven by the forecast number of additional clients requesting care. The past four years' growth in adult social care costs in Northamptonshire have tended to be driven by two factors, general market inflation (predominately wage related) and acuity of care needs of existing clients, rather than increased clients due to demographic changes, this is anticipated to continue into 2022-23, and beyond.

- 7.22 However, in line with a national ageing population Northamptonshire is projected to have an additional 14,900 (11%) residents aged 65 and older by 2025. It is therefore likely that additional pressures will result from demographic increases over the medium to long term planning period. The budget requirements for Adult Social Care will continue to be monitored with demographic trends and reflecting the on-going impact of external factors such as COVID-19 and the move toward a more integrated care system with Health partners.
- 7.23 COVID-19 has had a significant impact in Adult Social Care over the past two years, however these are now starting to stabilise with £3.4m of the original £3.9m relating to CCG discharges into care facilities as part of the original discharge process from hospital now reversed back out in 2022-23.
- 7.24 As mentioned earlier in the report, funding of £3.6bn has been made available by Government as part of the spending review to meet the costs of Adult Social Care Reform (£200m in 2022-23, £1.4bn in 2023-24 and £2.0bn in 2024-25). The budget assumes that additional costs equivalent to the level of funding in this area will be incurred. In 2022/23 this is expected to be £0.803m.
- 7.25 The existing savings programmes of previous years will continue into 2022-23 where applicable. These include savings proposals:
- Admissions Avoidance Service – a further saving of £0.6m in 2022-23. The Admission Avoidance care model focuses on people presenting at acute hospitals with relevant conditions who can be rapidly assessed, diagnosed and treated without being admitted to a ward, if clinically safe to do so. Currently the Crises Response Team supports the discharges at the acute hospitals, where Admission Avoidance will focus on the significant opportunity to provide care to avoid hospital admissions, additional care costs, and increases positive outcomes for people. This saving has proven difficult to achieve as a result of the impact of COVID-19 and whilst overall it is considered achievable by the Service, there is a Social Care reserve of £3.2m available to help underwrite any risk, alongside a generic risk reserve which recognises the challenges posed by the pandemic to the Council's finances.
 - Strength Based Working (SBW) – a further saving of £2.2m in 2022-23. SBW is the transformation of Adults Services pathways and processes to ensure focus on people's outcomes, supporting them to be connected to the people and communities that are important to them, independence, better decision making, and best practice approaches that reduce delays and spend. To date the savings have remained on track for delivery.

- 7.26 There are a number of pressures in relation to the disaggregation of contracts within adult services; £1.0m net in relation to the Shaw Private Finance Initiative (PFI)/Public Private Partnership (PPP) arrangements and £1.3m relating to community equipment services following the change in funding arrangements. However, there are various savings proposed to off-set this in improving efficiencies and utilising the placements within the Shaw PPP provision, generating an ongoing saving of £0.938m in 2022-23 and further savings of £3.562m in the subsequent two years. There is some investment required in order to achieve these savings, which is netted off within the savings figure.
- 7.27 Further savings are anticipated from changes to the front door service, encouraging wider use of local voluntary and community services (£110k), expansion of extra care (£180k) and contract review (£60k).

Housing and Communities

- 7.28 Housing and Communities incorporate a wide spectrum of services and functions including the Library Service, Community Safety, Chester House Estate, Community Leisure facilities and Homelessness support across the region of North Northamptonshire. Overall, the Service is showing a net reduction in the budget of £0.776m since 2021-22, however, this is predominantly down to a reversal of one-off COVID-19 funding of £0.962m as set out in the paragraph below.
- 7.29 Community services across the Council had been affected by the national response to COVID-19 over the past 18 months resulting in reduced opening hours and limits on the numbers of clients. This had impacted on income across services which had been mitigated using national one-off COVID funding targeted at income loss. This pressure from the loss of income for COVID of £0.962m has been reversed out of the budget for 2022-23, recognising that there are risks that remain as this is dependent on no further severe restrictions affecting the operation of these services, and also requires people's confidence in being able to take out memberships when their income may have been impacted throughout the pandemic.
- 7.30 The services continue to look at transformation to bring the previous functions of each sovereign Council together and realise the aggregation benefits of 'one council – one service'. It is expected that the resultant savings will materialise from this over the next two to three years, following an initial period of stabilisation. This will continue to be worked on and incorporated in the budget when available. If any savings can be accelerated in to 2022-23 then this action will be taken, which will assist future resilience.
- 7.31 During 2021-22 the Council saw the successful launch of the Chester House Estate (CHE) realising the cultural and community benefits of the project across the region. CHE has now been formally adopted and operated as a North Northamptonshire asset and the budget for 2022-23 reflects the latest business case modelling and the cessation of any future contributions towards the Estate

(except for the archives service) from West Northamptonshire Council resulting in a net budget requirement of £124k.

- 7.32 Other net changes amount to £62k covering increased demand for temporary accommodation (£80k), realignment of service/programme delivery (£80k) offset by a reduction in contract costs of £98k, which is a full year effect of a decision made in a previous year.
- 7.33 A significant proportion of the Housing and Communities Service supports the Housing Revenue Account which is the subject of a separate budget report elsewhere on this Agenda.

Public Health and Wellbeing

- 7.34 Public Health and Wellbeing is supporting substance misuse treatments, sexual health, health protection, health promotion, health improvements, falls and commissioned health which are all part of the approach to public policies across sectors that systematically takes into account the health implications of decisions, seeks synergies, and avoids harmful health impacts in order to improve population health and health equity. It improves accountability of policymakers for health impacts at all levels of policymaking. It includes an emphasis on the consequences of public policies of health systems, determinants of health and wellbeing.
- 7.35 Public Health Grant allocations are usually announced in the new year, at this stage no changes have been made to the grant assumptions, although it is anticipated that there will be a real terms increase to keep pace with inflation. The grant is ringfenced and any increase in funding will remain held against Public Health Service to fund additional costs of service priorities.
- 7.36 The Contain Outbreak Management Fund (COMF) and Test and Trace one-off grant funding of £6.6m was added to the budget for 2021-22 on a non-recurring basis. This has, therefore, now been removed for 2022-23. The position will be kept under review and monitored closely in line with Government guidance and national policies. At present the Government is proposing that the grant must be spent by 31 March 2022. There is also an adjustment of £0.6m in relation to a realignment of grant following disaggregation.
- 7.37 The Public Health Service for Northamptonshire is currently hosted by North Northamptonshire; however, the Council has approved that from 2022-23 the Service will be disaggregated between North Northamptonshire Council and West Northamptonshire Council, with each having their own Director of Public Health who will work closely with colleagues in the new Integrated Care System (ICS). Any associated costs associated with the changes will be met from within the ringfenced Public Health Grant.

Place and Economy

- 7.38 The draft net revenue budget for Place and Economy for 2022-23 is £55.2m (2021-22 is £54.6m). The changes proposed for the budget are set out in Appendix B.
- 7.39 Place and Economy is about shaping great places together – for people, businesses, and the environment. It leads and/or contributes to the following strategic priorities:
- Enabling Sustainable Growth
 - Enhancing the Environment
 - Connecting our communities
 - Transforming the way we work
- 7.40 The Directorate delivers a wide range of services and is organised into four functional areas as follows:
- 7.41 **Assets & Environment** which includes Facilities Management, Property Estate Management, Energy & Fleet Management, Grounds Maintenance, Parks & Open Spaces, On & Off-street parking enforcement. Services also includes Asset and Capital Management of the Council's corporate assets and capital programmes, together with the effective management of the Council's strategic assets and landholdings. Key income and cost drivers include footfalls to the high street for parking income, number of visitors to Parks & Heritage sites, demand for commercial rental spaces, use of office space and use of energy.
- 7.42 **Growth and Regeneration** which includes Planning Services, Economic Development, Growth & infrastructure, Regeneration, Digital Infrastructure, Climate Change and Flood & Water Management. Key income/costs drivers include local demand and volume of Planning services, including major development fees, availability of Planning resources e.g. Surveyors and demand for economic activities.
- 7.43 **Highways and Waste** includes street cleaning, waste and recycling collections and disposals, including the household waste and recycling centres and Transport Management. The highways services maintain the extensive network of public roads, footpaths, and rights of way, including highway related infrastructure such as streetlights, traffic signals, bridges, gullies, and highway trees. Services also include School Transport and Concessionary fares. Key cost drivers include the tonnes of waste materials collected from households, businesses, and litter bins for recycling and disposal, variations to costs per tonnage, existing conditions, and Investment on various highway assets, as well as the impact of extreme weather conditions, school age population for school transport and the agility of the older population for concessionary fares.
- 7.44 **Regulatory Services** includes Bereavement Services, Building Control, Emergency Planning, Environmental Health, Trading Standards and the Travellers Unit. The main income and cost drivers include the local economy and market for Building Control Income, age/morbidity demographic rate for bereavement services (burials and cremations), public health demand for

Environmental Health services, and legal/statutory obligations for Building regulations and Licensing.

7.45 Key current areas of risks within the Directorate include:

- Failure to maintain and invest in estates
- Planning fee income lower than anticipated
- Lack of funding and expertise to deliver major highways schemes
- Building Control fee income lower than anticipated

7.46 Place and Economy, like other Directorates, continues to deal with the detrimental economic impact of the pandemic. The previous lockdown measures have reduced income generating activities such as car parking, and commercial rent as well as placing pressure on several services including waste management with the volume of household waste disposals increasing.

7.47 The Council continues its commitment towards climate change and the draft budget includes investment of £1m over the next three years to pump prime climate change initiatives. The budget includes £0.5m in 2022-23, and £0.25m in both 2023-24 and 2024-25.

7.48 The budget proposals also include provision for the client costs for the highways team following disaggregation from the Lead Authority arrangements, which over two years is expected to be in the region of £0.9m (£0.525m in 2022-23).

7.49 There are a number of service changes and developments which total £167k, including prior year net credit adjustments. Some of the most significant including the implementation of the Bus Services Improvement Plan for £245k and Active Travel £215k.

7.50 In total there is £2.007m for contract changes and other inflation which includes Home to School transport of £334k, Street Lighting PFI £107k, highways £455k, utilities £228k and other general contract inflation of £875k.

7.51 There is also a credit/saving of (£600k) following the disaggregation of concessionary fares.

7.52 For 2022-23, it was assumed that the adverse impact on commercial income would improve by £1m, it is now expected that this will be closer to (£0.737m) credit. Although not returning to the pre-pandemic levels the commercial income has generally held up well during the current financial year and in light of the challenges faced as a result of COVID-19. As would be expected, the longer-term impact of COVID-19 and the potential effect on the economic climate of new variants remains a concern. There is a further small adjustment of (£32k) credit in respect of the reversal of COVID pressures from 2021-22 for household waste collection (£25k) and building control income (£7k).

7.53 The Directorate has a number of demographic volume changes including changes to waste management costs and homes to school transport, these total a net (£224k) credit due to higher savings in waste management and increases

in trade waste income; it also includes a savings of £118k brought forward as part of a previous MTFP for concessionary fares.

- 7.54 Other changes relate to transformation, legislative and technical changes and total a net credit of (£0.990m), mainly due to transformation related savings in service redesign and improvement and reversal of prior year funding.
- 7.55 Full details of the 2022-23 budget and Medium-Term Financial pressures and savings are contained within Appendix B.

Enabling Services

Background

- 7.56 The draft net revenue budget for Enabling Services for 2022-23 is £33.8m (2021-22 is £33.8m). Full details for the service changes can be seen in Appendix B.
- 7.57 Enabling and Support Services consists of the following main grouping of services which also includes a number of corporate budget areas:
- Finance, Procurement and Revenues and Benefits Service
 - Human Resources, Legal and Democratic Services
 - Transformation, ICT and Customer Services
- 7.58 Additional one-off costs of £100k as part of the IT Service Development work have been included to contribute towards the disaggregation work of IT Services from the current joint arrangement with West Northamptonshire Council. Further to this there are costs in relation to IT licences and other savings considered non-achievable that were reported in 2021-22, and funded from contingency, which have now been realigned into the base budget from 2022-23. These total £1.41m. This has been offset in part by the reversal of one-off costs in 2021-22 for additional resources of £0.6m for year-end closedown and £449k for one of grant funding.
- 7.59 Savings of £264k credit are anticipated from service improvement and redesign supported by investment in the customer relationship management system and a new telephony system.
- 7.60 Other changes total £233k credit and include additional service pressures in relation to the costs of business support and additional costs for the IDOX system for ICT offset by additional income from housing benefit subsidy, funding for costs of collection and blue badge provision. This also includes the one-off investment requirement of £220k for the pay and grading review of staff as part of the changes required from LGR, alongside a number of smaller spend pressures and a reversal (credit) of COVID related pressures of £250k, which had previously been assumed for remote working, which is not considered to be required from 2022-23.

- 7.61 North Northamptonshire currently has a dedicated transformation team working to deliver the changes required in the North to bring services together effectively and move towards more efficient operating models for services. This will include reviewing how the Council interacts with its customers, residents, partners, and other stakeholders and will involve contractual arrangements, opportunities to expand and enhance the digital experience and realising property efficiencies, thereby reducing costs and improving services going forward.
- 7.62 As approved within the 2021-22 budget the transformation service continues to be, in the main, funded through a time limited contribution from reserves. It is currently forecast that the contribution from reserves towards the service can reduce from the £2.3m originally planned to £2.170m following service improvements. Any further variance against the budget, through amendments to the service delivery or other changes, will be met through an adjustment to the movement in reserves.

8. Corporate Resources

- 8.1 The draft net revenue budget for 2022/23 is £26.1m (£24m 2021/22) the composition of this budget for both 2022/23 and 2021/22 is shown in the following table:

Description	2022/23 Draft Budget £'000	2021/22 Original Budget £'000
Corporate Contingency	4,250	5,724
Treasury Management Costs	10,448	10,414
MRP	7,144	5,595
Revenue Contribution to Capital	0	2,217
Pay Contingency and recurring funding for pay increase to Real Living Wage in 2021-22 – held centrally until allocation confirmed	4,252	0
Total	26,094	23,950

- 8.2 The Council's Corporate Contingency Budget for 2022/23 has reduced from £5.724m to £4.250m a reduction of £1.474m recognising that risks remain in the financial position following the Unitarisation and that a number of the assumptions within the budget are subject to further decisions, such as the pay changes.
- 8.3 The Council's Treasury Budget consists mainly of two elements, external borrowing costs of £12.1m and Investment Income £1.7m. The external borrowing costs reflect the interest costs of the Council's loan portfolio. The Council's Treasury Budget has increased by £0.034m from £10.414m to £10.448m. The main changes are explained in the paragraphs below.

- 8.4 There is a forecast overspend of £0.5m for 2021-22 relating to pressures which have arisen following the disaggregation of the County Council's budget, the first is a budget for the capitalisation of interest of £282k and the second is interest on equities of £212k, both of which are no longer considered achievable and will become a pressure in 2021-22 and the longer term. There is also a £40k shortfall in the investment income forecast which assumes that the historically low interest rates will continue into 2022-23. These have all been reflected in the 2022-23 draft budget.
- 8.5 Work has been undertaken to mitigate budget pressures through reviewing the council's investment portfolio and alternative investment opportunities, such as property fund investments. These actions are estimated to mitigate the treasury pressures by around £0.5m for 2022-23.
- 8.6 The Minimum Revenue Provision (MRP) reflects the minimum amount a Council must charge to the revenue budget each year to set aside a provision for repaying external borrowing. The increase in the MRP provision of £1.549m for 2022/23 is to ensure the provision is aligned to the MRP policy moving into the medium term.
- 8.7 The Council identified a draft budget of £4.252m to reflect potential pay increases in 2022-23, this budget will be allocated in 2022-23 according to need. The sums included are as follows:
- Pay Award of 3% amounting to £2.821m
 - Increase in NI of 1.25% due to change in government policy £0.631m
 - National Living Wage £0.800m
- 8.8 Other Corporate budget movements relate to the reversal out of the base budget of the Council's Revenue Contribution to Capital, this amounted to £2.217m in the 2021-22 budget, this was to fund the Council's Customer and Digital Strategy and Community Projects Capital Schemes. There is currently no planned Revenue Contribution to Capital in the 2022-23 draft budget.
- 8.9 There is a further pressure of £40k in respect of the impact of continuing low interest rates on the budget for interest receivable.
- 8.10 Full details of the 2022-23 budget and Medium-Term Financial pressures and savings are contained within Appendix B.

9. Reserves

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

“Local government reserves play a crucial role in good public financial management. They exist so that a council can invest in service transformation

for the future or else allow them to respond to unexpected events or emerging needs.”

- 9.2 At this stage the levels of reserves for the Council are an indicative forecast based on the best information available at this time. There are also several significant uncertainties that need to crystallise before the level of reserves will be known, including the impact of COVID-19 and any other unexpected events on the outturn positions for the Council in 2021-22.
- 9.3 The position on all the ex-sovereign council reserves brought forward will be confirmed following the certification of each of the final audited accounts for all the sovereign councils for 2020-21 (and 2019-20 for Corby and East Northamptonshire).
- 9.4 The latest forecast for the level of general fund revenue reserves for North Northamptonshire Council available as at 1st April 2022, taking into account the assumed movement in reserves in 2021-22 is summarised in the table below. The forecast movement in reserves in 2022-23 is also summarised in the table below and is set out in section 5.54.

	Forecast Opening Balance 01.04.2022	Transfer to Reserve	Transfer from Reserve	Forecast Closing Balance 31.03.2023
	£000	£000	£000	£000
General Fund Balance	(24,170)	0	0	(24,170)
Earmarked Reserves				
Smoothing Reserves	(34,873)	(150)	1,371	(33,652)
Business Rates Retention	(32,161)	(2,819)	6,585	(28,395)
Transformation	(17,437)	0	2,170	(15,267)
Building Maintenance Reserves	(1,172)	0	0	(1,172)
Planning	(376)	0	0	(376)
Regeneration	(5,479)	0	200	(5,279)
Specific Reserves	(17,860)	0	0	(17,860)
Capital Programme Funding - GF	(1,878)	0	0	(1,878)
Insurance	(1,194)	0	0	(1,194)
Total Earmarked Reserves	(112,430)	(2,969)	10,326	(105,073)
Total Forecast General Fund Reserves and Balances	(136,600)	(2,969)	10,326	(129,243)

- 9.5 The estimated total level of general fund revenue reserves of £129.2m is made up of general balances and earmarked reserves set aside by sovereign councils at 31st March 2021. This balance includes Business Rates grants under S31 of the Local Government Finance Act 2008 received in 2021-22, which is budgeted to be drawn down in 2022-23 to fund the Business Rates Collection Fund deficit. Whilst the general reserves of £24.2m provide a working balance to help cushion the impact of unexpected events or emergencies, the

earmarked reserves balance reflects balances set aside for a specific purpose or risk which will include commitments into future years.

- 9.6 The reserves will be further risk assessed in advance of the February budget report to confirm the levels needed against each earmarked reserve.
- 9.7 The Reserves Strategy includes a range for the level of general fund balances to be at a minimum of 5% and a maximum of 10% of the net revenue budget. The level of reserves included in the budget are £24.2m which is c8.3% of the proposed net revenue budget of £293.2m.

10. Flexible Use of Capital Receipts

- 10.1 Certain costs can be funded through the Future Use of Capital Receipts. Qualifying revenue expenditure is time-limited expenditure incurred by the Council on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery in order to reduce costs or demand for services in future years.
- 10.2 Although set-up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure, the ongoing revenue costs of the new processes or arrangements are excluded.
- 10.3 The decision to use capital receipts to fund transformational expenditure is one that will be considered by the full Council when considering the final budget proposals.
- 10.4 Using capital receipts to fund this type of expenditure provides greater flexibility in terms of how our overall capital and revenue resources are utilised and frees up revenue funding.
- 10.5 The transformation costs referred to above and other expenditure required to deliver some of the service improvements and efficiencies are areas where the Council would seek authority to use capital receipts instead of revenue resources. This would also include meeting any associated severance costs.
- 10.6 The Council is currently seeking confirmation of a capital direction for the costs associated with LGR and further transformation flowing from this. However, it is important that the Council also has the flexibility to also underwrite such costs from FUCR. Therefore, an updated strategy for 2021-22 and 2022-23 may be presented to February Council, the latter subject to Government confirmation that the scheme will be extended.
- 10.7 The policy does not dictate that capital receipts have to be used to fund these costs but provide the option to do so if that is deemed to be the most appropriate funding route in order to free up revenue resources and improve the general financial resilience of the Council.

11. Treasury Management

- 11.1 The purpose of the Treasury Management Strategy is to establish the framework for the effective and efficient management of the Council's treasury management activity, including the Council's investment portfolio, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse.
- 11.2 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 16th November 2021 and the outcome is expected to be published later this month or early in the new year. This will be considered when updating the Council's Treasury management Strategy for the reports to Executive and Council in February 2022.
- 11.3 On 30th November 2021, DLUHC issued consultation on changes to the capital framework for Minimum Revenue Provision (MRP) which seeks to better enforce the duty of local authorities to make prudent Minimum Revenue Provision each year. MRP is required to be set aside from the revenue account when local authorities borrow to finance capital spend. The outcome of the consultation is not expected to be implemented until April 2023 onwards.

12. CIPFA Financial Management Code

- 12.1 CIPFA published a Financial Management Code (FM Code) in October 2019, to be fully implemented in 2021-22. The FM Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management. The Council's has undertaken a review of the Financial Management Code outlining compliance to the code and this is currently being reviewed by Internal Audit and the outcome of this will be reported to a future meeting of the Audit and Governance Committee.
- 12.2 The FM Code applies a principle-based approach. It requires that a local authority demonstrates that its processes satisfy the principles of good financial management for an authority of its size, responsibilities, and circumstances. The principles are:
- **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
 - **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
 - **Financial management** is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.

- **Adherence to professional standards** is promoted by the leadership team and is evidenced.
- **Sources of assurance are recognised** as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- The **long-term sustainability of local services is at the heart of all financial management** processes and is evidenced by prudent use of public resources.

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

Section 1: The responsibilities of the chief finance officer and leadership team

Section 2: Governance and financial management style

Section 3: Long to medium-term financial management

Section 4: The annual budget

Section 5: Stakeholder engagement and business plans

Section 6: Monitoring financial performance.

Section 7: External financial reporting

12.4 The FM Code has provided a guide and framework in the setting of the annual budget for 2022-23. The code specifies the following two key areas around Budget Setting – the Council is compliant with both.

- **Standard J**, which requires the authority to comply with its statutory obligations in respect of the budget setting process.
- **Standard K**, which requires the budget report to include a statement by the Chief Finance Officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves – this will be reported to the Executive meeting on the 10th February once the budget consultation process has been concluded and the detail of the Finance Settlement is known.

13. Implications (including financial implications)

Resources and Financial

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

Legal

13.2 The provisions of the Local Government Finance Act 1992 set out what the Council has to base its budget calculations upon and require the Council to set a balanced budget with regard to the advice of its Chief Finance Officer (Section 151 Officer).

- 13.3 Under the Local Government Finance Act 1992, the council has a statutory duty to consult ratepayer representatives on its annual spending proposals, ahead of setting its budget.
- 13.4 Under the Local Government Act 1999 the council has a statutory duty to consult representatives of a wide range of local persons. It also has a duty to consult ratepayer representatives to help ensure that service delivery is continuously improved in relation to economy, efficiency and effectiveness.
- 13.5 The Equality Act 2010 addresses discrimination and inequalities and protects all individuals from unfair treatment. The council has a number of statutory duties arising from the Act to better advance equality into our service planning and decision-making processes.

Risks

- 13.6 The basis of the budget strategy will ensure that the Council delivers a balanced budget for 2022/23 in February 2022; however, there are risks that may cause expenditure to increase or income to reduce. Consequently, income and expenditure levels will be kept under review throughout the budget process.
- 13.7 It is recognised that as a new Council there will be inherent risks within the process. A significant proportion of the Council's budget in 2021-22 was prepared based on the disaggregation of County Council budgets, and this actual spend is likely to differ from this to some extent as spending patterns take shape that are specific to North Northamptonshire.
- 13.8 There are also several lead and host arrangements for which budgets need to be confirmed for future years alongside disaggregation of some services that were previously operated across Councils, most notably North Northamptonshire and West Northamptonshire.
- 13.9 It will not be possible to finalise funding in the budget until government announcements on future funding levels are published. The Chancellor's Autumn Budget 2021 and Spending Review took place on 27th October and set out planned public spending over the next three years, with the detailed Finance Settlement for Local Government expected by the middle of December.
- 13.10 The task of planning how the Council will use its financial resources in an unprecedented and challenging economic climate with significant uncertainty around funding into the medium-term results in high budget delivery risks.
- 13.11 Significant risks for the 2022-23 budget includes the disaggregation of the County Council's service delivery budgets and balance sheet between the North and West, which could give rise to additional budget pressures and the ongoing impact of COVID-19 on the Council's resources and transformation programme.

13.12 Any risks or benefits crystallising in 2021-22 and 2022-23 will be managed within the wider budget and the Medium-Term Financial Plan will be updated accordingly.

Consultation

13.13 If the proposals set out in this report are endorsed, formal consultation on the proposals contained within the Draft Budget 2022/23 will begin on or immediately after 23rd December 2021, subject to Executive approval of the draft budget proposals for 2022/23. It will conclude on 28th January 2022 in preparation for the presentation of the final budget proposals to Executive and Council in February 2022.

13.14 If there are any changes made to any of these proposals following the consultation process, then the effect of this upon the overall budget position will be considered for the final budget paper to Executive on 10th February 2022. This does not predetermine any decision that the Council may make on 24th February 2022.

13.15 The structure and design of the consultation will set out the budget proposals and will enable both online and non-digital means of participation, in accordance with good practice. This is to ensure the widest possible reach, a variety of consultation methods will be used to maximise the range of accessible channels for consultees, these include:

- Online survey – available free at libraries for those without internet access (with hard copies and copies in other formats available on request)
- An email address and telephone number
- Social media - including Facebook, Twitter and LinkedIn
- Postal address
- Emails to key stakeholders, inviting them to comment through the above consultation channels and asking them to promote the consultation to their members/community: e.g. partner organisations, MPs, Town and Parish Councils, Voluntary Sector Infrastructure Organisations.
- Emails to Residents' Panel members and other stakeholders who have registered to receive consultation alerts, inviting them to comment through the above consultation channels.

13.16 The purpose of the consultation is to ensure that, when the Final Budget is considered by Council on 24th February 2022, Members are fully aware of the consultation feedback and are in a position to take it into account when making final decisions. This includes full consideration of any viable alternatives for ways to save money/generate income, if provided.

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

Consideration by Scrutiny

- 13.18 The Finance and Resources Scrutiny Committee has a critical role to play in scrutinising and reviewing the budget proposals, ensuring that they are subject to rigorous challenge. The Scrutiny Committee will provide recommendations back to the Executive on the proposals put forward.
- 13.19 Scrutiny is a means for councillors not on the Executive to influence the development of Council policies and services and hold decision makers to account. Budget Scrutiny involves councillors reviewing significant proposals from across the draft budget and reporting their conclusions about the deliverability and service impact of these proposals to the Executive. In this way Budget Scrutiny contributes to the development of the final budget proposals and supports local democracy.
- 13.20 The scrutiny of the budget proposals will take place after the planned presentation of the 2022/23 budget to Executive on 23rd December 2021 and it will complete on 28th January 2022 to feed into the updated budget report to Executive on 10th February 2022.
- 13.21 In order to assist in the scrutiny process, it is proposed that separate scrutiny sessions take place across the main service areas of:
- Place and Economy
 - Adults, Communities and Wellbeing Services, including the HRA
 - Children’s and Education Services – this will include the Children’s Trust
 - Enabling and Support Services – Finance, Transformation and ICT, and Legal and Democratic (which includes HR).
- 13.22 The relevant senior Council Officers and Executive Member portfolio holders will attend each scrutiny session to answer any question put forward by the Committee Members.
- 13.23 This will include both the revenue budget and the capital programme for each of the main service areas.
- 13.24 Each service area, as outlined above, will attend its respective scrutiny session to present its service and budget plans. The Finance and Resources Scrutiny Committee will scrutinise each plan and may request further details on a particular area, either to be discussed at that session or a subsequent follow up session.
- 13.25 To maximise the effectiveness of the planned scrutiny sessions, Scrutiny Members are requested to identify any areas requiring further detailed information prior to the meeting with the Directorates taking place in order that this can be drawn together in preparation for the meeting. This will enable the Finance and Resources Scrutiny Committee to ensure that it has the required information necessary to adequately scrutinise the proposals and provide any subsequent recommendations to the Executive.

13.26 The outcome from the scrutiny process will be fed back to the Executive at its meeting on 10th February to take into consideration when making its decisions on the budget to recommend to Budget Council on 24th February.

Equality Impact Screening

13.27 The Equality Act (2010) contains a range of rights, powers and obligations to assist in the drive towards equality. North Northamptonshire Council has a duty towards people who share 'Protected Characteristics' to have 'due regard' to:

- Eliminating discrimination;
- Promoting equality;
- Fostering good relations.

13.28 The Council must demonstrate compliance with the duties in its decision-making processes, which it does so by requiring decisions made at Executive to be accompanied, where appropriate, by Equality Impact Assessments (EqIAs) to measure the effect of the proposed decision or policy on people with protected characteristics:

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

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

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

Climate Impact

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

- 13.32 Significant progress has been made and reported into the Climate, Growth and Environment Executive Advisory Panel at regular intervals and in November the Climate Change Route Map was presented which detailed key actions that will be undertaken over the next 12 months. Further reports linked to elements of the Route Map will continue to be reported into the Advisory Panel throughout 2022.
- 13.33 The £1m pump priming investment proposed over the next three years will enable the council to develop a robust response to the impact of climate change including developing its own carbon management plan.
- 13.34 Among the Council's priorities will be putting in place carbon literacy training for elected members and staff, a management system to manage and monitor its own carbon footprint as well as plans to improve the local environment and sustainable travel.
- 13.35 The budget proposals in this report will be assessed against the Council's climate initiatives when they are available as we move forward into the delivery phase of the 2022-23 budget.

Community Impact

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

14. Background Papers

- 14.1 The following documents disclose important facts on which the report is based and have been relied upon in preparing the report.
- Spending Review Announcement 27th October 2021:
<https://www.gov.uk/government/publications/autumn-budget-and-spending-review-2021-documents>
 - Suite of Budget reports to North Northamptonshire Shadow Authority, 25th February 2021 (Budget Council):
<https://northnorthants.moderngov.co.uk/CeListDocuments.aspx?CommitteeId=138&MeetingId=109&DF=25%2f02%2f2021&Ver=2>
 - Suite of Budget reports to North Northamptonshire Shadow Executive Committee 10th February 2021:
<https://northnorthants.moderngov.co.uk/CeListDocuments.aspx?CommitteeId=139&MeetingId=120&DF=10%2f02%2f2021&Ver=2>

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Appendix

Draft Budget Summary 2022-23

Appendix A

	2022/23 £000	2023/24 £000	2024/25 £000
Base Gross Budget (excluding DSG Funded)	292,505	293,164	306,510
Base Gross Budget (DSG Funded)	325,429	325,429	325,429
Total Base Gross Budget	617,934	618,593	631,939
Adjustments to Base Budget by Assistant Director			
Adults, Wellbeing and Communities			
Commissioning and Performance	1,279	(1,976)	(1,225)
Adult Services	1,396	10,755	9,870
Housing and Communities	(776)	0	0
Public Health	(5,997)	0	0
Children and Education			
Assistant Director Education	1,830	16	293
Commissioning & Partnerships (includes client role for Children's Trust)	203	20	(8)
Place and Economy			
Growth and Regeneration	106	(314)	(11)
Assets and Environment	(1,240)	(114)	14
Highways and Waste	1,866	1,321	1,303
Regulatory Services	(116)	(179)	6
Directorate Management	0	0	0
Enabling Services			
Finance Accountancy	(989)	30	30
Revenues and Benefits	(230)	0	0
Legal and Democratic Services	238	(188)	32
IT & Transformation	945	(306)	(100)
Corporate Services	2,144	4,281	4,761
Net Budget Movement	659	13,346	14,965
Base Budget (excluding DSG Funded)	293,164	306,510	321,475
Base Budget (DSG Funded)	325,429	325,429	325,429
Net Budget	618,593	631,939	646,904

	2022/23	2023/24	2024/25
	£000	£000	£000
Funded By:			
New Homes Bonus	(1,819)	0	0
Business Rates Funding Baseline	(84,403)	(66,005)	(67,187)
Business Rates Collection Fund	6,154	575	0
Council Tax	(178,408)	(180,192)	(181,993)
Collection Fund (Council Tax)	3,149	475	0
Revenue Support Grant	(4,756)	(4,756)	(4,756)
Social Care Grant	(7,678)	(7,678)	(7,678)
DSG Grant	(325,429)	(325,429)	(325,429)
Improved Better Care Fund	(11,186)	(11,186)	(11,186)
Rural Services Delivery Grant	(35)	(35)	(35)
Transfer to / (From) Reserves	(7,357)	(2,470)	(2,270)
Other Adults	(803)	(5,621)	(8,030)
Other Funding	(6,022)	(6,022)	(6,022)
Total Funding	(618,593)	(608,344)	(614,586)
Remaining Savings Requirement	0	23,595	32,318

			2022/23 £000	2023/24 £000	2024/25 £000
Adults, Communities & Wellbeing					
Summary Movement By Assistant Director			Opening Net Budget	120,581	116,483
Commissioning and Performance			1,279	(1,976)	(1,225)
Adult Services			1,396	10,755	9,870
Safeguard and Wellbeing			0	0	0
Housing and Communities			(776)	0	0
Public Health			(5,997)	0	0
Adults, Communities & Wellbeing Total			Closing Net budget	116,483	125,262
Category	Proposal Title	Proposal Description	2022/23 £000	2023/24 £000	2024/25 £000
Commissioning & Performance			Opening Budget	3,661	4,940
Contract Changes & Other Inflation	Shaw PPP inflation	Contractual annual inflation obligations for Shaw Public Private Partnership (PPP) contract.	267	274	287
Service Change/Development	Voluntary Sector Support	Additional Support to the Voluntary Sector – end of three-year additional funding occurs in 2024/25	0	0	(200)
Technical Changes	Residential Beds	Net costs estimated against the potential bed usage within the PFI establishments	1,000	0	0
Technical Changes	Equipment Services	Spend previously capitalised. Revenue requirement to offset the income assumptions.	1,300	0	0
Total Pressures			2,567	274	87
Service Change/Development	Shaw PPP	Reduction in number of residential placements made in the independent sector owing to increased utilisation beds in PPP properties	(497)	(1,192)	(695)
Service Change/Development	Shaw PPP	Increase utilisation of capacity within discharge to access	(441)	(1,058)	(617)
Transformation	Voluntary Care Sector Delivery	Front door direction to Voluntary Care Sector (VCS) delivery as appropriate	(110)	0	0
Contract Changes & Other Inflation	Contract Rationalisation	Review of smaller contracts for efficiencies	(60)	0	0
Transformation	Extra care expansion	Contract Rationalisation	(180)	0	0
Total Savings			(1,288)	(2,250)	(1,312)

Net Pressures & Savings			1,279	(1,976)	(1,225)
Commissioning & Performance		Closing Budget	4,940	2,964	1,739
Category	Proposal Title	Proposal Description	2022/23 £000	2023/24 £000	2024/25 £000
Adult Services		Opening Budget	88,699	90,095	100,850
Contract Changes & Other Inflation	Contractual Inflation Adult Social Care	Contractual Inflation for independent care placements incorporating National Living Wage pressures for social care providers.	5,198	5,362	5,712
Demographic/service demand	Demographic and prevalence pressures adult social care	Budgeted growth to cover the increased cost of new clients eligible for social care with increased acuity and complex needs.	1,079	1,149	1,219
Demographic/service demand	Mental Health Demographic Pressures	Budgeted growth to cover the increased cost of new mental health clients eligible for care.	515	526	530
Service Change/Development	Social Care Reform Changes	Impact of social care reform and the introduction of the care cap of £86k from October 2023, which is a lifetime contribution of care costs, impact of means testing and fair funding for self-funders. The pressures have been included based on the assessment of the grant funding available. This may change subject to the outcome of the Finance Settlement.	803	4,818	2,409
COVID related	CCG Discharge Packages Covid 19	Reversal of one off Covid Pressure in 2021/22	(3,399)	(513)	0
Total Pressures			4,196	11,342	9,870
Service Change/Development	Rapid response falls & admission avoidance service - Full year effects of previous decisions	A service (initially funded by business rate pilot fund) provided by health, social care and East Midlands Ambulance Service providing support following falls in the home to reduce hospital admissions and likelihood of long-term social care.	(647)	0	0
Service Change/Development	Strengths based working - Full year effects of previous decisions	Transformation of adult social care pathways and processes to ensure focus on client outcomes, independence, better decision making and best practice approaches to reduce delays and spend.	(2,153)	(587)	0
Total Savings			(2,800)	(587)	0
Net Pressures & Savings			1,396	10,755	9,870
Adult Services		Closing Budget	90,095	100,850	110,719

Safeguarding and Wellbeing		Opening Budget	11,133	11,133	11,133
Safeguarding and Wellbeing		Closing Budget (no change)	11,133	11,133	11,133
Category	Proposal Title	Proposal Description	2022/23 £000	2023/24 £000	2024/25 £000
Housing and Communities		Opening Budget	11,090	10,314	10,314
Technical changes	Chester House Estate	Reduction in income due to withdrawal of West Northamptonshire Council from shared support for the Estate	124	0	0
Demographic/service demand	Temporary Accommodation	Estimated increase in cost of temporary accommodation	80	0	0
Service Change/Development	Gallery Museum and Library	Realignment of service delivery	50	0	0
Service Change/Development	Community Events	Community events programme delivery	30	0	0
Contract Changes & Other Inflation	Theatre Interim Management Costs - Full year effects of previous decisions	Reduction in Contract Costs relating to the Castle Theatre	(98)	0	0
Covid Related	Leisure	Reversal of one off Covid Pressure in 2021/22	(962)	0	0
Total Pressures			(776)	0	0
Net Pressures & Savings			(776)	0	0
Housing and Communities		Closing Budget	10,314	10,314	10,314
Category	Proposal Title	Proposal Description	2022/23 £000	2023/24 £000	2024/25 £000
Public Health		Opening Budget	5,997	0	0
Technical Change	Realignment of Grant	Realignment of grant following disaggregation	596		
Covid Related	COMF Test & Trace	Reversal of one-off fully funded expenditure relating to COMF Test & Trace – originally funded through a rollover of grant into reserves.	(6,593)	0	0
Total Pressures			(5,997)	0	0
Net Pressures & Savings			(5,997)	0	0
Public Health		Closing Budget	0	0	0

Children & Education			2022/23 £000	2023/24 £000	2024/25 £000
Summary Movement By Assistant Director		Opening Net Budget	59,498	61,531	61,567
Assistant Director Education			1,830	16	293
Commissioning & Partnerships (includes client role for Children's Trust)			203	20	(8)
Children & Education Total		Closing Net Budget	61,531	61,567	61,852
Category	Proposal Title	Proposal Description	2022/23 £000	2023/24 £000	2024/25 £000
Assistant Director Education		Opening Budget	3,332	5,162	5,178
Technical Change	Central Schools Services Block DSG funding reduction	The Government have announced a 20% annual reduction in the historical funding element of the Central Schools Services Block. This funding supports expenditure on statutory education services which the authority is unable to reduce in line with the reduction in Central Government funding. This proposal therefore replaces DSG funding of these services with Council general fund.	458	366	293
Demographic/service demand	DFE SEND Review/Multi Agency SEND Self-Assessment and Action Plan	Additional resources to meet the increase and clear the back log relating to Education and Health Care Plans	700	(350)	0
Technical Change	DSG Funding Cessation	Cessation of DSG funding – costs allocated to the General Fund	600	0	0
Demographic/service demand	Safeguarding in Education	Increase in demand driven by safeguarding investigations forwarded from Ofsted	72	0	0
Total Pressures			1,830	16	293
Net Pressures & Savings			1,830	16	293
Assistant Director Education		Closing Budget	5,162	5,178	5,471

Category	Proposal Title	Proposal Description	2022/23 £000	2023/24 £000	2024/25 £000
Commissioning & Partnerships (includes client role for Children's Trust)		Opening Budget	56,166	56,369	56,389
Contract & Other Inflation	Contractual Inflation Children First Northamptonshire	Contractual inflationary pressures in existing care placements contracts and in house allowance uplifts.	133	20	(8)
Pay	Pay	Additional costs for full time Director Children's Services	70	0	0
Total Pressures			203	20	(8)
Net Pressures & Savings			203	20	(8)
Commissioning & Partnerships (includes client role for Children's Trust)		Closing Budget	56,369	56,389	56,381

Place & Economy			2022/23 £000	2023/24 £000	2024/25 £000
Summary Movement By Assistant Director			54,617	55,233	55,947
Opening Net Budget					
Growth and Regeneration			106	(314)	(11)
Assets and Environment			(1,240)	(114)	14
Highways and Waste			1,866	1,321	1,303
Regulatory Services			(116)	(179)	6
Directorate Management			0	0	0
Closing Net Budget			55,233	55,947	57,259
Category	Proposal Title	Proposal Description	2022/23 £000	2023/24 £000	2024/25 £000
Opening Budget			4,037	4,143	3,829
Technical changes	Grant Funded Expenditure	Reversal of Grant funded expenditure for the former NN Joint Planning & Delivery Unit and Capacity Fund financed by reserves in 2021/22	(403)	0	0
Service Change/Development	Climate Change	Delivery of a range of climate change initiatives to reduce NNC's carbon footprint towards net zero	500	(250)	0
Service Change/Development	Kettering Markets	Transfer of Kettering Markets to Kettering Town Council	16	0	0
Technical changes	Planning Income	Budget realigned to reflect demand	179	0	0
Total Pressures			292	(250)	0
Service Change/Development	Enterprise Centre Business Case - Full year effects of previous decisions	Increase in income based on appointed operators' business case.	(178)	(64)	(11)
Technical Change	Subscriptions	Rationalisation of subscriptions in Planning Services	(8)	0	0
Total Savings			(186)	(64)	(11)
Net Pressures & Savings			106	(314)	(11)
Closing Budget			4,143	3,829	3,818
Category	Proposal Title	Proposal Description	2022/23 £000	2023/24 £000	2024/25 £000
Opening Budget			1,138	(100)	(214)

Place & Economy			2022/23 £000	2023/24 £000	2024/25 £000
Contract & Other Inflation	Utilities Inflation	Inflationary pressure on utilities contracts.	228	20	3
Service Change/Development	High Street HAZ Project - Full year effects of previous decisions	Resources required for the Heritage Action Zone Scheme (HAZ) as previously approved in the funding bid	0	0	100
Covid Related	Commercial Income	Part reversal of one off Covid Pressure in 2021/22	(737)	0	0
Contract & Other Inflation	Place Contract Inflation	Contract inflation	30	21	21
Total Pressures			(479)	41	124
Additional Income	Additional income	Garage Income	(10)	(10)	(10)
Service Change/Development	High Street HAZ Project	One off funding for the Heritage Action Zone Project (HAZ) previously approved - Full year effects of previous decisions	0	0	(100)
Transformation	Traffic Flow Management	Income derived from dedicated routes to aid traffic flow across North Northamptonshire	(482)	0	0
Transformation	Assets & Environment redesign	Assets & Environment Service Improvement and Redesign	(95)	(95)	0
Service Change/Development	Promote food waste	Benefit of promoting the food waste service in the Corby and East Northants area	(40)	(50)	0
Additional Income	Commercial Income	Additional income from Enterprise/Innovation Centres	(50)	0	0
Transformation	Reduction in costs asset portfolio	Efficiency savings from temporary building hibernation.	(84)	0	0
Total Savings			(761)	(155)	(110)
Net Pressures & Savings			(1,240)	(114)	14
Assets and Environment		Closing Budget	(101)	(214)	(200)

Category	Proposal Title	Proposal Description	2022/23 £000	2023/24 £000	2024/25 £000
Highways and Waste		Opening Budget	46,214	48,080	49,402
Contract & Other Inflation	Place Contract Inflation	Contract inflation	121	81	82
Contract Change & Other Inflation	Home to School Transport Inflation	Contractual inflation for home to school transport provision	334	347	350
Contract Change & Other Inflation	Street Lighting PFI Inflation	Contractual inflation for Street Lighting Private Finance Initiative scheme.	107	111	113
Demographic/service demand	Volume changes on Waste Budgets	Forecast based on projections of how much waste will be produced in the area including recycling, composting and food waste tonnages.	113	190	202
Demographic/service demand	Home to School Transport Demography	Change required reflecting the population trend in the county, including the projected increase in the Special Educational Needs (SEN) / Education Health & Care Plan (EHCP) population. Trend analysis has been used to provide a forecast position.	47	56	65
Service Change/Development	Waste Collection	Introduction of waste electrical and electronic equipment (WEEE) collections in Kettering and Corby	30	0	0
Service Change/Development	Bus Service Support	Implementation of the Bus Services Improvement Plan (BSIP)	245	0	0
Legislative changes	Home to school transport	Legislation change prevents charging passengers if the vehicle is not accessibly compliant	150	0	0
Service Change/Development	Transport Planning	Active Travel - scheme design and planning	215	0	0
Service Change/Development	Highways Contract	Demobilisation costs for existing highways contract – one-off	201	(201)	0
Transformation	Highways Service Team	Client Team to manage the Highways Contract for NNC	525	375	0
Contract Changes & Other Inflation	Highways Contract	Higher contract costs – expected from September 2022	455	0	0
Technical Change	Concessionary Fares	Disaggregation of concessionary fares budget – previously reported in 2021-22	(600)	0	0
Service Change/Development	Subsidised Bus Services	Potential funding gap between funding available from Parish councils and expected costs of services	30	0	0
Covid Related	Household Waste Collection	Reversal of one off Covid Pressure in 2021/22	(25)	0	0
Contract Change & Other Inflation	Place Contract Inflation	Contract inflation	724	481	491
Total Pressures			2,672	1,440	1,303

Category	Proposal Title	Proposal Description	2022/23 £000	2023/24 £000	2024/25 £000
Demographic/service demand	Concessionary Fares - Full year effects of previous decisions	Removal of surplus budget for Concessionary Fares based on forecast underutilisation of the scheme.	(118)	(119)	0
Contract & Other Inflation	Highways Contract Procurement	Partial release of the budget for the procurement which was originally included within the 2021-22 MTFP for the new highway services contract.	(275)	0	0
Transformation	Waste Team redesign	Service Improvement and Redesign to create a single tier waste authority	(70)	0	0
Demographic/service demand	Trade Waste	Increase in trade waste income	(101)	0	0
Service Change/Development	Reuse & Recycling	Savings on co-mingled waste and food	(77)	0	0
Demographic/service demand	Waste Management	Lower than anticipated tonnages for domestic waste etc	(165)	0	0
Total Savings			(806)	(119)	0
Net Pressures & Savings			1,866	1,321	1,303
Highways and Waste		Closing Budget	48,080	49,402	50,705

Category	Proposal Title	Proposal Description	2022/23 £000	2023/24 £000	2024/25 £000
Regulatory Services		Opening Budget	2,611	2,495	2,316
Covid Related	Building Control Income	Reversal of one off Covid Pressure in 2021/22	(7)	0	0
Contract Changes & Other Inflation	Place Contract Inflation	Contract inflation	8	6	6
Total Pressures			1	6	6
Technical Changes	Land charges - Full year effects of previous decisions	Adjustment to budget to reflect the closure of Land and Property Data Project	(48)	0	0
Transformation	Regulatory Services (Env Health, Building Control/LLC, Trading Standards and Bereavement Services Teams) redesign	Regulatory Services redesign and Service Improvement	(69)	(185)	0
Total Savings			(117)	(185)	0
Net Pressures & Savings			(116)	(179)	6
Regulatory Services		Closing Budget	2,495	2,316	2,322

Category	Proposal Title	Proposal Description	2022/23 £000	2023/24 £000	2024/25 £000
Directorate Management	Opening Budget	617	617	617	
Directorate Management	Closing Budget	617	617	617	

Enabling & Support Services			2022/23 £000	2023/24 £000	2024/25 £000
Summary Movement By Assistant Director		Opening Net Budget	33,859	33,823	33,359
Finance Accountancy			(989)	30	30
Revenues and Benefits			(230)	0	0
Legal and Democratic Services			238	(188)	32
IT & Transformation			945	(306)	(100)
Enabling & Support Services		Closing Net Budget	33,823	33,359	33,321
Category	Proposal Title	Proposal Description	2022/23 £000	2023/24 £000	2024/25 £000
Finance Accountancy		Opening Budget	12,487	11,498	11,528
Contract Changes & Other Inflation	Insurance Contract	Insurance Contract Inflation	30	30	30
Technical changes	Closure of Accounts resources - Reversal of previous pressure	Cessation of one-off resources for legacy closure and accounts, and subsequent audit.	(600)	0	0
Technical changes	Insurance	Municipal Mutual Insurance Historic Liabilities in the Scheme of Arrangement	30	0	0
Technical changes	Grant Funded Expenditure - Reversal of previous pressure	Reversal of grant expenditure in 2021-22	(449)		
Total Pressures			(989)	30	30
Net Pressures & Savings			(989)	30	30
Finance Accountancy		Closing Budget	11,498	11,528	11,558

Category	Proposal Title	Proposal Description	2022/23 £000	2023/24 £000	2024/25 £000
Revenues and Benefits		Opening Budget	1,806	1,576	1,576
Additional Income	Housing Benefit Subsidy	Additional income relating to Housing Benefit Subsidy	(148)	0	0
Additional Income	Business Rates Cost of Collection	Additional income in relation to costs of collection for business rates	(53)	0	0
Technical changes	Blue badge income	Additional income not previously budgeted for due to the disaggregation of NCC	(29)	0	0
Total Savings			(230)	0	0
Net Pressures & Savings			(230)	0	0
Revenues and Benefits		Closing Budget	1,576	1,576	1,576

Category	Proposal Title	Proposal Description	2022/23 £000	2023/24 £000	2024/25 £000
Legal and Democratic Services		Opening Budget	7,772	8,010	7,822
Technical changes	Democratic Services Budget Realignment	Budget Realignment following use of contingency in 2021-22 recognising reversal of 2021-22 saving	400	32	32
Transformation/Service Change	Pay and Grading Review	Pay and Grading Review	220	(220)	0
Pay	New AD Post	New Assistant Director post for legal services	123	0	0
Service Change/Development	Democratic Services – Support for Communities	Funding for Community Based Support	95	0	0
Total Pressures			838	(188)	32
Technical changes	Local Elections	Removal of expenditure included in base for local elections	(450)	0	0
Technical changes	Local Elections	Contribution to reserves for future local elections	(150)	0	0
Total Savings			(600)	0	0
Net Pressures & Savings			238	(188)	32
Legal and Democratic Services		Closing Budget	8,010	7,822	7,854

List of Budget Proposals 2022/23 to 2024/25

Appendix B

Category	Proposal Title	Proposal Description	2022/23 £000	2023/24 £000	2024/25 £000
IT & Transformation		Opening Budget	11,794	12,739	12,433
Demographic/service demand	IT Costs	Increase in IT Costs due to increased licencing costs.	100	0	0
Technical changes/Transformation	Eclipse	Rollout of the Eclipse social care case management system across Children's and Adults Social Care, to replace the Care first system.	35	0	0
Contract Changes & Other Inflation	Licence Costs	MS 365 licence costs – budget realignment – previously funded from contingency in 2021/22	635	0	0
Contract Changes & Other Inflation	Licence Costs	Capita licence costs not included in base budget for Wellingborough Systems	75	0	0
Technical changes	Technical Changes	Unachievable savings and efficiencies	300	0	0
Contract Changes & Other Inflation	Business Support Shared Service	Additional costs of business support due to income savings targets not being achieved and changes to contract costs	214	0	0
Transformation	ICT Disaggregation	Upfront work needed for ICT disaggregation – one-off	100	(100)	0
COVID Related	Additional costs of remote working.	Reversal of one off Covid Pressure reflected in 2021/22	(250)	0	0
Total Pressures			1,209	(100)	0
Contract Changes & Other Inflation	ICT Contract Rationalisation	Rationalisation of service contract	0	(50)	(50)
Contract Changes & Other Inflation	ICT application rationalisation	Rationalisation of service usage	0	(50)	(50)
Transformation	Customer relationship management system	Case management system replacement & Telephony	(264)	(106)	0
Total Savings			(264)	(206)	(100)
Net Pressures & Savings			945	(306)	(100)
IT & Transformation		Closing Budget	12,739	12,433	12,333

Corporate			2022/23 £000	2023/24 £000	2024/25 £000
Opening Net Budget			23,950	26,094	30,375
Category	Proposal Title	Proposal Description	2022/23 £000	2023/24 £000	2024/25 £000
Technical Changes	MRP	Increase in the Minimum Revenue Provision (MRP) budget reducing the Council's Capital Financing Requirement	1,549	1,538	1,535
Technical Changes	Contingency Budget	Changes to the Corporate Contingency Budget following review	(1,474)	0	0
Pay	Forecast pay changes	Pay Contingency and recurring funding for pay increase to Real Living Wage in 2021-22 – held centrally until allocation confirmed	4,252	3,085	3,226
Technical changes	Grant Funded Expenditure – Reversal of one-off spend in 2021/22	Community Projects Revenue Contribution to Capital (RCCO) in 2021/22 this reflects the RCCO being removed in 2022/23	(342)	0	0
Transformation	BR Scheme - Customer Contact & Digital – Reversal of One-off spend from 2021/22	Revenue Contribution to Capital (RCCO) for Customer Contact & Digital Schemes in 2021/22 this reflects the RCCO being removed in 2022/23	(1,875)	0	0
Technical changes	Reduction in interest income achievable due to low interest rates	Impact of low interest rates on interest income receivable	40	0	0
Technical changes	Treasury - Capitalisation of Interest	Disaggregated budget relates to capitalisation of interest, which is reversed as not achievable	282	0	0
Technical changes	Treasury - Income from Equities	Dividend never paid out within County Council, income not achievable	212	0	0
Covid Related	Treasury Management	Reversal of Covid Pressure – based on interest recovery by 2023/24	0	(342)	0
Total Pressures			2,644	4,281	4,761
Technical changes	Treasury Investments	Increase investments in property funds	(500)	0	0
Total Savings			(500)	0	0
Corporate			26,094	30,375	35,136
Closing Net Budget					

Appendix D

Dedicated Schools Grant (DSG)

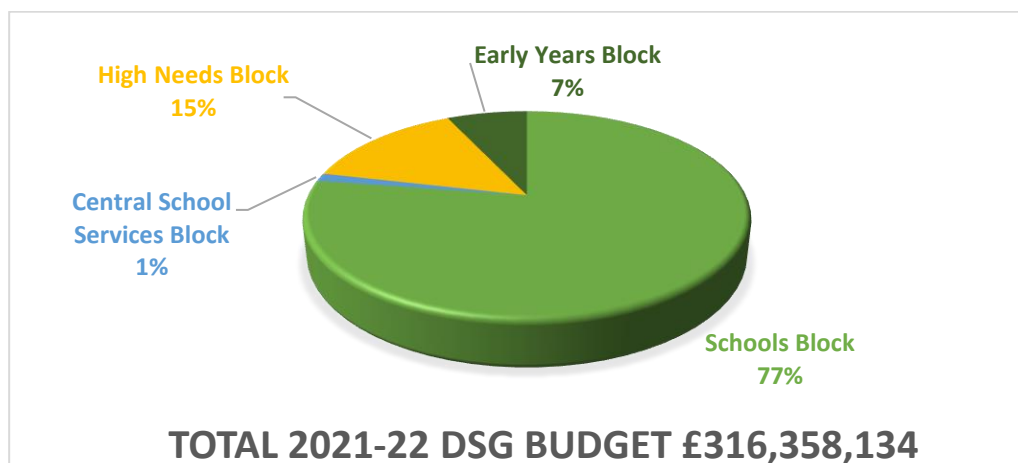
1. Background

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

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

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

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



1.4 Each of the blocks covers different elements of education funding with the respective funding allocations being based on different underlying formulae and data sets.

1.5 The total DSG that the Authority receives is based on all schools' pupil numbers as per census data for the county irrespective of whether it is a maintained school or an academy. Each of the four blocks is allocated to the LA on a different basis.

1.6 **Schools Block**

- 99.28% of funding allocated to the LA is driven by pupil numbers and the Primary Unit of Funding (PUF) and Secondary Unit of Funding (SUF). The remaining 0.72% is funded through premises factors.
- Allocations to schools for day-to-day spending in their individual school budgets through the schools funding formula and includes the Pupil Growth Fund for new and growing schools.

1.7 **Central Schools Services Block (CSSB)**

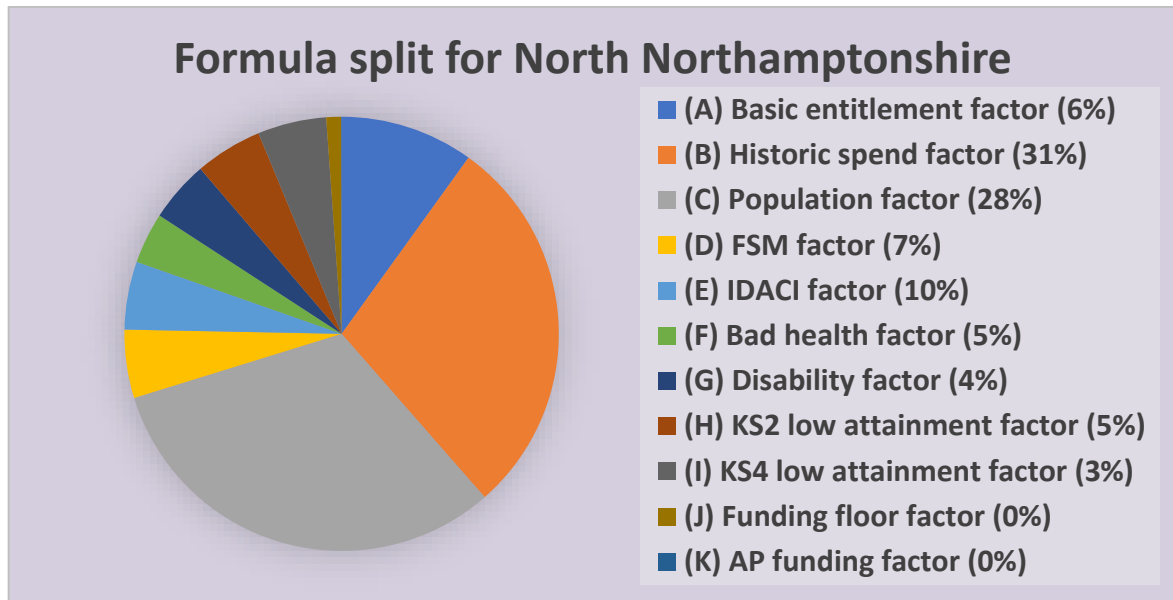
- 49.31% of CSSB is for funding ongoing responsibilities of the LA based on the schools Autumn 2021 census data at £35.59 per pupil and 50.69% of CSSB is funding for historical commitments (this is being unwound by Government and is reducing 20% each year).
- The historical commitments funding relates to funding for previously agreed commitments between the Schools Forum and the LA e.g., pensions costs for premature retirement cost of teachers

1.8 **High Needs Block**

- Covers funding for the education of pupils with special educational needs and disabilities for example those with an Education, Health and Care Plan. This covers ages 0-24 in a range of provision including special schools, special educational needs units in mainstream schools, alternative provision and independent specialist provision. This block also funds teams within the authority

that support the high needs sector to meet the needs of high needs pupils.

- The funding formula is produced by the DfE and is summarised in the following Chart.



1.9 Early Years Block

- 95.33% allocated to the LA based on two previous January School and Early Years Census applying the Early Years National Funding Formula (EYNFF).
- funds all early years' settings for 2-, 3- and 4-year olds with a statutory minimum of 95% allocated to schools, other private, voluntary and independent early years education providers and childminders through the Early Years funding formula. Schools Forum annually approve up to the remaining 5% of the block funding to be used to fund LA central functions to manage and administer the early years' arrangements.

1.10 Maintained schools continue to receive funding directly from the LA through the DSG. The local authority's DSG grant is reduced in respect of academies who receive their funding direct from the DfE, reflecting the shift in responsibility for the funding of academies to the DfE. The removal of grant funding from the DSG paid to NNC to pay directly to academies is termed "recoupment". Academies are independent of the local authority and are accountable directly to the DfE. The DfE agency responsible for all school related funding is the Education and Skills Funding Agency (ESFA).

1.11 Within North Northamptonshire, there are currently 4 maintained nursery schools, 35 primary, 1 secondary and 1 special maintained school. There were also 73 primary, 18 secondary, 1 All-through and 7 special academies and free school.

- 1.12 Schools Forum membership is made up of representatives from maintained and academy primary and secondary schools, nurseries, Council members. The meetings are open to the public and are held 5 times a year typically in October, December, January, March and June. The Schools Forum have a statutory role in ensuring that school funding across the county is equitable and fair by considering proposals from the council for such areas as the school funding formula and central expenditure from the DSG.
- 1.13 The LA consults with Schools Forum each year on the allocation of DSG funding in accordance with the legislation and guidelines issued by the DfE. This includes the local formula factors to be applied in the calculation of the school's individual budgets. As well as the requirement to consult with the Schools Forum on changes to formula funding, Schools Forum approves the central expenditure budgets for ongoing commitments, movements of funding between blocks and the growth fund policy.
- 1.14 The North Northamptonshire Schools Forum was appointed in October 2020. This was required not only for vesting day readiness to assume formal roles, but to make decisions, and receive information on the budget setting and policies for schools, academies, high needs and early years' providers that will take effect post vesting. Since Vesting Day Schools Forum have formally assumed the roles and membership. Membership will be valid for 4 years, to which when its due to expire each role will go out to recruit following the standard Schools Forum and Operational Good Practice Guide.

2. 2022-23 Funding Summary

- 2.1 The Department for Education (DfE) published on 20 July an update on the policy paper of the National Funding Formula (NFF) 2022-23 for schools and high needs. Details can be found at [National Funding Formula for Schools and High Needs](#).
- 2.2 The DfE also published 2022-23 indicative allocations for three of the four DSG funding blocks. Early Years funding is based on January pupil census which meant allocations are published to a different timetable.
- 2.3 The latest DSG funding announcements for 2022-23 are provisional. The Schools, Central School Services and High Needs Block allocations will be updated for October 2021 census pupil numbers with an announcement published by the ESFA expected in the third week of December 2021. This is the point at which individual school budgets can be set through North Northamptonshire's schools' funding formula.
- 2.4 Nationally core school funding increased by £2.6bn in 2020-21, £4.8bn in 2021-22 and is increasing by £7.1bn in 2022-23 compared to 2019-20, including significant additional funding for children with special educational needs and disabilities. 2022-23 is the final year of the three-year funding commitment by the Government.

2.5 The national increase in high needs funding from 2021-22 to 2022-23, will be £780 million, or 9.6%. The high needs NFF includes:

- The funding floor – this ensures that all local authorities’ allocations per head of population will increase by a minimum percentage compared to the baseline. For 2022-23 the funding floor is kept at 8%.
- The gains cap – the limit on gains per head of the population compared to the baseline. For 2022-23 the gains cap is set at 11% which means that local authorities can see an increase of up to 11% before their gains are capped.

2.6 The proposed changes for 2022-23 schools funding are as follows:

a) School funding is increasing by 3.2% overall. The funding is based upon the pupils and cohorts core factors increasing within the formula by 3%, but ensuring every school is allocated at least 2% more funding per pupil.

b) The MPPLs remains mandatory, at the new NFF values of:

Primary Minimum Per Pupil Level Funding	£4,265
Secondary Minimum Per Pupil Level Funding	£5,525

c) Sparsity factor in support of small schools and remote schools will increase nationally to £55,000 (2021/22 £45,000) for primary and £80,000 (2021/22 £70,000) for all other schools. North Northamptonshire Schools will receive to £55,181 for primary and £80,263 for all other schools in 2022-23 which takes account of the Area Cost Adjustment (ACA) of 0.00329. The calculation or accuracy of this is to identify schools’ remoteness by using road distances instead of straight-line distances and using a new distance “taper”. This means that schools whose sparsity distance is between 1.6 and 2 miles (for primary schools), or 2.4 and 3 miles (for secondary schools) will now attract some additional funding through the sparsity factor.

d) Decreasing the funding lag for Free School Meals – which is based on FSM6 (Free School Meals for the Past 6 years) deprivation funding factor by 9 months, from using the previous year’s January census to the October census.

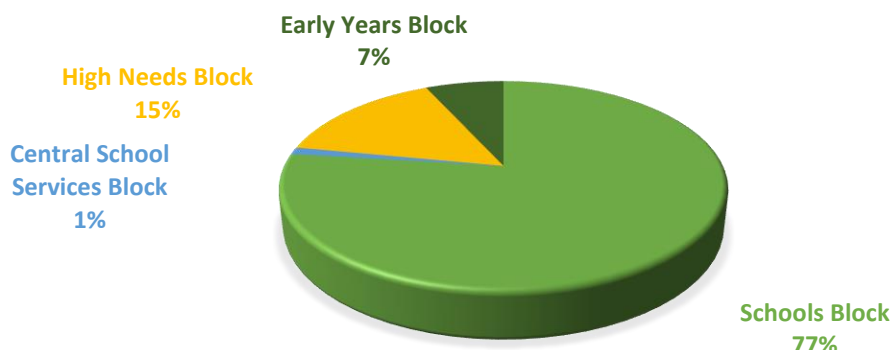
e) For the low prior attainment (LPA) factor in the NFF, data from the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) assessments have been used as a proxy for the 2020 assessments, following the cancellation of these assessments due to the pandemic. This is consistent with how the LPA factor was calculated in local formulae in 2021-22.

- f) Eligibility for the mobility factor is usually determined based on the census in which pupils first appear at their current school. As a result of the cancellation of the May 2020 census, pupils who joined a school between January and May 2020 attract funding for mobility based on their entry date, rather than by virtue of the May school census being their first census at the current school.
- g) Centralising the business rates payment system for schools, so that ESFA will pay billing authorities directly on behalf of state funded schools.
- h) Local authorities will continue to set a minimum funding guarantee in local formulae, which in 2022-23 must be between +0.5% and +2%.
- i) Local authorities will be able to transfer up to 0.5% of their total Schools Block allocations to other blocks of the Dedicated Schools Grant (DSG), with Schools Forum approval. A disapplication will continue to be required for transfers above 0.5%, or for any amount without Schools Forum approval.
- j) High needs funding increasing by 9.6% ensuring that every local authority will receive at least 8% increase per head of population, and up to 11% (capped at 11% on gains). This vital extra resource will continue to help local authorities manage their cost pressures in this area. North Northamptonshire Council is due to receive 8% in 2022-23.
- k) Technical changes to the historic spend factor within the high needs national funding formula was made. The factor has been updated to use 50% of local authorities' actual spend data in 2017-18 rather than their planned spend.

2.7 A DfE consultation exercise of moving to the hard NFF was published at the start of summer with a closing date 30 September for the consultation. **2022-23 financial year will not be the hard NFF as originally planned.**

2.8 The following chart sets out the Provisional 2022-23 NFF funding based on the provisional settlement in July 2021 and the table compares the Provisional 2022-23 against the current 2021-22 DSG allocation:

2022-23 PROVISIONAL NFF ALLOCATIONS £325,429,290



DSG Blocks	2021-22 DSG Allocation	Provisional 2022-23 NFF Allocation	Change	% Change
	£	£	£	%
Schools Block	244,805,438	250,375,503	5,570,065	2.28%
Central School Services Block	3,908,081	3,550,399	(357,682)	(9.15%)
High Needs Block	45,504,413	49,363,187	3,858,774	8.48%
Early Years Block	22,140,202	22,140,202	0	0.00%
Total DSG Allocation	316,358,134	325,429,290	9,071,156	2.87%

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

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

3. Budgetary Pressures in the High Needs Block

- 3.1 The most significant pressure within the DSG is the growth in the funding needed for young people with special educational needs and disabilities (SEND). It is seven years since reforms were introduced to better support children and young people with special educational needs and disabilities (SEND) but the allocation of funding available to support pupils with high needs has become a national issue.
- 3.2 There is a government led review currently underway aimed at improving the services available to families who need support, and to equip staff in schools and colleges to respond effectively to their needs. The review also aims to ensure that public money is spent in an efficient, effective and sustainable manner, placing a premium on securing high quality outcomes for those children and young people who need additional support the most.
- 3.3 There continues to be pressures nationally around the levels of funding allocated for the High Needs block which results from an increase in population, this brings risks around affordability of provision for pupils with high needs.
- 3.4 The structural High Needs deficit that North Northamptonshire Council inherited from the legacy Northamptonshire County Council is around £2.2m. Mitigating actions need to be taken to address this structural issue and to prevent further escalation of the deficit. These issues have been and are likely to be further compounded as a result of the COVID pandemic as there has been an increase in requests for assessments.
- 3.5 Some local authorities under the DfE's High Needs Safety Valve Intervention Programme have managed to secure substantial additional High Needs Block Funding from the DfE to address their High Needs Block deficit. To be successful in the bid for additional funding from the DfE the LA must be able to demonstrate the DfE that the LA is committed and determined to reduce the High Needs Block deficit as an organisation. This includes investment by the council to match fund the mitigating actions required to reduce the High Needs Block deficit.
- 3.6 DfE regulations allow up to 0.5% of the Schools Block funding to be moved to the High Needs Block to cover the continuously increasing costs to support pupils with high needs.
- 3.7 The proposals being considered by Schools Forum following consultation with schools are as follows:
 - a) Which funding formula option would you prefer North Northamptonshire Schools Forum to adopt?
 - Option A – Transfer 0.5% from Schools Block to High Needs Block or

- Option B – Transfer 1.31% from Schools Block to High Needs Block

Option A will transfer approximately £1.258M and Option B will transfer approximately £3.297M from Schools Block to High Needs Block

- b) If the funding formula needs to be brought into balance the overall cost, which methodology would you prefer NNC use?
- A reduction of the floor (minimum funding guarantee per pupil) or
 - A cap on per pupil increases
- c) With regards to the LA Commissioned Outreach Services paper which option do you support:
- Option 1 – a traded scheme that is voluntary for each mainstream or special school and academy
 - Option 2 – formula-based approach (Option B – funding model) - the resource secured from schools' budgets
 - Option 3 - trading the services – has the advantage of being completely transparent and respecting the benefits of a competitive market and diversity and choice for schools
- d) Split Site Policy: Do you agree with rolling forward the split site policy from NCC?
- e) Split Site Rates: Do you agree with using the 2021-22 split site rates?
- f) Growth Fund Policy: Do you agree with rolling forward the growth fund policy from NCC?
- g) Growth Funding Rates: Do you agree with using the 2021-22 growth fund rates?
- h) Permanent Exclusion Clawback Policy: Do you agree with the change from previous NCC clawback policy, to bring NNC onto the clawback as set out in the legislation?
- i) Central School Services Block: Are you in favour of the continuation of the central services that are partly funded by the dedicated services grant?
- j) De-delegation for Trade Union Facility Time: Do you support the proposed continuation of this de-delegation and the rate proposed?
- k) De-delegation for School Effectiveness: Do you support the proposed continuation of this de-delegation and the rate proposed?

- l) De-delegation for Redundancy Costs: Do you support the proposed continuation of this de-delegation and the rate proposed?
- 3.9 The local authority may transfer 0.5% of the Schools Block allocation to the High Needs Block with Schools Forum consent. For North Northamptonshire, this equates to approximately £1.258m in 2022-23 and will be required to offset the forecast carried forward High Needs deficit from 2021-22 and fund the continuing pressure in 2022-23.
- 3.10 The local authority needs to decide the value at which the Minimum Funding Guarantee should be set for 2022/23 - this can be set between +0.5% and +2% which means that the per pupil funding must increase by between +0.5% and +2% from the 2021-22 level.
- 3.11 The local authority also needs to decide whether North Northamptonshire Council should operate a funding cap on a per pupil, year on year increase, if required, to ensure affordability of the overall formula.
- 3.12 With the continuous 20% annual reduction in historical commitments funding by the DFE in the Central School Services Block (CSSB) of the DSG, the continued use of the Central School Services Block is kept under review annually.
- 3.13 The 2021/22 high needs overspend will need to be financed from the increase in the 2022/23 High Needs Block.
- 3.14 The results of the consultation will be presented to and voted on at the Schools Forum meeting on the 16 December 2021. The votes on the following items will be taken.
- The preferred funding formula option
 - The methodology to be used to bring into balance the overall cost
 - The options for the continuation of the local authority commissioned outreach services
 - The split site policy and the rate of funding of this split site policy
 - The growth fund policy and the rate of funding this growth fund policy
 - The proposed changes to the permanent exclusion claw back policy
 - The continuation of the central services partly funded by the Dedicated Schools Grant CSSB
 - The de-delegation for trade union facility time
 - The de-delegation for school effectiveness
 - The de-delegation for redundancy costs
- 3.15 The final schools funding formula ultimately remains a local authority decision having consulted with schools and the Schools Forum. The time between the final DSG settlement from Government in December 2021 and the submission deadline for the individual schools' budgets on 21st January 2022 is tight to allow for adequate budget calculation, presentation

to Schools Forum on the 20th of January 2022 and presentation to North Northamptonshire Council Executive to review for final ratification. As a result of these short deadlines over a time when schools and academies usually have two weeks holiday, the LA therefore propose to delegate authority to the Director for Children's Services in consultation with the Cabinet Member for Children's Services and the Executive Director of Finance (s151 Officer) following consultation with the Schools Forum and Schools Forum to determine:

- a) the 2022-23 school funding formula for Northamptonshire to enable the required submission to the Education and Skills Funding Agency on 21st January 2022;
- b) North Northamptonshire Council's funding arrangements for 2022-23 for pupils with high needs in line with Department for Education guidance; and
- c) North Northamptonshire Council's funding arrangements for 2022-23 for the Early Years National Funding Formula in line with Department for Education guidance.

3.16 North Northamptonshire Schools Forum have been briefed at the October 2021 Forum and will be considering the announcements and impacts at the December 2021 meeting where relevant approvals will be sought, following which the LA will set the schools' budgets.



Equality Screening Assessment

The Equality Screening Assessment form must be completed to evidence what impact the proposal may have on equality groups within our community or workforce. Any proposal that identifies a negative impact must have a full Equality Impact Assessment completed before the proposal progresses further.

1: Proposal

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Requirement	Detail
Title of proposal	Draft Budget Proposals for North Northamptonshire Council 2022-23.
Type of proposal: new policy / change to policy / new service / change to service / removal of service / project / event/ budget	<p>The draft proposals within the budget set out the financial position for the authority and the pressures/savings emerging from the first year of operation alongside new savings and additional investment requirements for 2022-23 onwards. The budget is designed to support the priorities of the Council as listed within the Corporate Plan.</p> <p>The budget proposals:</p> <ul style="list-style-type: none"> • protect the existing service levels • continue the Local Council Tax Support Scheme at 25% as approved in the budget for 2021-22 • support a core council tax increase of 1.99% and an adult social care precept of 1%

Appendix

Requirement	Detail
	<ul style="list-style-type: none"> • Where possible, deliver efficiencies through service redesign, transformation and improvements in technology. • Savings within Adult Social Care relate to better contract utilisation and the continuation of strength-based working and admissions avoidance • Improve income through proactive risk-based treasury management investment • Review the fees and charges in order to support harmonisation across the previous sovereign areas and, where possible, consolidate the fees and charges recognising the varying descriptions across the previous Councils. Charges are already in place and the proposals are intended to ensure consistency and fairness across the Council area. • Include a number of technical budget proposals which do not require an equality impact assessment • Some efficiencies will not require a full impact assessment.
<p>What is the objective of this proposal?</p>	<p>To set the budget for 2022-23 which, by statute, must be balanced financially. This requires the Council accounting for pressures on services that require investment as well as identifying savings and efficiencies in order to balance the budget.</p> <p>In setting the budget the Council will take into account the contents of the Equality Act (2010) which contains a range of rights, powers and obligations to assist in the drive towards equality. North Northamptonshire Council has a duty towards people who share 'Protected Characteristics' to have 'due regard' to:</p>

Requirement	Detail
	<ul style="list-style-type: none"> • Eliminating discrimination; • Promoting equality; • Fostering good relations. <p>Having due regard means public authorities must consciously consider or think about the need to do the three things set out in the public sector equality duty.</p> <p>The Council must demonstrate compliance with the duties in its decision-making processes, which it does so by requiring decisions made at Executive to be accompanied, where appropriate, by ESA and or EqIA to measure the effect of the proposed decision or policy on people with protected characteristics:</p> <ul style="list-style-type: none"> • Age • Disability • Gender reassignment • Marriage and civil partnership • Pregnancy and maternity • Race • Religion and belief (including no belief) • Sex • Sexual orientation
<p>Has there been/when will there be consultation on this proposal? (List all the groups / communities, including dates)</p>	<p>Consultation on the budget will commence as soon as practical after the draft budget has been approved (Executive meet on 23rd December to consider the proposals) and end on 28th January 2022, covering a five-week period.</p>
<p>Did the consultation on this proposal highlight any positive or negative impact on protected groups? (If yes, give details)</p>	<p>The ESA will be reviewed when the consultation has concluded.</p>

Requirement	Detail
What processes are in place to monitor and review the impact of this proposal?	Feedback from the wider consultation process and the comments from the Finance and Resources Scrutiny Committee.
Who will approve this proposal? (Committee, CLT)	Executive and Council

2: Equality Consideration

In turn, consider each protected group to ensure we meet our legal obligations of the Equality Act (2010).

Protected Groups	General Equality Duty Considerations	Changes	Impact
Age Different age groups that may be affected by the proposal in different ways.	<ul style="list-style-type: none"> • Include factual evidence of how people in this group may be affected. • Consider the outcomes and processes. • Does this seek to eliminate discrimination? • Does this promote fostering good relations? <p><u>Proposal: Strength Based Working</u> Transformation of adult social care pathways and processes to ensure focus on client outcomes, independence, better decision making and best practice approaches to reduce delays and spend.</p> <p><u>Proposal: Admission Avoidance</u> A service (initially funded by business rate pilot fund) provided by health, social care and East Midlands Ambulance Service providing support following falls in the home to reduce hospital admissions and likelihood of long-term social care.</p>	<ul style="list-style-type: none"> • What changes can be made to mitigate any negative impact? • Are there opportunities to remove possible barriers or disadvantages that a group may face? 	<p>Delete as appropriate. There can be more than one answer per protected group.</p> <p>Positive</p> <p>Positive</p>

Protected Groups	General Equality Duty Considerations	Changes	Impact
	<ul style="list-style-type: none"> • Include factual evidence of how people in this group may be affected. • Consider the outcomes and processes. • Does this seek to eliminate discrimination? • Does this promote fostering good relations? <p>It focusses on people presenting at acute hospitals with relevant conditions who can be rapidly assessed, diagnosed and treated without being admitted to a ward, if clinically safe to do so.</p> <p><u>Proposal: Increased Utilisation of Capacity within the PPP Contract</u></p> <p>The PPP contract predominantly cares for individuals that are over 65 years of age and frail. The aim of the proposal is to review the capacity within the PPP care arrangements to maximise the use of the facilities that we hold a contract with and achieve cost effective placements compared to other independent providers. Placements will only be provided where they are suitable and meet the needs of the individuals.</p> <p><u>Front Door Direction to VCS providers</u></p> <p>Individuals can receive appropriate support through Voluntary and Community Sector organisations, a number of which will receive grant funding from the Council</p>	<ul style="list-style-type: none"> • What changes can be made to mitigate any negative impact? • Are there opportunities to remove possible barriers or disadvantages that a group may face? 	<p>Delete as appropriate. There can be more than one answer per protected group.</p> <p>Neutral</p> <p>Neutral</p>

Protected Groups	General Equality Duty Considerations	Changes	Impact
	<ul style="list-style-type: none"> • Include factual evidence of how people in this group may be affected. • Consider the outcomes and processes. • Does this seek to eliminate discrimination? • Does this promote fostering good relations? 	<ul style="list-style-type: none"> • What changes can be made to mitigate any negative impact? • Are there opportunities to remove possible barriers or disadvantages that a group may face? 	Delete as appropriate. There can be more than one answer per protected group.
	<p><u>Expansion of Extra Care and review of contracts</u></p> <p>Designed to facilitate wider use of Extra Care facilities, only where this is a suitable placement for the individual.</p>		Neutral
<p>Sex</p> <p>Is one sex affected more than another or are they affected the same?</p>	The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Sex.		Neutral
<p>Disability</p> <p>It is likely to have an effect on a particular type of disability? Why?</p>	<p><u>Front Door Direction to VCS providers</u></p> <p>Individuals can receive appropriate support through Voluntary and Community Sector organisations, a number of which will receive grant funding from the Council</p>		Neutral
<p>Gender Reassignment</p> <p>Will there be an impact on trans males and/or trans females?</p>	The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Gender Reassignment.		Neutral
<p>Race</p> <p>Are people from one ethnic group affected more than people from another ethnic group?</p>	The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Race.		Neutral

Protected Groups	General Equality Duty Considerations	Changes	Impact
<p>Sexual Orientation</p> <p>Are people of one sexual orientation affected differently to people of another sexual orientation?</p>	<p>The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Sexual Orientation.</p>		<p>Neutral</p>
<p>Marriage & Civil Partnership</p> <p>Are people in a Marriage or Civil Partnership treated less favourably?</p>	<p>The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Marriage and Civil Partnerships.</p>		<p>Neutral</p>
<p>Pregnancy & Maternity</p> <p>Are people who are pregnant, or have a baby of 6 months old or younger, effected by this proposal?</p>	<p>The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Pregnancy and Maternity</p>		<p>Neutral</p>
<p>Religion or Belief</p> <p>Does the proposal effect people differently depending on whether they have or do not have a religion or a belief?</p>	<p>The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Religion or Belief</p>		<p>Neutral</p>
<p>Health & Wellbeing</p> <p>1. Health behaviours (E.g. diet, exercise, alcohol, smoking) 2. Support (E.g. community cohesion, rural isolation)</p>	<p>The proposals within Adult Social Care have a positive impact on Health and Wellbeing, by supporting the independence of individuals, seeking to avoid hospital admissions and looking for support in a community setting.</p>		<p>Positive</p>

Protected Groups	General Equality Duty Considerations	Changes	Impact
3. Socio economic (E.g. income, education). 4. Environment (E.g. green spaces, fuel poverty, housing standards).	<ul style="list-style-type: none"> • Include factual evidence of how people in this group may be affected. • Consider the outcomes and processes. • Does this seek to eliminate discrimination? • Does this promote fostering good relations? 	<ul style="list-style-type: none"> • What changes can be made to mitigate any negative impact? • Are there opportunities to remove possible barriers or disadvantages that a group may face? 	Delete as appropriate. There can be more than one answer per protected group.

3: Equality Impact

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Question	Response
What overall impact does the proposal have on the protected groups? If a negative impact is identified anywhere in section 2, the response will be Negative Impact.	Overall, a positive impact
Does an Equality Impact Assessment need to be completed? (Yes, if any negative impact is found.)	No – not at this stage. This will be considered in light of the consultation. If yes, this Equality Screening Assessment must be adjoined to the Equality Impact Assessment.
Copy attached to relevant report?	Yes
Is this document going to be published with the relevant report?	Yes

4: Ownership

Question	Response
Directorate	Finance

Question	Response
Service area	
Lead officer's name	Janice Grotts
Lead officer's job title	Executive Director of Finance
Lead officer's contact details	Janice.gotts@northnorthants.gov.uk
Lead officer's signature	
Date completed	14.12.2021

Completed forms must be sent to Equalities@northnorthants.gov.uk

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EXECUTIVE 23rd December 2021

Report Title	Capital Programme 2022-25
Report Author	Janice Gotts Executive Director of Finance janice.gotts@northnorthants.gov.uk
Executive Member	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

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

List of Appendices

- Appendix A** – Baseline Capital Programme 2022-25
- Appendix B** – Baseline HRA Capital Programme 2022-25
- Appendix C** – Baseline Development Pool

1. Purpose of Report

- 1.1. This report sets out the baseline Capital Programme for 2022-23 and the indicative Medium-Term Financial Plan for North Northamptonshire Council. It will form the basis of the budget consultation process which will commence once the draft budget has been approved. Residents, local partners and other stakeholders will have the opportunity to review the proposed budget and provide feedback during the five-week consultation period, which will commence following the Executive meeting on 23rd December 2021 and run until 28th January 2022. The draft budget will also be presented to the Finance and Scrutiny Committee for feedback.
- 1.2. The Finance and Resources Scrutiny Committee has a critical role to play in scrutinising and reviewing the budget proposals, ensuring that they are subject

to rigorous challenge. The Scrutiny Committee will provide recommendations back to the Executive on the proposals put forward.

- 1.3. This report sets out the baseline Capital Programme and identifies the key factors and challenges influencing the development of North Northamptonshire Council's future commitments for 2022-23 and beyond.

2. Executive Summary

2.1 This report presents the Draft General Fund Capital Programme for 2022-25, the Baseline Development Pool and the Housing Revenue Account (HRA) Capital Programme 2022-25.

2.2 The key principles underpinning the current Capital programme are as follows:

- The delivery of a Medium-Term Capital Programme which is affordable and sustainable, ensuring that the Council's internal resources and application of external borrowing are utilised to fund capital expenditure where it supports the delivery of the Council's financial sustainability and where there are statutory requirements such as health & safety;
- New capital investment will only be permitted where it contributes to the achievement of the Council's corporate priorities;
- The use of external funding is prioritised against the areas of greatest need, in the main supporting highways maintenance, the delivery of education places, the Corby Town Plan and Tresham Garden Village within North Northants. Priority will be given to schemes that also deliver transformation and/or revenue savings;
- Maximisation of the use of the Council's assets, and where possible working with local partner organisations to maximise the efficiency of assets across the public sector and North Northants;
- Take into account external influences such as the 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.

3. Recommendations

3.1 It is recommended that the Executive approves for Consultation:

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

3.2 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.*

4. Report Background

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

5. Issues and Choices

Capital Strategy 2022-25

5.1 The current Capital Strategy and the key principles has been developed with reference to the requirements of the current Prudential Code and Treasury Code of Practice. CIPFA consulted earlier in the year on the principles to support the changes to the Prudential Code for Capital Finance in Local Authorities (Prudential Code) and the Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (Treasury Management Code). The consultation closed on 16th November 2021 and the outcome is expected to be published later this month or early in the new year. This will be considered when updating the Council's Treasury management Strategy for the reports to Executive and Council in February 2022.

5.2 The key principles underpinning the Capital Strategy in compiling the Capital programme are as follows:

- The delivery of a Medium-Term Capital Programme which is affordable and sustainable, ensuring that the Council's internal resources and application of external borrowing are utilised to fund capital expenditure where it supports the delivery of the Council's financial sustainability and where there are statutory requirements such as health & safety;
- New capital investment will only be permitted if it contributes to the achievement of the Council's corporate priorities;
- The use of external funding is prioritised against the areas of greatest need, in the main supporting highways maintenance, the delivery of education places, the Corby Town Plan and Tresham Garden Village within North Northants. Priority will be given to schemes that also deliver transformation and/or revenue savings;

- Maximisation of the use of the Council's assets, and where possible working with local partner organisations to maximise the efficiency of assets across the public sector and North Northants;
- Take into account external influences such as the 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.

Governance Process and Approval of New Capital Schemes

5.3 The Capital Strategy outlines the Governance Structure for approving new capital schemes. New capital investment will only be permitted if it contributes to the achievement of the Council's strategic priorities. The use of external funding will be prioritised against the areas of greatest need within the North Northants area, in the main supporting highways maintenance and the delivery of education places. Priority will be given to schemes that deliver transformation that the council is aiming to deliver generating revenue savings or income streams to support the MTFP. An updated strategy will be reported to the February Executive.

Capital Programme 2022-25, HRA Capital Programme 2022-25 and Development Pool

5.4 The Baseline Programme has 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 has resulted in a Total Capital Programme of £72.2m (General Fund £34.1m, HRA £38.1m) over the three-year period, which comprises:

- A General Fund Baseline Programme totalling £34.1m 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 Development Pool for totalling £62m and the prioritisation of 21 key schemes against the associated funding streams making up the Pool. The key themes are Children's Services including Basic Needs, increasing capacity for pupil numbers, schools' maintenance, looked after children's placements and fostering support, Place including highways maintenance, new road or extension schemes, cycleways, flood alleviation, regeneration and economic development projects and property asset management, adults community equipment and Corporate Projects mainly corporate IT and service systems;

- 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.

Minimum Revenue Provision

- 5.5 The disaggregation of the capital assets, balances and debt are still to be finalised and subject to audit of the 2020-21 financial accounts for Northamptonshire County Council.
- 5.6 The Minimum Revenue Provision (MRP) reflects the minimum amount a Council must charge to the revenue budget each year to set aside a provision for repaying external borrowing. The increase in the MRP provision of £1.549m for 2022/23 is to ensure the provision is aligned to the MRP policy moving into the medium term. This will form part of the Treasury Management Strategy to the February Executive.
- 5.7 The Public Works Loan Board no longer lend to local authorities that plan to buy commercial assets primarily for yield. PWLB will still be available to all local authorities for refinancing. To borrow from the PWLB, local authorities will now be required to submit a summary of their planned capital spending and PWLB borrowing for the following three years including a commentary outlining the expenditure plans of the Council.

Funding

- 5.8 The capital programme assumes various sources of funding including capital receipts and grants, together with support from external/internal borrowing, which is at the discretion of the council for essential capital expenditure.

6. Implications (including financial implications)

6.1 Resources and Financial

- 6.1.1 The resource and financial implications of the Capital Strategy and Capital Programme are set out in the body and appendices of this report. Staff capacity/external support will need to be ensured to deliver the Council's capital projects and support the expansion of the programme and the Council's ambitions moving forward.

6.2 Legal

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

6.3 Risk

- 6.3.1 The following risks are associated with the budget proposals:

Risk	Mitigation	Residual RAG Risk
Capacity to deliver	Ensure co-ordinated delivery teams for the capital programme and sufficient resources for external support as required	Amber
Disaggregation not being agreed	Agreements on most splits are in place reducing the impact of remaining items	Amber
MRP policy not complete	Estimates based on current policies of current debt plus a phasing strategy included to reduce future one-off impact	Amber
Historic Commercial Schemes/Change in Government Policy	Commercial Assets to be managed to maximise performance and changes to policy will be paramount to future capital strategy and	Amber
Condition of assets transferring to the Council	Condition likely to be variable across the estate. Will need to be reviewed as part of the One Public Estate workstream to rationalise	Amber

6.4 Consultation

- 6.4.1 If the proposals set out in this report are endorsed, formal consultation on the proposals contained within the Draft Capital Budget 2022/23 will begin on or immediately after 23rd December 2021, subject to Executive approval of the draft budget proposals for 2022/23. It will conclude on 28th January 2022 in preparation for the presentation of the final budget proposals to Executive and Council in February 2022.
- 6.4.2 If there are any changes made to any of these proposals following the consultation process, then the effect of this upon the overall budget position will be considered for the final budget paper to Executive on 10th February 2022. This does not predetermine any decision that the Council may make on 24th February 2022.
- 6.4.3 The structure and design of the consultation will set out the budget proposals and will enable both online and non-digital means of participation, in accordance with good practice. This is to ensure the widest possible reach, a variety of

consultation methods will be used to maximise the range of accessible channels for consultees, these include:

- Online survey – available free at libraries for those without internet access (with hard copies and copies in other formats available on request)
- An email address and telephone number
- Social media - including Facebook, Twitter and LinkedIn
- Postal address
- Emails to key stakeholders, inviting them to comment through the above consultation channels and asking them to promote the consultation to their members/community: e.g., partner organisations, MPs, Town and Parish Councils, Voluntary Sector Infrastructure Organisations.
- Emails to Residents' Panel members and other stakeholders who have registered to receive consultation alerts, inviting them to comment through the above consultation channels.

6.4.4 The purpose of the consultation is to ensure that, when the Final Budget is considered by Council on 24th February 2022, Members are fully aware of the consultation feedback and are in a position to take it into account when making final decisions. This includes full consideration of any viable alternatives for ways to save money/generate income, if provided.

6.4.5 In addition, there will be specific consultation for any budget proposals that require targeted consultation with service users. This will include consultation with local residents regarding the HRA via the respective Tenants Forum.

6.5 Consideration by Scrutiny

6.5.1 The Finance and Resources Scrutiny Committee has a critical role to play in scrutinising and reviewing the budget proposals, ensuring that they are subject to rigorous challenge. The Scrutiny Committee will provide recommendations back to the Executive on the proposals put forward.

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

6.5.3 The scrutiny of the budget proposals will take place after the planned presentation of the 2022/23 budget to Executive on 23rd December 2021 and it will complete in January 2022 to feed into the updated budget report to Executive on 10th February 2022.

6.5.4 In order to assist in the scrutiny process, it is proposed that separate scrutiny sessions take place across the main service areas of:

- Place and Economy

- Adults, Communities and Wellbeing Services, including the HRA
- Children’s and Education Services – this will include the Children’s Trust
- Enabling and Support Services – Finance, Transformation and ICT, and Legal and Democratic (which includes HR).

6.5.5 The relevant senior Council Officers and Executive Member portfolio holders will attend each scrutiny session to answer any question put forward by the Committee Members.

6.5.6 This will include both the revenue budget and the capital programme for each of the main service areas.

6.5.7 Each service area, as outlined above, will attend its respective scrutiny session to present its service and budget plans. The Finance and Resources Scrutiny Committee will scrutinise each plan and may request further details on a particular area, either to be discussed at that session or a subsequent follow up session.

6.5.8 To maximise the effectiveness of the planned scrutiny sessions, Scrutiny Members are requested to identify any areas requiring further detailed information prior to the meeting with the Directorates taking place in order that this can be drawn together in preparation for the meeting. This will enable the Finance and Resources Scrutiny Committee to ensure that it has the required information necessary to adequately scrutinise the proposals and provide any subsequent recommendations to the Executive.

6.5.9 The outcome from the scrutiny process will be fed back to the Executive at its meeting in February to take into consideration when making its decisions on the budget to recommend to Budget Council on 24th February.

6.6 **Climate Impact**

6.6.1 The council is supportive of the key principles of raising awareness of the issues of climate change and its impact on the local area, reducing emissions of greenhouse gases across the area and planning for and adapting to the impacts of climate change and these were all considered as part of setting the initial capital programmes that have subsequently led to the baseline capital programme within this report.

6.7 **Community Impact**

6.7.1 No distinct community impacts have been identified as a result of the proposals included in this report, however, the successful delivery of various projects will have a positive result in the local communities once completed.

7. **Background Papers**

7.1 The following documents disclose important facts on which the report is based and have been relied upon in preparing the report.

- Suite of Budget reports to North Northamptonshire Shadow Authority, 25th February 2021 (Budget Council):
<https://northnorthants.moderngov.co.uk/CeListDocuments.aspx?CommitteeId=138&MeetingId=109&DF=25%2f02%2f2021&Ver=2>
- Suite of Budget reports to North Northamptonshire Shadow Executive Committee 10th February 2021:
<https://northnorthants.moderngov.co.uk/CeListDocuments.aspx?CommitteeId=139&MeetingId=120&DF=10%2f02%2f2021&Ver=2>

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General Fund Capital Program 2022-23 to 2024-25

Scheme By Directorate	2022-23 Spend	2023-24 Spend	2024-25 Spend	Total Spend
	£	£	£	£
Adults, Wellbeing and Communities				
Disabled Facilities Grant	1,900,000	1,900,000	1,900,000	5,700,000
Small and other capital works and grants	150,000	150,000	150,000	450,000
Housing and Homelessness Prevention	2,000,000	1,000,000	1,000,000	4,000,000
Leisure and Tourism Projects	103,500	89,000	108,000	300,500
Community Fund	40,000	40,000	40,000	120,000
Grants - Village Halls	32,000	32,000	32,000	96,000
Parkwood Leisure Renewal	30,000	30,000	30,000	90,000
Adults, Wellbeing and Communities Total	4,255,500	3,241,000	3,260,000	10,756,500
Children's				-
Stanton Cross Primary School	4,564,000	-	-	4,564,000
Schools Minor Works Programme 2021-22	968,000	-	-	968,000
Children's Total	5,532,000	-	-	5,532,000
Place and Economy				
A43 Corby Link Road	100,000	45,000	-	145,000
Northamptonshire Superfast Broadband	1,562,587	1,254,440	-	2,817,027
Contribution to HWRC Sinking Fund	29,866	-	-	29,866
Car Parking - Kettering Town Centre	20,000	20,000	20,000	60,000
Borough Wide - Recycling Project	100,000	100,000	100,000	300,000
New Depot	1,500,000	-	-	1,500,000
Recycling Project / Facility	2,500,000	2,500,000	-	5,000,000
Woodland Improvements	63,000	63,000	63,000	189,000
Replacement Wheelie Bins	52,000	52,000	52,000	156,000
Environment Projects	105,000	80,000	2,995,000	3,180,000
Cemetery works	40,000	40,000	40,000	120,000
Stock Improvement & Compliance	250,000	10,000	750,000	1,010,000
Warren Hill Works	150,000	-	-	150,000
Place and Economy Total	6,472,453	4,164,440	4,020,000	14,656,893
				-

General Fund Capital Program 2022-23 to 2024-25

Scheme By Directorate	2022-23 Spend	2023-24 Spend	2024-25 Spend	Total Spend
Transformation				-
Infrastructure / Flexi & Remote Working	220,000	220,000	220,000	660,000
ICT Hardware Replacement	150,000	150,000	150,000	450,000
IT Strategy	2,000,000	-	-	2,000,000
Customer Services Management System	150,000	150,000		
Transformation Total	2,520,000	520,000	370,000	3,110,000
North Northants Total	18,779,953	7,925,440	7,650,000	34,055,393

Discretionary Funding	10,102,549	5,054,440	1,948,000	16,804,989
Capital Receipts	340,000	340,000	290,000	970,000
Earmarked Reserves	202,000	202,000	202,000	606,000
DFG	1,900,000	1,900,000	1,900,000	5,700,000
S106 and Other Grant Funding	6,235,404	429,000	3,310,000	9,974,404
Total	18,779,953	7,925,440	7,650,000	34,055,393

Appendix

Appendix B

Housing Revenue Account Capital Program 2022-25

Scheme	Works	2022-23 Spend	2023-24 Spend	2024-25 Spend	Total Spend
		£	£	£	£
Smoke Detectors	Statutory	81,500	81,500	81,500	244,500
Heating Works	Statutory	300,000	196,000	196,000	692,000
Electrical Wiring	Statutory	950,000	350,000	350,000	1,650,000
Asbestos Inspections & Work	Statutory	165,000	75,000	75,000	315,000
Additional Gas Inspections & Work	Statutory	34,000	34,000	34,000	102,000
Disabled Adaptations	Statutory	180,000	180,000	180,000	540,000
Sub Total Statutory Works		1,710,500	916,500	916,500	3,543,500
Other Smaller Schemes	Priority	23,000	23,000	23,000	69,000
Sub Total Prioritised Works		23,000	23,000	23,000	69,000
Bathrooms	Decent Homes	53,000	53,000	53,000	159,000
Central Heating Boilers	Decent Homes	168,000	168,000	168,000	504,000
External Doors (Dwellings)	Decent Homes	68,000	68,000	68,000	204,000
Fire Doors for Flats/Blocks	Decent Homes	39,000	39,000	39,000	117,000
Kitchens	Decent Homes	137,000	137,000	137,000	411,000
Wall Finishes	Decent Homes	100,000	100,000	100,000	300,000
Unallocated Labour & Overheads	Decent Homes	750,000	750,000	750,000	2,250,000
Other Smaller Schemes	Decent Homes	70,000	70,000	70,000	210,000
Sub Total Decent Homes Works		1,385,000	1,385,000	1,385,000	4,155,000
Compliance (Radon)	AMS	150,000	150,000	150,000	450,000
Compliance (Fire)	AMS	100,000	100,000	0	200,000
Compliance (Water)	AMS	200,000	200,000	15,000	415,000
Estate Maintenance	AMS	100,000	100,000	100,000	300,000
Sub Total AMS Works		550,000	550,000	265,000	1,365,000
Housing Development Programme	Development	5,300,000	5,500,000	5,500,000	16,300,000
Corby HRA Total		8,968,500	8,374,500	8,089,500	25,432,500

Housing Revenue Account Capital Program 2022-25

Scheme	Works	2022-23 Spend	2023-24 Spend	2024-25 Spend	Total Spend
		£	£	£	£
Housing Association Grant	New Build	985,000	985,000	985,000	2,955,000
Future Schemes	New Build	928,000	758,000	843,000	2,529,000
New Build Schemes		1,913,000	1,743,000	1,828,000	5,484,000
Decent Homes - Kitchen & Bathroom Renewal	Pre-Planned Stock Investment	400,000	400,000	400,000	1,200,000
Window Renewal	Pre-Planned Stock Investment	50,000	50,000	50,000	150,000
Central Heating Renewal	Pre-Planned Stock Investment	400,000	400,000	400,000	1,200,000
Decent Homes - Electrical Upgrades	Pre-Planned Stock Investment	300,000	300,000	300,000	900,000
External Door Replacements	Pre-Planned Stock Investment	150,000	200,000	200,000	550,000
Roof Renewals	Pre-Planned Stock Investment	100,000	100,000	100,000	300,000
External Insulation	Pre-Planned Stock Investment	200,000	200,000	200,000	600,000
Hidden Homes		150,000	0	0	150,000
Pre-Planned Stock Investment		1,750,000	1,650,000	1,650,000	5,050,000
Improving access for disabled people	Adaptations	200,000	300,000	300,000	800,000
					-
Health & Safety and Fire Precautions	Health, Safety and Compliance	20,000	20,000	20,000	60,000
					-
Environmental Improvements	Enhancements	100,000	100,000	100,000	300,000
Sheltered Housing - "Sparkle" Programme	Enhancements	50,000	50,000	50,000	150,000
Enhancement Schemes		150,000	150,000	150,000	450,000
Void Repairs and Improvements	Reactive Stock Investment	300,000	250,000	250,000	800,000
Kettering HRA Total		4,333,000	4,113,000	4,198,000	12,644,000
North Northants Total		13,301,500	12,487,500	12,287,500	38,076,500

Housing Revenue Account Capital Program 2022-25

Corby Funded By	2022-23	2023-24	2024-25	Total Funding
	£	£	£	£
Revenue Contribution	3,876,000	3,980,000	4,085,000	11,941,000
Capital Receipts	2,120,000	2,200,000	2,200,000	6,520,000
Borrowing	2,972,500	2,194,500	1,804,500	6,971,500
Total	8,968,500	8,374,500	8,089,500	25,432,500

Kettering Funded By	2022-23	2023-24	2024-25	Total Funding
	£	£	£	£
Revenue Contribution	2,728,000	2,795,000	2,858,000	8,381,000
Capital Receipts	1,605,000	1,318,000	1,340,000	4,263,000
Borrowing	0	0	0	0
Total	4,333,000	4,113,000	4,198,000	12,644,000

Total Funded By	2022-23	2023-24	2024-25	Total Funding
	£	£	£	£
Revenue Contribution	6,604,000	6,775,000	6,943,000	20,322,000
Capital Receipts	3,725,000	3,518,000	3,540,000	10,783,000
Borrowing	2,972,500	2,194,500	1,804,500	6,971,500
Total	13,301,500	12,487,500	12,287,500	38,076,500

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Development Pool 2022-23 to 2023-24

Scheme	Directorate	Scheme Description	2022-23 £000's	2023-24 £000's	Total £000's	Funding Source
Primary School extensions	CFN	The Grange Desborough and Oakley Vale.	6,000	1,500	7,500	DFE/S106
Devolved Formula Capital	CFN	Maintained schools capital grant, allocated by school by DFE.	306	302	608	DFE
S106 'non-essential' Schools Schemes	CFN	Based on S106 contributions.	1,000	1,000	2,000	S106
Schools Strategic Repairs and Maintenance	CFN	Funded from 'Schools Condition Allocation' Grant based on condition surveys for maintained schools.	750	0	750	DFE
Schools Temporary Accom./Mobile Classrooms	CFN	As described.	25	0	25	DFE
LTP Maintenance	PLACE	Non-ring fenced DfT grant for the maintenance of highways assets.	4,963	4,963	9,926	DfT
Highways Asset Management	PLACE	Funded in advance scheme, funded from LTP Maintenance grant.	323	323	646	DfT
LTP Integrated Transport	PLACE	Non-ring fenced DfT grant for small scale improvements delivering the objectives of the Local Transport Plan.	1,324	1,324	2,648	DfT
Incentive fund	PLACE	Non-ring fenced DfT grant for the maintenance of highways assets.	860	860	1,720	DfT
Pothole Fund	PLACE	Ring-fenced DfT grant for the repair of potholes.	344	344	688	DfT
S106 Developers Contribution Schemes	PLACE	Developments/S106 agreements will inform the schemes detail.	909	0	909	S106

Development Pool 20022-23 to 2023-24

Scheme	Directorate	Scheme Description	2022-23 £000's	2023-24 £000's	Total £000's	Funding Source
A509 Wellingborough Development Link Phase 1 (Isham Bypass)	PLACE	Road scheme.	19,500	4,035	23,535	DfT, Developer, LA
A43 Northampton to Kettering Phase 3 (Overstone Grange to Holcot/Sywell)	PLACE	Dualling of the A43 Northampton to Kettering (his section spans the boundary between Daventry and Wellingborough).	4,124	850	4,974	DfT, Developer, LA
Flood Alleviation	PLACE	As bid for from Environment Agency and funding secured from external bodies e.g. Anglian Water.	357	0	357	External
Property Asset Management Minor Works	PLACE	Expenditure on NCC properties relating to replacement and repair of boiler and ventilation systems, roofs and building fabric works. Also covers health and safety, water quality and fire regulations requirements.	500	500	1,000	Discretionary
Community Equipment	ADULTS	Capitalisation of small pieces of equipment provided to Adult Social Care clients to support them living at home (includes equipment purchased for health clients).	1,840	1,840	3,680	RCCO 2021-22
Device Management	IT	End of life replacement.	375	0	375	Discretionary
Northants Care Record	ADULTS	Integrating systems into the NHCP Northants Care Record for a single view of the patient/citizen for social workers and clinicians.	50	0	50	Discretionary

Development Pool 2022-23 to 2023-24

Scheme	Directorate	Scheme Description	2022-23 £000's	2023-24 £000's	Total £000's	Funding Source
Leisure and Tourism Projects	ADULTS	Pemberton, Splash and Nene Leisure Centres	15	0	15	Discretionary
Corporate Systems	IT	Mainly Corporate IT Systems	313	243	556	Discretionary
Asset Management Plan	PLACE	General Asset Mgt	49	30	79	Discretionary
Totals			43,927	18,114	62,041	

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EXECUTIVE 23rd December 2021

Report Title	HRA Draft Budget 2022-23 and MTFP Proposals
Report Author	Janice Gotts Executive Director of Finance janice.gotts@northnorthants.gov.uk
Executive Member	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

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

List of Appendices

Appendix A – Draft Housing Revenue Account Budgets for 2022/23

Appendix B – Draft Housing Revenue Account – Medium Term Financial Plan

Appendix C – Summary of Reserves

1. Purpose of Report

- 1.1. The Housing Revenue Account (HRA) is a separate ring-fenced account within the Council for the income and expenditure associated with its housing stock. The HRA does not directly impact on the Council's wider General Fund budget or on the level of council tax. Income to the HRA is primarily received through the rents and other charges paid by tenants and leaseholders.
- 1.2. Whilst North Northamptonshire Council must only operate one HRA it will, for a limited period of time, operate two separate Neighbourhood Accounts, these being:
 - the Corby Neighbourhood Account - responsible for the stock that was previously managed by Corby Borough Council and

- the Kettering Neighbourhood Account - responsible for the stock that was previously managed by Kettering Borough Council.
- 1.3. A future decision will be required around the timeframe for which two Neighbourhood Accounts continue – typically these interim arrangements would cover a two to three-year period.
 - 1.4. Work is underway on preparing a Housing Strategy for North Northamptonshire. This will consider the challenges faced by the Council across the local housing market and will set out measures to enhance housing options for local residents. This document will form a key element of the overarching strategy for North Northamptonshire which will be reported to Members during 2022/23.
 - 1.5. This report seeks approval for the proposed draft budget for the HRA for 2022/23 and the key principles on which it is based together with the Medium-Term Financial Plan (MTFP) that covers the following four years (2023/24 – 2026/27).
 - 1.6. This report also sets out the proposals regarding rent increases for 2022/23. As required by the Housing Act 1985, council tenants in Kettering and Corby will be consulted regarding these proposals and the outcome of this will be reported back to the meeting of the Executive on 10th February 2022 for consideration.

2. Executive Summary

- 2.1 This report presents the draft Housing Revenue Account (HRA) budget and Medium-Term Financial Plan and sets out the proposals for a rent increase in 2022/23.
- 2.2 The overriding approach as part of the transition to the Unitary council for North Northamptonshire was to ensure that the arrangements were 'safe and legal'. It was determined that for the HRA this would, in the first instance, be best achieved through operating two Neighbourhood Accounts to be combined under a single HRA for North Northamptonshire. Work is planned to be undertaken during the course of 2022/23 to start to move to a single HRA and this includes developing a new 30-year Business Plan.
- 2.3 To help maintain and protect levels of service provision and to continue investment into the housing stock the Council will consult on an average rent increase of 4.1% which adheres to the Government Guidelines (Consumer Price Index (CPI) for September 2021 3.1% + 1%) for both of the Neighbourhood Accounts. The proposed rent levels and increases are as follows

	Original Budget 2021/22	Proposed Change	Draft Budget 2022/23
Kettering	£82.17	£3.37	£85.54
Corby	£77.88	£3.19	£81.07

- 2.4 This is in accordance with the Government's Rent Setting Policy. Taking into account this increase, the draft Neighbourhood Accounts show a balanced position for 2022/23. A final budget report for the HRA taking into account the outcome of the consultation will be presented to the Executive on 10th February 2022.
- 2.5 Beyond 2022/23, the Medium-term position (2023/24 to 2026/27) for the Corby Neighbourhood Account shows a deficit of £1.860m whilst the Kettering Neighbourhood Account shows 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 is increasing its contribution for the repayment of the loans whereas the Kettering Neighbourhood account is reducing its repayments, and this is as a result of how the loans were structured. The Medium-Term position assumes that rent increases of 2% are applied each year over the Medium-Term. Rent increases will be subject to an annual consultation with tenants and the rent levels will be dependent on the rent setting formula which is based on the CPI in September of the previous year plus 1%.

3. Recommendations

- 3.1 It is recommended that the Executive:
- a. Notes 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**, which will be consulted upon with Tenants, which includes:
 - i) 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.
 - b. Notes the draft Housing Revenue Account Medium Term Financial Plan beyond 2022/23 consisting of the Corby Neighbourhood Account and the Kettering Neighbourhood Account, for 2023/24 to 2026/27 as set out in **Appendix B**.
- 3.2 Reason for Recommendations
- a. To ensure that the Council complies with its Constitution in setting the budget for North Northamptonshire.

4. Report Background

Resources and Financial

- 4.1 Each year social landlords must set rent levels and budgets for the forthcoming financial year and provide each individual tenant with 28 days statutory notice of any proposed changes to their rent. This report sets out the proposals regarding

the rents, as well as the expenditure plans for the 2022/23 rent year, together with a draft Medium-Term Financial Plan (MTFP) covering the four- year period 2023/24 to 2026/27.

- 4.2 The Council housing stock in the Corby Neighbourhood Account comprises 4,621 tenanted and 631 leasehold properties (as at 1st April 2021) with a rent roll of £18.956m in 2021/22. The Kettering Neighbourhood Account comprises 3,603 tenanted and 253 leasehold properties (as at 1st 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 is set out in Table 1 and Table 2.

Table 1 - Corby Neighbourhood Account					
Type of Property	Number of Bedrooms				Total
	One	Two	Three	Four +	
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
Total	1,095	1,375	1,889	262	4,621

Table 2 - Kettering Neighbourhood Account					
Type of Property	Number of Bedrooms				Total
	One	Two	Three	Four +	
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
Total	1,181	1,342	1,048	32	3,603

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

- 4.4 The Chief Finance Officer reviews the level of balances required to support the Housing Revenue Account spend annually as part of their risk assessment of the budget. The Executive Director – Finance has assessed that the minimum level of balances, taking all known risks into account, should remain unchanged at £800k for the Corby Neighbourhood Account and that the Kettering Neighbourhood Account be increased from £300k to £650k. This aligns the two Neighbourhood Accounts, so the minimum balances are around 4% of the total budget. Details of Reserves together with any estimated movements are set out in **Appendix C**.
- 4.5 It was not feasible to merge the two neighbourhood accounts into one when the legacy councils merged and create the operational changes that were required to ensure a safe and legal service. It is also necessary to develop a 30 Year Business Plan for a single HRA. The Council's Corporate Strategy was approved at the Executive on 18th November 2021, and this sets out its priorities, the objectives to achieve these, key actions, and measures of success. The services delivered within the HRA will support this strategy and will be developed over the forthcoming financial year.
- 4.6 The approach to the HRA budget setting has 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) will be covered in a separate report to this meeting which covers both the General Fund and HRA Capital Programmes.
- (i) Revenue income and rent and service charge levels;
 - (ii) Revenue expenditure plans that reflect service delivery patterns;
 - (iii) Capital expenditure plans that will deliver essential maintenance to the stock as well as ensuring the Decent Homes Standard is maintained and support the new build programme.

Revenue Income

- 4.7 The HRA receives income primarily from rents paid by tenants and from service charges levied. The draft budgets for 2022/23 have been compiled based on a rent increase of 4.1% - which is in accordance with the nationally recommended increase for 2022/23. When considering the rental increase it is important to recognise the long-term impact as income foregone is compounded over future years.
- 4.8 The MHCLG policy statement on rents published in February 2019 announced that rents would increase by CPI + 1% from April 2020 and this would be for a period of five years (2020/21 to 2025/26). Members are reminded of the announcement that was made in July 2015 budget statement where all social rents would decrease by 1% each year over the four-year period 2016/17 – 2019/20 during which the cumulative loss of rental income was around £70m for the Corby Neighbourhood Account and around £60m for the Kettering Neighbourhood Account. This will continue to have a significant cumulative impact on the level of income that will be available to the HRA over the course of the 30-year business plan.

- 4.9 The number of Right to Buy (RTB) sales assumed during 2022/23 and the medium term for the Corby Neighbourhood Account is 50 and for the Kettering Neighbourhood Account is 30 – these assumptions will be kept under review. The part year income associated from these sales has been deducted from the 2022/23 income budget.
- 4.10 For 2022/23 it is assumed that 0.9% of the Corby Neighbourhood housing stock will be void at any one time and it is assumed that 1.90% of the Kettering neighbourhood housing stock will be void at any one time and therefore rent cannot be charged. This is consistent with the approach taken in previous years and reduces 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.
- 4.11 Acquisition and new build programmes increase the number of housing stock for the HRA. The Corby Neighbourhood Account will reflect the additional income in 2022/23 from the delivery of 3 new homes during 2021/22 at Stanion Close and will also reflect an increase in income from the delivery of 5 homes at Cannock Road.
- 4.12 The Kettering Neighbourhood Account will 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 have been added to the 2022/23 rental yield.
- 4.13 It is anticipated that a further 18 homes will be delivered at Cheltenham Road that will be available for rent in March 2023, this has been reflected into the revenue account for 2023/24. Further schemes will be reflected in the Medium-Term Financial Plan when there is more certainty around the timed delivery of future housing schemes.
- 4.14 In April 2012, the Government “reinvigorated” its Right to Buy (RTB) policy by reducing the eligibility period for RTB sales and increasing the maximum levels of discount. At the same time, the Government introduced a new mechanism that allowed local authorities to retain 100% of the RTB receipts (after some deductions) from the sale of Council Houses above a specified number of RTB sales set by Government each year for each council (the “RTB threshold”). These are referred to as 1- 4-1 Receipts.
- 4.15 There were two core principles for using 1-4-1 Receipts:
- 1) That 1-4-1 Receipts can only be used to fund no more than 30% of eligible expenditure for the provision of new homes; and
 - 2) That 1-4-1 Receipts must be utilised within 3 years of them occurring. In order for the Government to enforce the time period in which expenditure must be accounted for, the standard agreement signed by Councils requires any 1-4-1 Receipts not utilised within the 3-year timeframe to be paid over to the Government, plus interest charged at 4% above base rate compounded every 3 months.

- 4.16 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 result in a delay in delivery. In response to this the Government temporarily lifted the time period for which 1-4-1 receipts need to be utilised by granting a six-month extension in 2020/21, this extension was then increased to nine months.
- 4.17 The Government announced a number of changes on how 1-4-1 receipts could be used. These changes came into effect from 1st April 2021 and included;
- Increasing the time limit for the use of the receipts from three to five years – this covers not just future receipts but existing ones (i.e. back to 2017-18).
 - That the use of 1-4-1 Receipts to fund eligible expenditure for the provision of new homes be increased from 30% to 40%.
 - Introduction of a cap on the use of Right to Buy receipts on acquisitions to help drive new supply with the phased introduction, with the cap limiting acquisitions to 50% of delivery from 1st April 2022, then reducing to 40% from 1 April 2023, and to 30% from 1st April 2024 onwards. The first 20 units of delivery in each year will be excluded.

Service Charges

- 4.18 The Council can set its own charges for items that attract service charges but must review annually the costs that drive these charges as well as how that money can be utilised.
- 4.19 Leasehold service charges cover costs that are recharged to leaseholders in year to reflect either the cost of maintaining the fabric of the building or the cost of maintaining the communal areas. These charges must reflect the full cost that is incurred by the HRA, but no profit should be achieved through the levelling of these charges. Given this, the income budgets proposed reflect only an indicative level and actual charges will 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 will be estimated and leaseholders will be notified of the charges to be applied for 2022/23. This process is in line with that undertaken in previous years.

Revenue Expenditure

- 4.20 The HRA manages expenditure that covers delivery of the general housing management function as well as overheads and capital financing charges. The expenditure costs are categorised into the following six headings, further details are set out in paragraphs 4.21 – 4.33 which follow.
- Repairs & Maintenance
 - General Management

- Special Services
- Self- Financing Payments
- Revenue Contribution to Capital Expenditure
- Other

- 4.21 The **Repairs and Maintenance** budget includes the general cost of maintaining the Council's housing stock on a day-to-day basis. It includes, repairs requested by tenants, gas repairs and servicing and costs associated with void property repairs and cleaning.
- 4.22 **General Management** costs include the cost of managing the housing service. They include the cost of running the landlord service efficiently and effectively including rent collection and allocating and managing tenancies.
- 4.23 **Special Services** represents the cost of running the Council's sheltered housing schemes for vulnerable residents. It includes all costs of maintaining sheltered housing and the services provided to residents. There are 558 properties across ten sheltered housing schemes in the Corby Neighbourhood Account and 406 properties across nine sheltered housing schemes in the Kettering Neighbourhood Account.
- 4.24 Fundamental changes to the HRA were implemented in April 2012 – this was referred to as '**Self-Financing**'. The Self-Financing settlement abolished the subsidy system and redistributed debt between authorities based on a government assessment of their ability to service the debt. This had the effect of increasing the debt held by most authorities, but in return they no longer had to pay into the national subsidy pot. Nationally there were 136 authorities who were making subsidy payments and these authorities were required to make a payment to the government that amounted to around £13bn. Conversely 35 authorities received a payment of £6bn from Government as they would no longer be receiving a subsidy payment. The self-financing determinations resulted in Corby Borough Council taking on debt of £70.6m and Kettering Borough Council taking on debt of £72.9m.
- 4.25 The self- financing system allows authorities to better plan over the longer term as they no longer face the uncertainty of annual subsidy determinations which were typically announced around December each year notifying authorities of what they will have to pay or receive in subsidy. This means that all authorities now get to keep all the rent they receive from tenants and are fully responsible for managing their own income and expenditure.
- 4.26 The Government on 29th October 2018 revoked the debt limits that were introduced for HRAs in December 2010 by the Localism Bill under self-financing determinations, by lifting the HRA borrowing cap. This means the Corby and Kettering Neighbourhood Accounts will not be subject to a limit on borrowing.
- 4.27 All borrowing must conform to the Prudential Code which requires that borrowing be affordable and prudent. The 2021/22 budget for the Corby Neighbourhood Account provides for the repayment of a loan of £10.646m, for which monies have been set aside annually for loan repayments in the HRA Debt Management Reserve. The outstanding debt on 31st March 2022 is estimated to be £60m. The

2022/23 budget provides for £1.972m to be set aside which will be transferred to the HRA Debt Management Reserve which will be used to part fund the repayment of the next loan of £15m which matures in 2031/32.

- 4.28 The Kettering Neighbourhood Account is forecast to have debt of £45.724m as of 31st March 2022. This is a combination of debt from self-financing which amounts to £42.903m and new loans amounting to £2.821m to fund new build schemes. The 2022/23 budget provides for the repayment of a loan of £3m, which will reduce the self-financing debt that is outstanding at 31st March 2023 to £39.903m.
- 4.29 Business cases that set out how and when the HRA will borrow will be developed and submitted for approval when Business Cases arise, this will be in accordance with the Council's Capital Strategy Approval Process.
- 4.30 Under the self-financing regime the HRA holds a depreciation charge that recognises the cost of managing and maintaining the Council stock at the current level. This funding represents a revenue cost to the HRA that is then used to support the capital programme to deliver the required enhancements to the stock to keep it fit for purpose. The **revenue contribution to capital expenditure** as a minimum must equal the depreciation charge, the draft budget for the two Neighbourhood accounts reflect this.
- 4.31 One of the main areas of risk for the HRA going forward is rent arrears and the management of debt within the rent account. There is a specific risk around the ability to collect this debt as a result of COVID-19 and also as national welfare reform changes are rolled out. The spare room subsidy changes have now been in place for several years and work to manage under occupation is now business as usual.
- 4.32 The Kettering Neighbourhood Account includes a provision of £173,000 for Bad Debts and the Corby Neighbourhood Account includes a provision of £104,000 for 2022/23 and the Medium-Term Plan includes provision for a further £46,000 in 2023/24 for the Corby Neighbourhood Account. The contribution to Bad Debts is shown under the 'other' expenditure heading which also includes Contingencies, Rents, Rates, Taxes and Other Charges and interest payable.
- 4.33 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 includes a pay contingency of 3% which is aligned to the increase in costs of living. To date the pay award is 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 provide for an increase in employers National Insurance Contributions which will 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, it appears that this has been rolled into the £1.5bn that will be distributed nationally which dilutes the funding that is available by around a third to meet new costs. For the purpose of the HRA it has been assumed that this will be cost neutral as the support costs

will be reduced to reflect the increase in cost as the funding will be received into the General Fund

Medium Term Financial Plan (MTFP)

- 4.34 The MTFP for both the Corby Neighbourhood Account and the Kettering Neighbourhood Account are detailed at Appendix B. The MTFP's contain several assumptions, the main ones are set out in Table 3 below – these assumptions will continue to be reviewed and updated but enable an initial medium-term position to be determined for both Neighbourhood Accounts.

Table 3 - MTFP Assumptions		
Assumption	Corby Neighbourhood Account	Kettering Neighbourhood Account
Income		
Rent Levels	Assumes a 2% increase each year (CPI 1% + 1%)	
RTB Sales	50	30
Void Levels	0.90%	1.50%
Expenditure		
Pay Contingency	2.00%	2.00%

- 4.35 The Medium-Term position for the HRA has more certainty than that of the General Fund – largely in part to the self-financing system. Medium Term Financial Planning is 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.

5. Issues and Choices

- 5.1 Housing Rents are set by the Housing Rent Regulator – the expectation of the Rent Regulator is that rents are set in line with Government Policy, which is for rents to be increased by CPI based on the rate in September of the previous year – rents for 2022/23 would be based on the CPI of 3.1% in September 2021 plus 1%.
- 5.2 The Housing Rent Regulatory expect all providers to adhere to the rules, should an organisation implement a rise in excess of this amount, it would be necessary to gain approval from the Secretary of State and the authority would need to provide a clear business case as to why an increase above guidelines are required.
- 5.3 The Council could consider a lower rent increase. A 1% reduction in rental levels would amount to a reduction in the rental yield of around £196k for the Corby Neighbourhood Account and £157k for the Kettering Neighbourhood Account and the effect over the 30-year business plan would be around £6m for the Corby Neighbourhood Account and £5m for the Kettering Neighbourhood Account. The

two Neighbourhood Accounts assume a rental increase in line with the Government Rent Setting Formula (4.1%) and the draft budgets for 2022/23 are in a balanced position. Any changes to the rental levels would require reductions in expenditure.

6. Implications (including financial implications)

6.1 Resources and Financial

6.1.1 The Resources and Financial implications are set out within this Report.

6.2 Legal and Governance

6.2.1 The Housing Revenue Account (HRA) is a separate account within the Council that ring-fences the income and expenditure associated with the Council's housing stock and the 2022/23 Draft Budgets and MTFP adhere to this – the HRA can buy support services from the General Fund such as Finance, IT, HR etc and the draft 2022/23 budgets and MTFP reflect this.

6.2.2 The Council is required by law (Local Government and Housing Act 1989, Section 76) to avoid budgeting for a deficit on the HRA. This means the budget must not be based on total HRA revenue reserves falling below zero. The draft budgets show a balanced budget for both the Corby and Kettering Neighbourhood Accounts with no reliance on reserves.

6.2.3 Under the self-financing regime the HRA holds a depreciation charge that recognises the cost of managing and maintaining the Council stock at the current level. This funding represents a revenue cost to the HRA that is then used to support the capital programme to deliver the required enhancements to the stock to keep it fit for purpose. The revenue contribution as a minimum must equal the depreciation charge – the Draft 2022/23 Budget reflects this for both Neighbourhood Accounts and the MTFP reflects assumptions around future property values– although this will be subject to change when future valuations are known.

6.2.4 Borrowing must conform to the Prudential Code which requires that borrowing be affordable and prudent. The draft 2022/23 budgets for both Neighbourhood Accounts comply with this. Business cases will be compiled for any future borrowing that clearly sets out the revenue implications – these will be modelled in the MTFP to ensure affordability and will be the subject of future reports to the Executive.

6.2.5 Whilst there is no statutory requirement to consult on rent levels specifically, there is a statutory requirement to consult on "housing management matters". Historically, Kettering and Corby have engaged and consulted with tenants on the annual HRA budget and rent levels. The approach for the 2022/23 budget will be to continue to consult with tenants and comments will be reported to the meeting of the Executive on 10th February 2022.

6.2.6 Council housing landlords are required to give 28 days' notice to all tenants of changes to the rental and charges for the new financial year. This will be

achieved should all the recommendations be accepted by Council at the meeting on 24th February 2022.

6.3 Risk

- 6.3.1 The self-financing valuation and settlement is based on the Council continuing to implement the Government's Rent Restructuring formula and deviation from this could potentially undermine the financial viability of the two Neighbourhood Accounts. The compound impact from rent increases will be fundamental to the sustainability of the two Neighbourhood accounts – the impact of a 1% reduction in rental levels is set out at Section 5.3.
- 6.3.2 The ability to aggregate housing service functions and strategies to ensure consistency across North Northamptonshire remains a challenge going forward.
- 6.3.3 The investment in the existing stock will be based on updated Stock Condition Survey reports – there is a risk that the investment need is greater than resources – if this were the case a further review of the capital programme would be undertaken.
- 6.3.4 In future years there will be a need to harmonise rents as the new authority migrates from the two neighbourhood accounts into a single account. This must recognise the resource requirements needed to deliver a consistent level of housing services.
- 6.3.5 MHCLG as part of the 2021/22 budget process has confirmed that the operation of two neighbourhood accounts was a local decision for the council, however, for formal accounting purposes the Council will be required to have one HRA and as such the accounts will be aggregated at the end of the year.
- 6.3.6 COVID-19 has had less of an impact on the HRA compared to the General Fund – however it is recognised that it may impact on rent arrears for the two Neighbourhood Accounts.
- 6.3.7 The Welfare Reform Act changes have affected the payments being made to the HRA and further changes associated with the roll out of Universal Credit (UC) could affect levels of tenant income and further increase rent arrears within the HRA.
- 6.3.8 Compliance with regulatory standards and changes to health and safety legislation particularly regarding fire safety will provide additional challenges over the next few years and could lead to increased costs.

6.4 Consultation

- 6.4.1 If the proposals set out in this report are endorsed, formal consultation on the proposals contained within the Draft Budget 2022/23 will begin on or immediately after 23rd December 2021, subject to Executive approval of the draft budget proposals for 2022/23. It will conclude on 28th January 2022 in preparation for

the presentation of the final budget proposals to Executive and Council in February 2022.

- 6.4.2 If there are any changes made to any of these proposals following the consultation process, then the effect of this upon the overall budget position will be considered for the final budget paper to Executive on 10th February 2022. This does not predetermine any decision that the Council may make on 24th February 2022.
- 6.4.3 The purpose of the consultation is to ensure that, when the Final Budget is considered by Council on 24th February 2022, Members are fully aware of the consultation feedback and are in a position to take it into account when making final decisions. This includes full consideration of any viable alternatives for ways to save money/generate income, if provided.
- 6.4.4 The Corby and Kettering Neighbourhood Accounts budget consultation includes the rent levels, the 2022/23 draft budget proposals, together with the draft Medium Term Financial Plan. The consultation with local residents will be via the Kettering Tenants Forums Panel and Corby Tenant's Voice Scrutiny Panel. Feedback from these meetings will be reported to the meeting of the February Executive who will formally recommend the rent levels and budget proposals to Council for consideration at its meeting on 24th February 2022.

6.5 **Consideration by Scrutiny**

- 6.5.1 The Finance and Resources Scrutiny Committee has a critical role to play in scrutinising and reviewing the budget proposals, ensuring that they are subject to rigorous challenge. The Scrutiny Committee will provide recommendations back to the Executive on the proposals put forward.
- 6.5.2 Scrutiny is a means for councillors not on the Executive to influence the development of Council policies and services and hold decision makers to account. Budget Scrutiny involves councillors reviewing significant proposals from across the draft budget and reporting their conclusions about the deliverability and service impact of these proposals to the Executive. In this way Budget Scrutiny contributes to the development of the final budget proposals and supports local democracy.
- 6.5.3 The scrutiny of the budget proposals will take place after the planned presentation of the 2022/23 budget to Executive on 23rd December 2021 and it will complete on 28th January 2022 to feed into the updated budget report to Executive on 10th February 2022.
- 6.5.4 In order to assist in the scrutiny process, it is proposed that separate scrutiny sessions take place across the main service areas of the Council and the scrutiny of the HRA will be included within Adults, Communities and Wellbeing Services.
- 6.5.5 The relevant senior Council Officers and Executive Member portfolio holders will attend these scrutiny sessions to answer any question put forward by the Committee Members.

- 6.5.6 This will include both the revenue budget and the capital programme for each of the main service areas and each area will attend its respective scrutiny session to present its service and budget plans. The Finance and Resources Scrutiny Committee will scrutinise each plan and may request further details on a particular area, either to be discussed at that session or a subsequent follow up session.
- 6.5.7 To maximise the effectiveness of the planned scrutiny sessions, Scrutiny Members are requested to identify any areas requiring further detailed information prior to the meeting with the Directorates taking place in order that this can be drawn together in preparation for the meeting. This will enable the Finance and Resources Scrutiny Committee to ensure that it has the required information necessary to adequately scrutinise the proposals and provide any subsequent recommendations to the Executive.
- 6.5.8 The outcome from the scrutiny process will be fed back to the Executive at its meeting in February to take into consideration when making its decisions on the budget to recommend to Council on 24th February 2022.

6.6 Equality Implications

- 6.6.1 None directly from this report

6.7 Climate Impact

- 6.7.1 The ongoing maintenance of existing stock, such as heating replacement, insulation and low energy LED lighting in communal areas also help to increase the energy efficiency of the existing stock. Consideration will be given to new methods of building construction, recent developments of the Hampden Crescent Site resulted in air source heat pumps being used.
- 6.7.2 National and international good practice will be considered as technology is changing constantly in this fast-moving sector but, it is clear, that the HRA housing stock will embrace this issue within its programme going forward.

6.8 Community Impact

- 6.8.1 The draft 2022/23 HRA Budgets should not impact on front line service provision and should enable the Council to meet the needs of disabled and older residents to have aids and adaptations fitted to support their independence.
- 6.8.2 Tenants should be positively affected by the investment in dwelling insulation, energy efficiency and changes to heating and communal utility charges. Many have benefited from reduced personal heating charges and a lower split of communal utility costs between all residents benefiting from these services.
- 6.8.3 There is a clear correlation between effective housing and better health outcomes. Community development work undertaken seeks to minimise isolation, particularly with older residents, contributing to improved physical and

mental health outcomes and more active communities. We will continue to work with community and voluntary groups, promoting their services and offering practical help where feasible.

- 6.8.4 There are many reasons why tenants may struggle to maintain their tenancies including substance misuse and mental health. We will seek to support tenants in their homes to ensure that they are able to maintain successful tenancies and to reduce the number of evictions and staff will provide support for tenants including financial advice.

7 Background Papers

- Suite of Budget reports to North Northamptonshire Shadow Authority, 25th February 2021 (Budget Council):
<https://northnorthants.moderngov.co.uk/CeListDocuments.aspx?CommitteeId=138&MeetingId=109&DF=25%2f02%2f2021&Ver=2>
- Suite of Budget reports to North Northamptonshire Shadow Executive Committee 10th February 2021:
<https://northnorthants.moderngov.co.uk/CeListDocuments.aspx?CommitteeId=139&MeetingId=120&DF=10%2f02%2f2021&Ver=2>

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Appendix

Appendix A

HOUSING REVENUE ACCOUNT DRAFT BUDGET ESTIMATES 2022/23

	Corby Neighbourhood Account Draft Budget 2022/23	Kettering Neighbourhood Account Draft Budget 2022/23	North Northants HRA Draft Budget 2022/23
	£'000	£'000	£'000
INCOME			
Rents - Dwellings Only	19,480	15,679	35,159
Service Charges	641	443	1,084
HRA Investment Income	20	7	27
Total Income	20,141	16,129	36,270
EXPENDITURE			
Repairs and Maintenance	5,676	4,025	9,701
General Management	5,275	2,857	8,132
HRA Self Financing	2,125	4,513	6,638
Revenue Contribution to Capital	3,876	2,728	6,604
Transfer To / (From) Reserves	1,972	208	2,180
Special Services	763	1,146	1,909
Other	454	652	1,106
Total Expenditure	20,141	16,129	36,270
Net Operating Expenditure	0	0	0

CORBY NEIGHBOURHOOD ACCOUNT

	Original Budget 2021/22	Draft Budget 2022/23	Movement	Budget Assumptions
	£000	£000	£000	
INCOME				
Rents - Dwellings Only	18,956	19,480	524	Rent Increase per Government Guidelines 4.10% (CPI +1%) - adjusted for RTB Sales
Service Charges	622	641	19	Reflects increase in costs
HRA Investment Income	69	20	(49)	Reflects lower investment income due to lower level of reserves being held.
Total Income	19,647	20,141	494	
EXPENDITURE				
Repairs and Maintenance	5,550	5,676	126	Payaward / NI Changes £126k
General Management	5,176	5,275	99	Payaward / NI Changes £46k, Supplies & Services £10k, Insurance £18k, HRA Business Plan £25k
HRA Self Financing	12,963	2,125	(10,838)	Repayment of Loan of £10.646m in 2021/22 and lower interest payments of £192k
Revenue Contribution to Capital	3,791	3,876	85	RCCO £85k
Transfer To / (From) Reserves	(8,946)	1,972	10,918	Repayment of Loan £10.646m Increased Trans to Reserves £272k for repayment of Debt.
Special Services	692	763	71	Payaward / NI Changes £11k, Premises £60k
Other	421	454	33	Bad Debts £13k, Contingency £20k
Total Expenditure	19,647	20,141	494	
Net Operating Expenditure	0	0	0	

KETTERING NEIGHBOURHOOD ACCOUNT

	Original Budget 2021/22	Draft Budget 2022/23	Movement	Budget Assumptions
	£000	£000	£000	
INCOME				
Rents - Dwellings Only	15,066	15,679	613	Rent Increase per Government Guidelines 4.10% (CPI +1%) - adjusted for RTB Sales
Service Charges	430	443	13	Reflects increase in costs
HRA Investment Income	7	7	0	
Total Income	15,503	16,129	626	
EXPENDITURE				
Repairs and Maintenance	3,964	4,025	61	Payaward £61k
General Management	2,784	2,857	73	Payaward £39k / Insurance £9k / HRA Business Plan £25k
HRA Self Financing	4,585	4,513	(72)	Interest (£72k)
Revenue Contribution to Capital	2,632	2,728	96	RCCO £96k
Transfer To / (From) Reserves	(119)	208	327	Trans from Reserves in 21/22 £119k Transfer to Reserves 22/23 £208k - Movement £327k
Special Services	1,111	1,146	35	Payaward £13k / Gas and Electric £22k
Other	546	652	106	Contingency £83k, Bad Debts £23k
Total Expenditure	15,503	16,129	626	
Net Operating Expenditure	0	0	0	

Corby Neighbourhood Account	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
INCOME					
Total Dwelling Rents	19,480	19,739	19,953	20,130	20,307
Total Service Charges	641	654	667	680	694
Other Income	20	30	40	50	60
Total Income	20,141	20,423	20,660	20,860	21,061
HRA Net Budget	19,647	20,141	20,612	20,959	21,415
MTFP CHANGES					
Salary Inflation / NI Changes	183	126	128	131	133
General Inflation / Pressures	113	45	48	52	56
Depreciation / MRR (Add Cap Exp)	85	104	105	107	108
HRA Self Financing / Loans	(10,838)	66	66	66	66
Transfer to / (from) Reserves	10,918	0	0	100	100
Contingency	20	84	0	0	0
Contribution to Bad Debts	13	46	0	0	0
HRA Net Revenue Budget	20,141	20,612	20,959	21,415	21,878
Annual (Surplus) / Deficit	0	189	299	555	817
Cumulative (Surplus) / Deficit	0	189	488	1,043	1,860

Notes

The amounts shown in the Medium Term Financial Plan (MTFP) reflect the annual change to the budget.

The Council is required by law (Local Government and Housing Act 1989, Section 76) to avoid budgeting for a deficit on the HRA. The Cumulative (Surplus) / Deficit Line reflects the cumulative savings required over the period of the MTFP - whilst this would not be permissible legally it is shown to provide an indication of the scale of savings required over the MTFP. Whereas the Annual (Surplus) / Deficit Line shows the level of savings required annually following a balanced position being set in the previous year.

Kettering Neighbourhood Account	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
INCOME					
Total Dwelling Rents	15,679	15,979	16,162	16,345	16,530
Total Service Charges	443	452	461	470	479
HRA Investment Income	7	7	7	7	7
Total Income	16,129	16,438	16,630	16,822	17,016
HRA Net Budget From Previous Year	15,503	16,129	16,299	16,133	16,223
MTFP CHANGES					
Salary Inflation / NI Changes	113	78	79	81	82
General Inflation / Pressures	56	26	32	38	46
Depreciation / MRR (Add Cap Exp)	96	67	63	67	67
HRA Self Financing / Loans	(72)	423	(192)	(499)	(2,088)
Transfer to / (from) Reserves	327	(463)	(148)	403	0
Contingency	83	39	0	0	0
Bad Debts	23	0	0	0	0
HRA Net Revenue Budget	16,129	16,299	16,133	16,223	14,330
Annual (Surplus) / Deficit	0	(139)	(497)	(599)	(2,686)
Cumulative (Surplus) / Deficit	0	(139)	(636)	(1,235)	(3,921)

Notes

The amounts shown in the Medium Term Financial Plan (MTFP) reflect the annual change to the budget.

The Council is required by law (Local Government and Housing Act 1989, Section 76) to avoid budgeting for a deficit on the HRA. The Cumulative (Surplus) / Deficit Line reflects the cumulative savings required over the period of the MTFP - whilst this would not be permissible legally it is shown to provide an indication of the scale of savings required over the MTFP. Whereas the Annual (Surplus) / Deficit Line shows the level of savings required annually following a balanced position being set in the previous year.

Corby Neighbourhood Account - Reserves

Appendix C

	Estimated 31/03/20	Trans to / (from) Reserves 20/21	Projected 31/03/21	Trans to / (from) Reserves 21/22	Projected 31/03/22	Trans to / (from) Reserves 22/23	Projected 31/03/23	Trans to / (from) Reserves 23/24	Projected 31/03/24	Trans to / (from) Reserves 24/25	Projected 31/03/25	Trans to / (from) Reserves 25/26	Projected 31/03/26	Trans to / (from) Reserves 26/27	Projected 31/03/27
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HRA Balance	4,234	0	4,234	0	4,234	0	4,234	0	4,234	0	4,234	0	4,234	0	4,234
HRA Earmarked Revenue Reserves															
HRA Debt Management Reserve	7,900	1,650	9,550	(8,946)	604	1,972	2,576	1,972	4,548	1,972	6,520	2,072	8,592	2,172	10,764
Housing Stock Reserves	3,401	0	3,401	0	3,401	0	3,401	0	3,401	0	3,401	0	3,401	0	3,401
Total HRA Earmarked Revenue Reserves	11,358	1,593	12,951	(8,946)	4,005	1,972	5,977	1,972	7,949	1,972	9,921	2,072	11,993	2,172	14,165
Total Revenue Reserves	15,592	1,593	17,185	(8,946)	8,239	1,972	10,211	1,972	12,183	1,972	14,155	2,072	16,227	2,172	18,399

Purpose of Reserve

HRA Debt Management Reserve - Reserve to provide resources for the future repayment of borrowing costs for the HRA self-financing transaction.

Housing Stock Reserves - Reserve for future Capital Investment

Kettering Neighbourhood Account - Reserves

Appendix C

Reserves	Actual 31/03/21 £'000	Trans to / (from) Reserves 21/22 £'000	Projected 31/03/22 £'000	Trans to / (from) Reserves 22/23 £'000	Projected 31/03/23 £'000	Trans to / (from) Reserves 23/24 £'000	Projected 31/03/24 £'000	Trans to / (from) Reserves 24/25 £'000	Projected 31/03/25 £'000	Trans to / (from) Reserves 25/26 £'000	Projected 31/03/26 £'000	Trans to / (from) Reserves 26/27 £'000	Projected 31/03/27 £'000
HRA Balance	850	0	850	0	850	0	850	0	850	0	850	0	850
HRA Earmarked Revenue Reserves													
HRA Self Financing Reserve	569	(119)	450	208	658	(255)	403	(403)	0	0	0	0	0
Capital (Investment - HRA)	499	0	499	0	499	0	499	0	499	0	499	0	499
Total HRA Earmarked Revenue Reserves	1,068	(119)	949	208	1,157	(255)	902	(403)	499	0	499	0	499
Total Revenue Reserves	1,918	(119)	1,799	208	2,007	(255)	1,752	(403)	1,349	0	1,349	0	1,349

Purpose for Reserve

HRA Self Financing Reserve - Reserve to provide resources for the future repayment of borrowing costs for the HRA self-financing transaction.

Capital Investment - HRA - Reserve to provide resources for the repair, replacement and acquisition of Housing Revenue Account property.

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Executive 23rd December 2021

Report Title	Transformation Plan and Progress
Report Author	Lisa Hyde, Director of Transformation
Executive Member	Cllr Lloyd Bunday, Executive Member for Finance and Transformation

Key Decision	<input type="checkbox"/> <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> <input checked="" type="checkbox"/> No
Are there public sector equality duty implications?	<input type="checkbox"/> <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> <input checked="" type="checkbox"/> No
Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972	N/A

List of Appendices

Appendix A – Transformation Strategy 2021/23

Appendix B – Transformation Plan 2021-23; projects and benefits

Appendix C – Disaggregation timetable 21/22 - 22/23

Appendix D – Transformation Project Proposal Plan 2022-25

1. Purpose of Report

- 1.1. Present North Northamptonshire’s transformation progress and context since 1st April 2021.
- 1.2. Define the Transformation Plan aims, objectives and benefit themes, which will shape future plans.
- 1.3. To present the Transformation Project Proposal Plan 2022-25.
- 1.4. To set out the timetable for consultation and engagement.

2. Executive Summary

- 2.1 This report provides the background context to the transformation activity which has and is being prioritised across the Council in 2021/2022 and sets out the transformation plan to deliver against the Council's commitments as outlined in the Corporate Plan.
- 2.2 It is for members to note the progress to date in relation to the three transformation programmes areas which are represented within **Appendix A - 'Transformation Strategy 2021/23'** and the associated benefits realised and in progress as outlined within **Appendix B – Transformation Plan 21-23; Projects and Benefits**
- 2.3 This report presents the Transformation Project Proposal Plan 2022-25, cocreated with the service areas and Finance, to contribute to the transformation of the organisation and its financial sustainability. The Transformation Project Proposal Plan is a living document and will be under constant review to ensure the organisation is meeting its priorities in delivering fundamental improvement where most needed for our customers and the council.
- 2.4 Transformation activity does not occur in isolation, this report looks to demonstrate the key strategic linkages across the council, specifically in relation to supporting the delivery of the Medium-Term Financial Plan (MTFP).

3. Recommendations

- 3.1. It is recommended that the Executive:
- a) Note the Transformation Programme progress to date
 - b) Approve the five Transformation Benefit Themes as set out in section 5.3 that will drive and focus the Transformation Plan 2022-25
 - c) Endorse the draft Transformation Project Proposal Plan 2022 – 25, as set out in Appendix D
 - d) Approve the proposed timetable for consultation as set out in section 7.5.4 of the report

3.2. Reason for Recommendations –

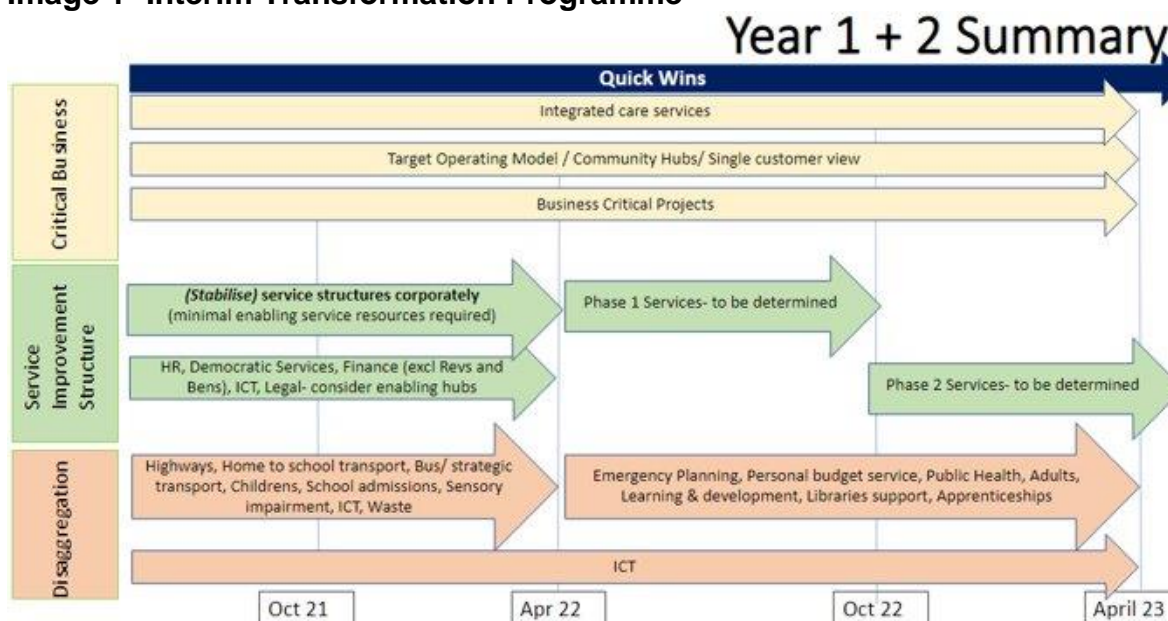
- The option proposed aligns with local government reform and transformation outcomes
- Proposed recommendation aligns and is consistent with the transformational activity and assumptions reflected within the Medium-Term Financial Plan
- The Council and its customers will receive the maximum benefit from the option proposed

4. Report Background

- 4.1. A key strategic driver of the Local Government Reorganisation (LGR) process across Northamptonshire was the chance to reimagine local government, the way it provides services and its relationship with the community, as well as being more efficient and financially stable through transformation savings. LGR was reset and reprofiled to April 2021 following the outbreak of the global COVID 19 pandemic to be 'Safe and Legal Plus' for Vesting Day on 1st April 2021. This meant transformation activities were reprioritised and some carried over to be completed after Vesting Day, this includes disaggregation of previously county-wide services which is following an agreed timetable (**see Appendix C - Disaggregation timetable 21/22 -22/23**).
- 4.2. In February 2021 at Shadow Executive, a set of Service Design Principles was agreed by the Transformation Task and Finish Group (see Background Papers), which have formed the basis of the Transformation Programme.
- Ensure there is one stop customer resolution
 - Be co-designed with partners involved in service modelling
 - Always use quality data and information (to support business cases)
 - Decision making should be made with and around the residents and may not always be cost cutting
 - Be supported and aligned with ICT investment
 - Ensure that ICT systems are integrated
 - Use the most appropriate method of communication, digital and face to face.
- 4.3. Transformation can, over time, deliver significant savings which supports the Council to inform and deliver a robust Medium-Term Financial Plan (MTFP), however at the core of North Northamptonshire Council's transformation activity is a drive for ambitious improvements which ensures our customers and residents experience accessible services they want and need efficiently and effectively.
- 4.4. From April 2021 an interim Transformation Programme 2021-2023 was developed with three programme areas. The Transformation team resource are working across these programmes alongside colleagues from service areas:

- 4.4.1. **Disaggregation** - Working with our counterparts in West Northamptonshire Council to manage and coordinate the operational realities of disaggregating over 20 services over the next 2 years.
- 4.4.2. **Service Improvement Structures** - Supporting the critical work to stabilise services, this includes prioritising the “enabling functions”. These are the corporate services, namely, Human Resources, Finance, Legal & Democratic, ICT, Accommodation and Communications.
- 4.4.3. **Critical Business** - There are several projects which were either inflight when the unitary was formed or needed to be delivered within 2021/22, due to key dependencies, such as, statutory obligation, contract period or legal requirement.
- 4.5. Below *Image 1* shows the interim Transformation Programme 2021-23 that was endorsed by the Member Transformation Board on 28th June 2021. The strategy on a page (**Appendix A**) has been the guiding document whilst the Council develops the Transformation Plan further around these three key programmes.

Image 1- Interim Transformation Programme



- 4.6. What the Council has already achieved and has been working on can be seen in **Appendix B**. This highlights the variety of activity, the non-cashable benefits, the scale of the work completed, and what is currently underway.
- 4.7. **Transformation Plan**

4.7.1. The development of the North Northamptonshire Council’s Corporate Plan and associated Service Plans and Strategies, means that the Council is now at the phase where it can scope, design, and create the

Transformation Plan 2022-2025 for the Council, establishing the short, medium, and long-term opportunities to support services.

4.8 As referenced within the Budget Strategy Process 2022/23 report which was approved at Executive on 18th November 2021; when the 2021/22 budget was set, there was an indicative financial gap over the three years 2022/23 to 2024/25 as set out in the MTFP; covered in the finance report (agenda item for this meeting). There is always a need to improve efficiency and review existing budgets, and service transformation is a critical element in setting and delivering a balanced budget.

4.9 This will require the Council to identify where business processes can be made more efficient and to establish opportunities to increase income. Transformation is about reducing costs, reimagining, and designing the delivery of effective and efficient services, doing different things, and also identifying how the Council can optimise opportunities to deliver modern public services.

4.10 **Vision**

4.11 The corporate vision; *“North Northamptonshire: A place where everyone has the best opportunities and quality of life”* and the Council’s six Key Commitments (referenced in section 7.3.1) underpin all the transformation activity. The Council defines transformation; as a process of improving the customer journey and council’s business activities through the modifications of policies, procedures, and processes, to move the council from an “as is” state to a “to be” state.

4.12 Transformation is important to the organisation and the Council’s aim is that it will enable the Council to: Embrace growth, innovate, improve, drive, and deliver great public services which are valued by residents, whilst remaining financially sustainable. It is not just about doing things differently; it is about doing different things.

4.13 **Our objectives**

- Innovative and efficient services which are valued by our residents
- Maximised use of our assets, skills, knowledge, and technology to drive growth and improve services
- Support the organisation in delivering 'modern public services' and meeting the service area objectives through transforming together
- Supporting a financially sustainable organisation fit for the future

5 Issues and Choices

5.1 Transformation Plan 2022-25

5.2 As referred to within the Budget Strategy Process 2022/23 report. It is important that budget managers continue to scrutinise their budgets and

transformational activity to ensure that services are delivered as efficiently and effectively as possible.

- 5.3 The Transformation Plan and project activity focuses on supporting the delivery of benefits, both cashable and non-cashable. The following five Transformation Benefit Themes will be used to articulate and demonstrate where benefits are either being realised and/or where services have an opportunity to explore innovative solutions to improve service delivery.

Benefit Theme	Definition	Example
Income Optimisation	Maximising opportunities to deliver new or increased income	<ul style="list-style-type: none"> • Trading existing skills & resources • Revising Fees & Charges
Rationalisation	Reducing and/removing multiple entities / processes	<ul style="list-style-type: none"> • Corporate asset reduction • Streamline processes
Service Improvement / Design	Innovating and reimagining service delivery for the benefit of the customer	<ul style="list-style-type: none"> • Digitalisation of process • Community Hubs
Service Structures	Ensuring the right resource, skill set, and tools are operating with the desired culture	<ul style="list-style-type: none"> • Centres of excellence • Implementation of the 'How we Work Strategy'
Disaggregation	Splitting former county council services as per the task and finish timeline (see <i>Appendix C</i>)	<ul style="list-style-type: none"> • IT, Digital & Technology • Public Health • Highways & Transport

- 5.4 See **Appendix D** for the transformation project proposal plan that will contribute to the financial sustainability of the Council as referenced within the MTFP. As well as improve and transform the customer journey. More work on developing the options and business cases for the proposed projects will be undertaken to inform the ongoing review of the MTFP.

- 5.5 It is for Members to note that project proposals are required to follow a business case development and governance process prior to being considered as approved saving / improvement contributions.

5.6 **Consultation**

- 5.7 The Transformation Service Design Principles were agreed by Executive on 15th July 2021, which has informed the approach (see background papers).

- 5.8 Internal governance processes have been followed across all Council services from September to November 2021 to inform the budget setting process. Opportunities for transformation activities going forwards have been identified as part of this process. The outcomes from these sessions are helping inform and cocreate the Transformation Plan 2022-25.

- 5.9 Alongside the Transformation Plan the Council will develop a Communication Plan to ensure it consults, engages, and informs all key stakeholders. There will be opportunities to work with members of the public, councillors, partners, and businesses to co-create services as the Council transforms.
- 5.10 To ensure the Transformation Plan aligns to the Budget setting process it will follow a similar timeline of consultation.
- 5.11 Transformation Plan 2022-25 Consultation / Engagement Timetable:

23 rd December 2021	Transformation Plan & Progress report to Executive
January / February 2022	Member Transformation Sessions
28 th February 2022	Transformation Programme 2022-25 presented for consideration to the Service Delivery, Performance and Customers Executive Advisory Panel
17 th March 2022	Transformation Programme 2022-25 presented for approval to Executive
Quarterly	Members Transformation Update Newsletter

6. Next Steps

- 6.1 It is imperative that the formation of the Transformation Plan 2022-2025 aligns and is integrated within setting the budget on an ongoing basis. This will result in the Transformation Plan 2022 – 2025 returning to the Executive on 17th March 2022 for approval.

7 Implications (including financial implications)

7.1 Resources and Financial

- 7.1.1 The implementation of the Transformation Plan will require multiple funding streams; however, it is not proposed at this stage to consider these in any detail (aspects have been identified through the budget setting process). All decisions on transformation projects resulting from the Plan will require robust business cases. These project business cases will detail the financial implications and follow the required corporate governance process. In addition, benefits identification, estimation, and realisation will also be captured, monitored, and reported against delivery.
- 7.1.2 The Transformation Team has an establishment resource of 35 FTE employees, all of whom are assigned to enable and support transformational activity across the Council. Therefore, in the main transformation resource requirement for the proposed Transformation Plan will be met from within existing budgets. Where resource requirement exceeds the capacity of the service (be that in terms of skill set or resource capacity) the case for

additional resource will be set out within the specific project business case. It is acknowledged that demand on the 'enabling support' services may go above 'business as usual' and this will be monitored in relation to capacity.

- 7.1.3 Due to capacity and resource constraints, there may be a requirement throughout the delivery of the transformation plan to consider suitable prioritisation, where this is to be considered it will be reported and approved via the required internal governance process.

7.2 Legal and Governance

- 7.2.1 There are no direct legal implications arising from the proposals contained within this report. Legal implications for each transformation project will be considered as part of the business case alongside other 'enabling resource'.

7.3 Relevant Policies and Plans

- 7.3.1 As set out in the Corporate Plan, which was agreed at Executive on 18th November 2021, the corporate vision; *“North Northamptonshire: A place where everyone has the best opportunities and quality of life”* and the Council's six Key Commitments; 1. Active, fulfilled lives, 2. Better, brighter futures, 3. Safe and thriving places, 4. Greener sustainable environment, 5. Connected communities and 6. Modern public services, have set the backdrop of our transformation aims and objectives, which are outlined in 4.12 and 4.13
- 7.3.2 The project proposals included within the Transformation Plan 2022–25 (Appendix D) have been developed in collaboration with service areas and aligns to the relevant service area plans and priorities.
- 7.3.3 As part of the business case development for individual projects there is a requirement to set out the alignment to corporate policies and plans which are relevant to the matter, as well as set out clearly the anticipated benefits, both cashable and non-cashable.
- 7.3.4 Having a clear and robust Transformation Plan will contribute to the Councils financial stability and ensuring we provide high quality modern public services that are efficient and effective for our communities.

7.4 Risk

- 7.4.1 There is the risk the Transformation Plan is over ambitious for the resources available. This will be monitored regularly through the highlight reports and reported to the Members Transformation Board if changes are required to reset / reprofile the programme. Where there is a budgetary impact, this will be reported to the Director of Transformation, associated Executive Director and the Section 151 Officer.

7.4.2 There is a risk that the Plan does not meet the expected savings and deliver the fundamental change. The Transformation Plan has strong governance and will be monitored regularly through the Officers and Members Transformation Board. It is a live document and is agile, enabling it to be reprofiled and reviewed to ensure we deliver on the priorities and contribute to the financial sustainability of the Council.

7.4.3 Covid19 could still pose a risk in delivering the Transformation Plan, in relation to the availability of resources, supplies, and services and other external influences. Regular monitoring, risk reporting and project governance is in place to manage this.

7.5 Consultation

7.5.1 Consultation is contained within the report.

7.6 Consideration by Executive Advisory Panel

7.6.1 It is proposed that the Service Delivery, Performance and Customers Executive Advisory Panel will consider the Transformation Programme on 28th February 2022, prior to the Transformation Programme 2022-25 being considered at Executive for approval.

7.7 Consideration by Scrutiny

7.7.1 As part of the budget consultation process the Finance and Resources Scrutiny Committee will consider the savings, which the Transformation Plan will contribute to delivering, as part of their scrutiny process. This will feed back into the Transformation Plan.

7.8 Equality Implications

7.8.1 None directly from this report. All transformation projects will consider the equality implications and the nine protected characteristics, to ensure the aims of the General Equality Duty is adhered to. Where required an equality impact assessment will be completed.

7.9 Climate Impact

7.9.1 The environmental impact on any transformation activity will be highlighted through the business cases. Where there are opportunities to reduce our impact on the planet, we will pursue these, and they will be captured in the benefits realisation.

7.10 Community Impact

- 7.10.1 Impact analysis will be completed for each business case to identify the community impacts from the transformation activity.

7.11 Crime and Disorder Impact

- 7.11.1 None directly from this report. Projects will consider the crime and disorder implications arising from any recommendations that are proposed.

8 Background Papers

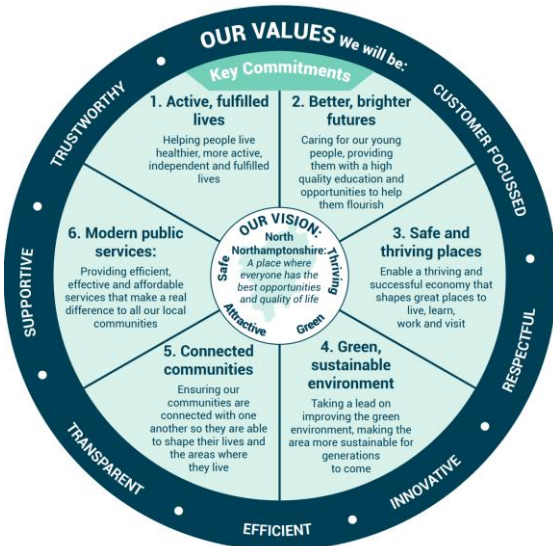
- 8.1 Task and Finish Group - Meeting of North Northamptonshire Shadow Executive on Wednesday 3rd February 2021 - North Northamptonshire Council (moderngov.co.uk)
- 8.2 Budget Strategy Process 2022/23 report. Item 6 Agenda for Executive on Thursday 18th November 2021, 9.00 am - North Northamptonshire Council (moderngov.co.uk)
- 8.3 Corporate Plan Item 13 Agenda for Executive on Thursday 18th November 2021, 9.00 am - North Northamptonshire Council (moderngov.co.uk)

Key Unitary challenges

- Town Centre Regeneration
- Climate and Environment
- Restoration of Services
- Changing Demographics
- Integrated Care Services
- Connectively 200km+ roads Growth
- Reduced Budget
- Disaggregation
- Covid-19 Reset

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Vision, Value & Commitments



TRANSFORMATION STRATEGY 2021-23

Collaboratively designed customer centred approach to service delivery. Changing, evolving, improving, sustaining and maximising the offer to benefit all our customers.

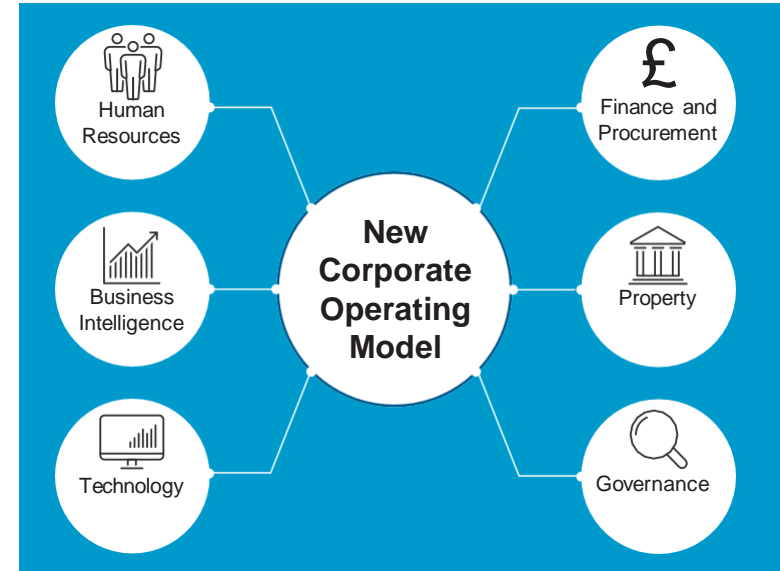
We're not being transformed, we are transforming!

Transformation is important to the organisation to be able to: Embrace growth, develop, improve, drive, increase and better our processes, people and experience.

The Offer

- Working together to believe the impossible possible
- Looking outwards for breakthrough and fundamental change
- Develop innovation and design-thinking skills and capabilities
- Flexible resource model; Right skills, right resources, at the right time
- Drive and deliver sustainable service change
- Respectful challenge
- Promote the desired culture of the organisation

Getting the foundations right



Transformation Key Areas

Service Improvement Structures	Critical Business	Disaggregation
Prioritise Enabling services reshaped / improved	Critical Projects	Review, design & deliver splitting of West / North Northants hosted / shared services
All services stabilised	How we operate	
	Ways of working	

Appendix

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Appendix B - Transformation Plan projects 2021-2023; Projects & Benefits

- Corporate Plan Priorities:**
1. Active Fulfilled Lives – Helping people live healthier, more active, independent and fulfilled lives
 2. Better Brighter Future - Caring for our young people, providing them with a high quality education and opportunities to help them flourish
 3. Safe and Thriving Places - Support a thriving and successful economy and a great place to live, learn, work and visit
 4. Green sustainable Environment - Taking a lead on improving the green environment, making the area more sustainable for generations to come
 5. Connected Communities - Engaging and empowering our communities so they are able to shape their lives and area where they live
 6. Modern Public Services - Providing efficient, effective and affordable services that make a real difference to all our local communities

Status	Benefit Theme	Directorate	Project / Project Grouping	Corporate Plan Priorities	Customer Benefits	Other financial/non-financial benefit(s), including climate
In Progress	Disaggregation	Adults	Learning, Independence, Volunteering and Employment (LIVE)	1, 6	Locally based teams will reduce customer need for current and future intervention and specialist services and increase customers economic and financial independence through gaining paid employment.	Better resource management; NNC service area gain an enhanced understanding of the community it serves
In Progress	Disaggregation	Adults	Libraries Support Services	1, 2, 6	Localised support services focused on supporting delivery of a comprehensive and efficient library service and enabling a community hub focus	
In Progress	Disaggregation	Adults	Adults Personal Budget Service (PBSS)	1, 6	Providing a full locally based advice and support service to recipients of Direct Payments including adults, children and families	Compliance to statutory requirements
In Progress	Disaggregation	Adults	Director of Public Health	6	NNC singular provision of the DPH role, which is Accountable for the Public Health Grant, which requires stringent adherence to specified conditions - ensuring that services best meets the needs of the local population.	Compliance to statutory requirements
In Progress	Disaggregation	Adults	Public Health Management, Commissioning & Admin	6	Localised service tailored to local demographics to ensure better life outcomes for customers	Compliance to statutory requirements
In Progress	Disaggregation	Adults	Public Health Provider Services Wellbeing	2,6	Localised service tailored to local demographics to ensure better life outcomes for customers	Compliance to statutory requirements
In Progress	Disaggregation	Childrens	School Swim Service	2, 6	Provision of a service to schools to allow them to provide statutory swimming and water safety elements of national curriculum	
In Progress	Disaggregation	Childrens	Childrens Education Safeguarding	2, 6	Localised and accountable coordination of services to ensure that children are kept safe and their welfare is promoted	Robust provision of statutory service
In Progress	Disaggregation	Childrens	School Admissions	2, 6	Localised service to coordinate admission to primary, junior, and secondary schools, delivered in accordance with statutory the national timescales within the School Admissions Code.	Robust provision of statutory service

In Progress	Disaggregation	Childrens	Childrens Education Sensory Impairment	2, 6	Localised provision of specialist support for children with hearing, visual or multi-sensory impairments	Robust provision of statutory service
In Progress	Disaggregation	HR, Legal & Democratic	HR Traded Advisory Service (Schools)	6	Support to local education providers that is more attuned to local needs	Non statutory service
In Progress	Disaggregation	HR, Legal & Democratic	Learning and Development	6	Greater efficiency in managing learning and development needs of public sector workers that in turn results in council wide improvement in competency and service delivery to customers	
In Progress	Disaggregation	Place	Waste Disposal	4, 6	Single team providing and managing waste disposal services, allowing services to be tailored to Council priorities and local needs	Economies of scale
In Progress	Disaggregation	Place	Highways Services Contract Management	3,6	Robust management of high profile Highways services used by virtually all of the Councils customers and that support the local economy.	
In Progress	Disaggregation	Place	Highways Projects	3,6	Service focused on local needs to ensure identification, design and delivery against local priorities	
In Progress	Disaggregation	Place	Network Management	3, 6	Localised management of the highways network to ensure works are coordinated, standards of works are met and disruption is kept to a minimum	
In Progress	Disaggregation	Place	Transport Planning, Travel Choices and Public Transport	3, 6	Ensures that local transport policies and provisions meet the needs of local communities	
In Progress	Disaggregation	Place	Development Management Adoptions Team Highways	3,6	Ensures that new developments are planned and regulated in accordance with local standards	
In Progress	Disaggregation	Place	Parking & Bus Lane enforcement	6	Ensures that safety and accessibility is maintained on the local highways network	Estimated income from Wellingborough Bus Gate, less estimated increase to budget from on and off Street parking enforcement costs as part of the hosted service.
In Progress	Disaggregation	Place	Country Parks	6	Single point of contact for all staff of North Northants regardless of former council area	Financial benefits unknown until service redesign process starts.
In progress	Disaggregation	Place	Emergency Planning	6	Locally based team focusing on NNC risks/priorities	Team of 9 FTEs as per BIA (85% disagg model) as agreed by CLT delivering saving of £161k against base budget.
In Progress	Disaggregation	Transformation	IT Service Delivery	6	Customers can easily access services.	Reduction in environmental impact through using the 'cloud' and reducing servers.
In Progress	Disaggregation	Transformation	IT - IT Digital	6	Services are automated more making them quicker, easier and more accurate, reducing customer effort	Potential cost saving/ cost avoidance/ resource reallocation through efficiencies in processes and automation
In Progress	Disaggregation	Adults	Deprivation of Liberty Safeguards (DOLS)	1, 6	Swifter processing of assessments and an approach that is more focused on local demographics and population.	Places NNC in a stronger position to adapt to forthcoming changes in legislation.
In progress	Income Optimisation	Adults	Business Plan - Kettering Gallery, Library and Museum (GLaM)	3, 5	Wider and improved service offering, visitor / tourist destination. Improved delivery of community & cultural offer	Efficient and effective offer. Income generation opportunities realised. Supports Kettering Town Centre regeneration and provision of a visitor destination within NNNorthants. Attractor of wider investment into the unitary area
Complete	Rationalisation	Adults	Staff Alert Register	1,3, 6	Mitigation of risk to customers and NNC staff who visit them	Compliant Information Governance by separating data between NNC and WNC
In progress	Rationalisation	Adults	Housing Options Service Review	5, 6	Single point of contact for all residents of North Northants regardless of former council area	Economies of scale
Complete	Rationalisation	Adults	Critical Reablement team relocated from West Northants to Kettering	4, 6	Locally based team can respond quicker and is more accessible, with greater locality awareness	More intensive use of existing accommodation, reduction in staff and customer travel, reducing CO2 emissions

In progress	Rationalisation	Finance	Income Management - system	6		Streamlined process, reduction in resource impact / capacity requirements and reduces errors
Complete	Rationalisation	HR, Legal & Democratic	Election software merge (Xpress)	6	Seamless registration process	Economies of scale e.g. software licenses and mailing costs
In progress	Rationalisation	HR, Legal & Democratic	Review Elections print contract	4, 6	Timely receipt of accurate elections print material e.g. polling cards, postal votes	Economies of scale when purchasing for one council instead of four separate contracts
In progress	Rationalisation	HR, Legal & Democratic	Print Room services harmonisation	4, 6	Single point of contact for all staff of North Northants regardless of former council area	Reduction in costs, opportunity to review environmental improvements using recycled materials
Complete	Rationalisation	Transformation	ICT Review- Applications	6	Improved service through a review of applications utilised throughout the Authority.	Informed decision making on how economies of scale through rationalisation of software can be achieved e.g. software licences
Complete	Rationalisation	Place	Trading Standards Relocation from Northampton to Corby	4, 6	Locally based team can respond quicker and is more accessible, with greater locality awareness	Ability to share existing testing laboratories, allowing decommissioning of previous site and reduce costs including staff travel
In progress	Rationalisation	Place	Way We Work (relocation to NNC area from One Angel Square)	6	All NNC staff based in NN area, more accessible when F2F	Part of the wider 'How we work' project benefits Cost pressure 22/23 - Modifications to buildings / furniture / IT
In progress	Rationalisation	Place	Review opportunities of Fleet management	4, 6	None directly but wider impacts on resources	Economies of scale in purchase/lease, running costs, maintenance, end-of-life, depots
In progress	Service Improvement / Redesign	Adults	Liberty Protections Safeguards	6	Manage the safe transition from DoLS to LPS legislation and ensure we provide protection for those who lack capacity and are deprived of their liberty.	Compliance to statutory requirements
In progress	Service Improvement / Redesign	Corporate	Implementation of How We Work strategy	4, 6	Consistent and clear 'one Front Door' to access Council service. Supports customers able to access services how they want, when they want.	Efficiencies in relation to working methods which could reduce operation costs of council, employer of choice, modern delivery of council services. Reduction in carbon footprint of operations
In progress	Service Improvement / Redesign	Finance	Revenues and Benefits system & structure harmonisation	6	Single point of contact for all residents of North Northants regardless of former council area	Economies scale, single view of all customers
In progress	Service Improvement / Redesign	HR, Legal & Democratic	Information Governance Case Management System review	6	Single system to streamline and automate where possible the information governance requests; delivering a faster more accurate process.	Potential to have financial benefits/ resource efficiencies
In progress	Service Improvement / Redesign	Place	Waste & Grounds review and service improvement	6	Improved customer experience and service, start of harmonising the offering/ standards across North Northants.	Potential to have financial benefits/ resource efficiencies in the longer term. Chance to review the environmental impacts of the service and identify improvements
In progress	Service Improvement / Redesign	Place	Parks and open spaces - management procedures	3, 4	High quality, safe and inviting parks and open spaces.	Potential to review environmental impacts and identify improvements
In progress	Service Improvement / Redesign	Transformation	Customer Case Management System	5, 6	Streamlined access (single point of entry) - consistent and clear identification of support required. Response times improved. Improved services	Resource efficiencies, improved infrastructure and improved management of customers
In progress	Service Structure	Chief Executive's Office	Service realignment, harmonisation, streamlined structures	6	Single point of contact for all staff of North Northants regardless of former council area	
In progress	Service Structure	Corporate	Centres of Excellence (Across Organisation)	6	Reduction in single point of failure, improve service accessibility	Resource efficiencies, reduction in duplication and centralising expertise
In progress	Service Structure	HR, Legal & Democratic	Service realignment, harmonisation, streamlined structures	6	Single point of contact for all staff of North Northants regardless of former council area	Economies scale, resource efficiencies
In progress	Service Structure	Place	Service realignment harmonisation, streamlined structures	6	Single point of contact for all staff of North Northants regardless of former council area	Economies scale, resource efficiencies

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Appendix D - Transformation Project Proposal Plan 2022-2025 (DRAFT)

- Corporate Plan Priorities
1. Active Fulfilled Lives – Helping people live healthier, more active, independent and fulfilled lives
 2. Better Brighter Future - Caring for our young people, providing them with a high quality education and opportunities to help them flourish
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 5. Connected Communities - Engaging and empowering our communities so they are able to shape their lives and area where they live
 6. Modern Public Services - Providing efficient, effective and affordable services that make a real difference to all our local communities

Benefit Theme	Directorate	Project proposal / Project Grouping	Corporate Plan Priorities	Customer Benefits	Other financial/non-financial benefit(s), including climate
Disaggregation	Adults	Adults Personal Budget Service (PBSS)	1, 6	Providing a full locally based advice and support service to recipients of Direct Payments including adults, children and families	Compliance to statutory requirements
Disaggregation	Adults	Community Liaison	1, 6		
Disaggregation	Adults	Deprivation of Liberty Safeguards (DOLS)	1, 6	More efficient and timely service through process changes following disaggregation	Potential to reduce time and resources to reduce costs/ reallocate
Disaggregation	Adults	Director of Public Health	6	NNC singular provision of the DPH role, which is Accountable for the Public Health Grant, which requires stringent adherence to specified conditions - ensuring that services best meets the needs of the local population.	Compliance to statutory requirements
Disaggregation	Adults	Learning, Independence, Volunteering and Employment (LIVE)	1, 6	Locally based teams will reduce customer need for current and future intervention and specialist services and increase customers' economic and financial independence through gaining paid employment.	Better resource management; NNC service area gain an enhanced understanding of the community it serves
Disaggregation	Adults	Libraries Support Services	1, 2, 6	Localised support services focused on supporting delivery of a comprehensive and efficient library service and enabling a community hub focus	
Disaggregation	Adults	Public Health Management, Commissioning & Admin	6	Localised service tailored to local demographics to ensure better life outcomes for customers	Compliance to statutory requirements
Disaggregation	Adults	Public Health Provider Services Wellbeing	6	Localised service tailored to local demographics to ensure better life outcomes for customers	Compliance to statutory requirements
Disaggregation	Adults	School Swim Service	2, 6	Provision of a service to schools to allow them to provide statutory swimming and water safety elements of national curriculum	
Disaggregation	Adults	Visual Impairment Services	1, 6	Once disaggregated the service can review and improve processes for the customers	
Income Optimisation	Adults	Business Plan - Gallery, Library and Museum (GLaM)	1, 3, 5	Wider and improved service offering, visitor / tourist destination. Improved delivery of community & cultural offer	Efficient and effective offer. Income generation opportunities realised. Supports Kettering Town Centre regeneration and provision of a visitor destination within Northants. Attractor of wider investment into the unitary area
Income Optimisation	Adults	Debt recovery- Recovery of monies owed	6	Skills for independent living. Use of public money	Recovery of money through financial contributions.
Service Improvement / Redesign	Adults	Care Home Review	1, 6	Better customer experience and service	Reduction in longer term costs - cost avoidance
Service Improvement / Redesign	Adults	Disability Facilities Grants review	1, 3, 5, 6	Improved service delivery and reduction in time accessing support	Maximises the utilisation of the grant and supports cost avoidance
Service Improvement / Redesign	Adults	Extracare review	1	Quality of life. Maintaining independence	Cost avoidance- to reduce higher cost health service demand
Service Improvement / Redesign	Adults	Front door diversion- Increasing VCS partnership working	1	Maximising independence and control	Cost avoidance
Service Improvement / Redesign	Adults	Future operating model for day services	1, 6	Better customer experience and service	Reduction in longer term costs - cost avoidance

Service Improvement / Redesign	Adults	Rapid Response - providing support following falls in the home to reduce hospital admissions and likelihood of long term social care.	6	Better customer experience and service. Reduction in the need to visit hospital	Cost avoidance - to reduce higher cost health service demand
Service Improvement / Redesign	Adults	Transformation of Adults pathways and processes to ensure focus on client outcomes	1	Best practice approaches reduce delays and better customer experience	Better decision making, reduce spend
Service Improvement / Redesign, Rationalisation, Income	Adults	Future delivery model for delivery of Leisure Services	1, 2, 3, 5, 6	Improved facilities and leisure offer, improved accessibility and health and wellbeing	Health and Wellbeing, more resilient communities, reduction in demand in health and care services. Inform Council decision making on future operating models for leisure services which could result in cost reductions and increased income opportunities
Service Improvement / Redesign, Rationalisation, Income	Adults	Integrated IT - Housing services	3, 6	Consistency of offer and service across the two HRA areas, improved and efficient use of resources and management of information	Single contracts, single view of housing management, improved housing income management, improved performance information and monitoring
Service Improvement / Redesign, Rationalisation	Adults	Anti-social behaviour (ASB) review and restructure of Community Safety services (aggregation)	1, 2, 3, 5, 6	Clearer expectations of how ASB cases are managed, consistent best practice, right resources in right place at right time	Reduction in crime and ASB
Service Improvement / Redesign, Rationalisation	Adults	CCTV infrastructure and service delivery	3, 5, 6	Improved perception of safety, improved service delivery through consistency, cameras being in the right place, effectively monitored by qualified and experienced staff	Reduction in crime and ASB, reduction in revenue costs through invest to save programme
Service Improvement / Redesign, Rationalisation	Adults	Housing Property Stores review	3, 6	Improved service to tenants. Reduced time and economies of scale.	Improved service to tenants. Reduced time. Shared procurement
Service Improvement / Redesign, Rationalisation	Adults	Housing Revenue Accounts aggregation	3, 6	Consistency of offer and service across the two HRA areas, improved and efficient use of resources	The savings are not so much from bringing the Accounts together but from how the services they fund are aggregated for future delivery
Service Improvement / Redesign, Rationalisation	Adults	Housing Strategy and Solutions Service (aggregation)	1, 3, 6	Consistency of offer and service across North Northants, reduction in rough sleeping, homelessness and delays in processing housing applications for vulnerable residents	Potential rationalisation of management levels
Service Improvement / Redesign, Rationalisation	Adults	Review and align Out of Hours services for Housing services	5, 6	Improved service delivery and reduction in time accessing support	Bringing both services in house, contract savings, upgrade to infrastructure, reduced maintenance costs and staff time
Service Structure	Chief Executive's Office	Service realignment, harmonisation, streamlined structures	6	Single point of contact for all staff of North Northants regardless of former council area	Economies of scale, resource efficiencies
Disaggregation	Childrens	Childrens and Adults Transport Services	2, 6		
Disaggregation	Childrens	Childrens Education Safeguarding	2, 6	Localised and accountable coordination of services to ensure that children are kept safe and their welfare is promoted	Robust provision of statutory service
Disaggregation	Childrens	Childrens Education Sensory Impairment	2, 6	Localised provision of specialist support for children with hearing, visual or multi-sensory impairments	Robust provision of statutory service
Disaggregation	Childrens	School Admissions	2, 6	Localised service to coordinate admission to primary, junior, and secondary schools, delivered in accordance with statutory national timescales within the School Admissions Code.	Robust provision of statutory service
Disaggregation	Childrens	Special Education Needs and Disability Strategy (IASS)	2, 6		
Rationalisation	Childrens	Review of Alternative Provision placements	2	Better customer experience and service	To be reviewed as part of the discovery/ options appraisal
Service Improvement / Redesign	Childrens	Back on Track Programme implementation	2	Better customer experience and service	To be reviewed as part of the discovery/ options appraisal
Service Improvement / Redesign	Childrens	Case Management System; Review & Management	2, 6	Better customer experience and service	To be reviewed as part of the discovery/ options appraisal
Service Improvement / Redesign	Childrens	Special Education Needs and Disability (SEND): System wide review early intervention & prevention	2, 6	Better customer experience and service	To be reviewed as part of the discovery/ options appraisal
Service Structure	Childrens	Service realignment harmonisation, streamlined structures	6	Single point of contact for all staff of North Northants regardless of former council area	Economies of scale, resource efficiencies
Service Improvement / Redesign	Corporate	Community Hub (Across Organisation)	1, 2, 3, 5, 6	Accessible services where residents require them (physically or online)	Opportunities for efficiencies - joined up working and streamlined processes (i.e. internal referrals)

Service Improvement / Redesign	Corporate	Implementation of How We Work strategy	4, 6	Consistent and clear 'one Front Door' to access Council service. Supports customers able to access services how they want, when they want.	Efficiencies in relation to working methods which could reduce operation costs of council, employer of choice, modern delivery of council services. Reduction in carbon footprint of operations
Service Structure	Corporate	Centres of Excellence (Across Organisation)	6	Reduction in single point of failure, improve service accessibility	Resource efficiencies, reduction in duplication and centralising expertise
Rationalisation	Finance	Revenues and Benefits aggregation (staff structure)	6	Single point of contact for all residents of North Northants regardless of former council area	Economies of scale, single view of all customers
Service Improvement / Redesign	Finance	Revenues and Benefits (single IT system)	6	Single point of contact for all residents of North Northants regardless of former council area	Economies of scale, single view of all customers
Disaggregation	HR, Legal & Democratic	HR Advisory Service- Childrens	6	Support to local education providers that is more attuned to local needs	Non statutory service
Disaggregation	HR, Legal & Democratic	Learning and Development	6	Greater efficiency in managing learning and development needs of public sector workers that in turn results in council wide improvement in competency and service delivery to customers	
Income Optimisation	HR, Legal & Democratic	Registrars- service maximisation	6	Service improvement and experience	Potential to increase income
Rationalisation	HR, Legal & Democratic	Elections print contract	4, 6		Economies of scale when purchasing for one council instead of four separate contracts
Rationalisation	HR, Legal & Democratic	Elections software merge (Xpress)	6	Seamless registration process	Economies of scale e.g. software licences and mailing costs
Rationalisation	HR, Legal & Democratic	Print Room services harmonisation	4, 6	Internal customer improved service and experience	To be reviewed as part of the discovery/ design
Service Improvement / Redesign	HR, Legal & Democratic	Information Governance Case Management System	6	Timely and efficient service response	Potential to review automation of the processes where possible to be more efficient
Disaggregation	Place	Country Parks	6	Single point of contact for all staff of North Northants regardless of former council area	Financial benefits unknown until service redesign process starts
Disaggregation	Place	County Traveller Unit (CTU)	6		No Proposals to Disaggregate existing NTU small team of 2.5 FTE at this current time
Disaggregation	Place	Development Management- adoptions team highways	6	Ensures that new developments are planned and regulated in accordance with local standards	
Disaggregation	Place	Emergency Planning	6	Locally based team focusing on NNC risks/priorities	Team of 9 FTEs as per BIA (85% disagg model) as agreed by CLT delivering saving of £161k against base budget
Disaggregation	Place	Highways Projects	6	Service focused on local needs to ensure identification, design and delivery against local priorities	
Disaggregation	Place	Highways Services Contract Management	6	Robust management of high profile Highways services used by virtually all of the Council's customers and that support the local economy.	
Disaggregation	Place	Network Management	6	Localised management of the highways network to ensure works are coordinated, standards of works are met and disruption is kept to a minimum	
Disaggregation	Place	Parking and Bus Lane enforcement	6	Ensures that safety and accessibility is maintained on the local highways network	Estimated income from Wellingborough Bus Gate, less estimated increase to budget from on and off street parking enforcement costs as part of the hosted service
Disaggregation	Place	Transport Planning, Travel Choices and Public Transport	6	Ensures that local transport policies and provisions meet the needs of local communities	
Disaggregation	Place	Waste Disposal	4, 6	Single team providing and managing waste disposal services, allowing services to be tailored to Council priorities and local needs	Economies of scale
Income Optimisation	Place	Development Sites (Capital Opportunities)	3, 4, 6	Service improvement / social return on investment opportunities realised which supports other areas of the council / service offering	Maximises use of council-owned assets with opportunity for capital receipt gain and/or service offer improvement
Income Optimisation	Place	Review implementation of LED Streetlighting - revenue income/ capital investment	4	Modern, low-maintenance and reliable lighting	Lower running costs and reduced CO2 emissions
Rationalisation	Place	Implementation of Assets Rationalisation strategy	6		Reduce asset-related running costs and CO2 emissions. Capital receipts

Rationalisation	Place	Temporary closure of office buildings	6		Reduction of running costs for underused buildings, energy saving opportunities and refocusing of resources
Rationalisation	Place	Way We Work (relocation to NNC area from One Angel Square)	6	All NNC staff based in North Northants area, more accessible when face to face	Cost pressure 2022/2023 - Modifications to buildings / IT
Service Improvement / Redesign	Place	Corporate Landlord Model (Across Organisation)	3, 4, 6	Single point of contact for all landlord functions/ services	Consistent approach to management, economies of scale, efficient realisation of opportunities
Service Improvement / Redesign	Place	Planning / building control end to end (digitalisation)	5, 6	Single point of contact for all residents of North Northants regardless of former council area	Economies of scale, single view of all customers
Service Improvement / Redesign	Place	Car Parking- review of charging across NNC	4, 6	Standardised approach, simplified for visitors and residents regardless of town	Encourages users to consider alternative methods of transport and supports commitment to reducing car emissions.
Service Improvement / Redesign	Place	Garden Waste - review subscription charging across NNC	4, 6	Standardised and harmonised approach for all residents, regardless of town/village of residence	
Service Structure	Place	Service realignment harmonisation, streamlined structures (regulatory, assets and environment and waste only)	6	Single point of contact for all staff of North Northants regardless of former council area	Economies of scale, resource efficiencies
Disaggregation	Transformation	IT - IT Digital	6	Services are automated more making them quicker, easier and more accurate, reducing customer effort	Potential cost saving/ cost avoidance/ resource reallocation through efficiencies in processes and automation
Disaggregation	Transformation	IT Service Delivery	6	Customers can easily access services	Reduction in environmental impact through using the 'cloud' and reducing servers
Service Improvement / Redesign	Transformation	Single View of the Customer; Telephony / Customer Relationship Management System	5, 6	Streamlined access (single point of entry) - consistent and clear identification of support required. Response times improved. Improved services	Resource efficiencies, improved infrastructure and improved management of customers