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North Northamptonshire Council

Meeting: Executive

Date: Thursday 9th February 2023

Time: 10:00 am

Venue: Council Chamber, Corby Cube, George Street, Corby, NN17 1QG

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To members of the Executive

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

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	Adele Wylie, Monitoring Officer North Northamptonshire Council  **Proper Officer** **Wednesday 1st February 2023**		

This agenda has been published by Democratic Services.
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ITEM	NARRATIVE	DEADLINE
Members of the Public Agenda Statements	Members of the Public who live or work in the North Northamptonshire council area may make statements in relation to reports on the public part of this agenda. A request to address the Executive must be received 2 clear working days prior to the meeting at democraticservices@northnorthants.gov.uk Each Member of the Public has a maximum of 3 minutes to address the committee.	5.00pm Monday 6th February 2023
Member 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.	5.00pm Monday 6th February 2023

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

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North Northamptonshire Council

Minutes of a meeting of the Executive

At 9.00 am on Thursday 22nd December, 2022 in the Council Chamber, Corby Cube, George Street, Corby, NN17 1QG

Present:-

Members

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

Also in attendance – Councillors John McGhee, Lyn Buckingham, Dorothy Maxwell, Peter McEwan and Mike Tebbutt

342 Apologies for absence

Apologies for absence were received on behalf of the Chair of the Scrutiny Commission, Cllr Wendy Brackenbury.

343 Minutes of the Meeting Held on 10th November 2022

RESOLVED that: The Executive agreed the minutes of the meeting held on 10th November 2022 as a true and accurate record of the meeting, subject to a minor addition to the Declarations of Interest relating to Cllr Pentland.

344 Members' Declarations of Interest

A personal interest was declared by Cllr Harriet Pentland relating to a number of agenda items having attended meetings where the items in question had previously been discussed.

A personal interest was declared by Cllr Graham Lawman relating to Agenda Item 6c, specifically the Development Pool item regarding the proposed expansion of Sir Christopher Hatton Secondary School.

345 Notifications of requests to address the meeting

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

Agenda Item	Speakers
Item 5 – Performance Indicator Report	Cllr John McGhee
Item 6 – Draft Budget 2023-24 and MTFP	Cllr John McGhee Cllr Mark Pengelly, Cllr Lyn Buckingham (6B - HRA)
Item 11 – Planning Advisory Service Peer Review	Cllr Mark Pengelly
Item 12 - Corby Town Fund – Multi-use Building	Cllr Mark Pengelly

Cllr Mark Pengelly was not in attendance at the meeting and consequently did not speak on Items 6, 11 and 12.

346 Performance Indicator Report 2022/23 (Period 7 - October 2022)

The Chair, Cllr Jason Smithers invited Cllr John McGhee to address the Executive. Cllr McGhee queried extra resources allocated in regard to Freedom of Information and Environmental Information Regulation requests and whether these resources were temporary or permanent. Cllr McGhee offered his congratulations regarding Council invoices being paid on time, noting the importance of this issue. A final query regarding agency staff use and total spend was made by Cllr McGhee.

The Chair thanked Cllr McGhee for his comments before inviting the Executive Member for Finance and Transformation, Cllr Lloyd Bunday to introduce a report that sought to provide an update on the performance of the Council across a range of services as measured by performance indicators, as well as setting out the progress that was being made in the development of the Council's performance monitoring arrangements.

Picking up on the comment of Cllr McGhee, Cllr Bunday reported that over 97% of Council invoices were paid within the target of 30 days. A new performance indicator had been added at the request of Cllr Matthew Binley detailing the percentage of housing rent collected, currently being 91.11%. The percentage of Environmental Information Regulation Requests completed within the specified target time had fallen, resulting in additional resource being provided to rectify this position. Cllr Bunday also referenced low figures for data breaches, the number of customer complaints upheld and Local Government Ombudsman complaints made against the Council.

Cllr Harriet Pentland spoke to welcome new performance indicators relating to the Council's Carbon Management Plan and Cllr Matthew Binley thanked officers for their positive work in regard to tackling the number of households living in temporary accommodation.

RESOLVED

That the Executive:

a) Noted the performance of the Council as measured by the available indicators at Period 7 2022/23 as set out in the appendices to this report.

b) Noted the progress being made in the development of the Council's approach to performance management.

Reason for Recommendations – to better understand the Council's performance as measured by performance indicators as at Period 7, 2022/23.

Alternative Options Considered – reporting performance data on a less frequent basis is an option but monthly reporting is considered useful at this stage of the Council's existence, reporting alongside budget information.

347 Draft Budget 2023-24 and Medium-Term Financial Plan Proposals

The Chair, Cllr Jason Smithers invited Cllr John McGhee to address the meeting. Cllr McGhee noted his disappointment in the budgetary pressures associated with the Children's Trust and called for the Council to lobby Government in regard to changes made to the level of Business Rate retention due to the likely impact on the Council going forward.

The Chair then invited the Executive Member for Finance and Transformation, Cllr Lloyd Bunday to introduce a report that set out the Draft Revenue Budget for 2023-24 and the indicative Medium-Term Financial Plan for North Northamptonshire Council and sought approval from the Executive to commence consultation on the draft budget. It was noted that, if approved, the consultation process would run until 27th January 2023 and would provide residents, local partners and other stakeholders with the opportunity to review the proposed budget and provide feedback. The draft budget would also be presented to the Finance and Resources Scrutiny Committee for feedback.

The meeting heard that, taking into account the comments from the Finance and Resources Scrutiny Committee and the wider consultation response, the Executive would consider the final draft budget proposals and Council Tax Resolution report for 2023-24 at its meeting on 9th February 2023, with a view to recommending its approval by Full Council at its budget meeting on 23rd February 2023.

Cllr Bunday stated that the draft budget was the culmination of months of hard work and therefore there were no reasonable arguments for Full Council to accept any amendments to the recommendations on the day of the meeting if they were not brought forward during the consultation period, which elected members were encouraged to take part in.

The meeting heard that during September 2022 each directorate had entered into Capital Programme challenge sessions, reviewing capital plans and aspirations to enable the Council to provide a better forecast of planned borrowing and serviceability of funding for the general fund going forward. Following these sessions, each directorate had embarked upon a budget challenge session with each one offering economies, savings and sharing the challenges envisaged over the next year and into the medium term. Forecasts for this were based upon the results for the financial year 2021/22 and the forecast as at Period 6 of 2022/2023. A further Scrutiny review for the current year also took place in November 2022 for each directorate. Consequently, it was reported that the draft budget had already been the subject of over 36 hours of scrutiny, with further sessions planned in January 2023 during the consultation period.

The report before members focused on the general fund and also noted the planned use of the dedicated school's grant, a ring-fenced grant allocated to the authority by the Government to support a range of education related services. The level of funding received for North Northamptonshire Council in this regards was approximately £348m. Appendix C to the report set out in detail the background of the grant, and the pressures and risks that children's education posed, predominantly in the rise in special educational needs and disabilities demands.

Cllr Bunday noted the significant pressures faced by the Council having emerged from pandemic restrictions into an environment where further events nationally and globally had presented new financial challenges and unprecedented inflation levels. This had resulted in significant changes to the Council's Medium-Term Financial Plan compared to the position modelled just less than a year previously.

It was noted that the revenue account for the Council had five main income sources; Council Tax, Business Rates, Government grants, fees and charges and, where necessary, the use of reserves. Cllr Bunday stated that it was imperative that the Council did everything possible to maintain and grow local resources that were within its control. Council Tax revenue was the most stable form of income that the Council had and there was a very clear assumption by Government that councils would set their Council Tax to the maximum allowed.

Although there was a balanced draft budget for 2023/24, there was a forecast budgetary gap of nearly £18m for 2024/25, rising to nearly £54m in 2025/26. By not raising Council Tax, the Council would forgo £36m of income over the medium term to 2026/27. It was noted that the Council was in the bottom third of unitary councils when comparing Band D Council Tax, although the majority of properties within the Council area were Band A, which would result in a weekly Council Tax increase of £1.01.

Cllr Bunday concluded by providing the main headlines of this draft budget as follows:-

- A balanced budget for 2023-24
- Further investment to protect vital services and invest in service change and improvements of around £57m
- Efficiencies and income generation including new direct service grants of around £17m and continuation of savings already included as part of the 2022-23 Medium Term Financial Plan (MTFP) and which remain deliverable, with the remainder being met through improved Business Rates income, Council Tax and Government grants
- Planned savings and pressures from the previous MTFP would remain to be delivered, unless there was a requirement to change the assumptions following review
- The use and retention of reserves to support non-recurring investment in service improvement, fund time limited projects, pump-prime invest to save schemes and help manage risk
- The investment in Social Care recognised the increase in the National Living Wage from 1st April 2023 to £10.42 per hour and the reversal of a 1.25% increase in National Insurance contributions for care providers
- An increase in Council Tax consisting of 2.99% for the "core" Council Tax and 2% for the Adult Social Care precept, resulting in a new Band D equivalent Council Tax of £1,657.51, an annual increase of £78.78p or a weekly increase of £1.52.

- No change to the Local Council Tax Support Scheme which would continue at 25%.
- Inclusion of a contingency to mitigate against uncertainty, totalling £3.8m and equivalent to around 1% of the Council's Net Budget.

The meeting noted that officers would continue to seek efficiencies in order to help address the budget requirements from 2024/25 and into future years.

Cllr Bunday stated that between since the report before members had been published, the Government had published the provisional local government finance settlement setting out the detailed funding allocations to individual councils. This had resulted in a shortfall of £138,000 against the original estimate for around £336m of general fund resourcing. This was the net result of several changes and an addendum to the report had been published setting out these movements. Use of a reserve previously established to smooth the risks associated with Business Rates was recommended to meet this shortfall.

Councillors Harrison, Pentland, Brackenbury and Lawman all offered thanks to officers for producing the balanced draft budget before them, noting the pressures faced by the Council from a variety of sources and praising the continued investment and maintenance of services offered.

The Chair noted that although the Council faced a challenging time financially, it continued to invest in its services, staff and equipment, spending in a prudent fashion to provide residents with beneficial results of their Council Tax payments.

RESOLVED

KEY DECISION

That the Executive:

a) Approved for consultation the 2023-24 Draft Revenue Budget, which includes:

   i. An estimated net revenue budget of £335.9m (£683.9m including the Dedicated Schools Grant) as set out in Appendix A, noting that this is subject to further update and change following the publication of the provisional Local Government Finance Settlement.

   ii. A Band D Equivalent Council Tax of £1,657.51 for North Northamptonshire Council, representing an increase of 2.99% in the 'core' Council Tax and a further 2% for the Adult Social Care Precept.

   iii. Pressures of £57.0m, including adjustments for the reversal of one-off funding in 2022-23, and savings, efficiencies and income proposals of £17.0m as detailed in Appendix B of the report.

   iv. Corporate budget requirements as set out in paragraph 8.1, including a contingency sum of £3.8m as set out in paragraph 8.2 of the report.

v. The draft planned use of, contribution to, and movement in, reserves as identified in paragraph 5.57 and section 9 of the report, noting the reserves will be reviewed again, post Finance Settlement and prior to the final budget proposals, to consider the risk applying at that time.

vi. The provisional dedicated schools grant budget of £347.97m for 2023-24, pending the Final Settlement, as detailed in Appendix C of the report.

b) For the Dedicated Schools Grant (DSG):

i. Noted the provisional allocations of the increased funding for the Schools Block and High Needs Block for 2023-24 and reduced Central School Services Block for the Dedicated Schools Grant (DSG) allocations.

ii. Following consultation with the Schools Forum, delegated authority to the Executive Member for Children, Families, Education and Skills in consultation with the Executive Member for Finance and Transformation, Executive Director for Children's Services, and the Executive Director of Finance and Performance (S151 Officer) to determine the DSG 2023-24 schools funding formula, high needs funding arrangements and, in consideration of the outcome of the scrutiny review to Executive, the early years funding formula in line with Department for Education guidance.

c) Endorsed the budget consultation process as outlined at paragraphs 13.16 to 13.20 of the report which commences following the approval of the recommendations in this report.

d) Noted that the funding allocations are estimates only at this stage and will not be confirmed until the publication of the Local Government Finance Settlement.

e) Delegated authority to the Executive Member for Finance and Transformation in consultation with the Executive Director of Finance and Performance (S151 Officer) to amend the draft budget following the publication of the Local Government Finance Settlement.

Reason for Recommendations: To ensure that the Council complies with its Constitution and legislative requirements in setting the budget for North Northamptonshire Council from 2023-24.

Alternative Options Considered – This is the start of the formal budget consultation for the General Fund and any comments from the consultation will be considered as part of this process.

348 Housing Revenue Account Budget 2023/24 and Medium-Term Financial Plan Proposals

The Chair, Cllr Jason Smithers invited Cllr Lyn Buckingham to address the Executive. Cllr Buckingham noted the level of work required to bring the Council's two current Housing Revenue Accounts (HRA) together as one, alongside its provision and understanding as a landlord. Cllr Buckingham stated that a balanced budget was nothing without the necessary improvements and standards required to fix problems faced by elements of the Council's housing stock. Investment was required to Council properties and the £40,000 allocated to reduce the repairs backlog was deemed insufficient. In addition, Cllr Buckingham stated that the Council did not have to raise rents by the proposed 7% figure. Concluding, Cllr Buckingham queried standards that would be adopted for the HRA moving forward and how tenants' voices would be heard.

The Chair then invited the Executive Member for Finance and Transformation, Cllr Lloyd Bunday to introduce a report that set out the proposed draft budget for the Council's Housing Revenue Account (HRA) for 2023/24 and the key principles on which it is based, together with the Medium-Term Financial Plan (MTFP) that covered the following four years (2024/25 – 2027/28). The report also set out the proposals regarding rent increases for 2023/24.

Cllr Bunday noted that the HRA did not directly impact on the Council's wider General Fund budget or on the level of Council Tax, with income to the HRA primarily received through the rents and other charges paid by tenants and leaseholders. The Council was required to run a single HRA, but for a short period continued to operate two neighbourhood accounts to reflect stock holding from the two legacy councils of Kettering and Corby.

The Council had commenced work on consolidating these two accounts into a single HRA, however this required a 30-year business plan that would be informed by the Housing Strategy for North Northamptonshire. This strategy was currently in development and due to be reported to members during 2023/24.

The meeting noted that the HRA formed a ring-fenced account within the Council for the income and expenditure associated with its housing stock. The Council owned 8160 properties ranging from one to four bed houses, bungalows and flats, with a further 893 leasehold properties. This amounted to a projected annual rental income in excess of £35m.

Details of historic Government guidelines regarding rent increases were provided to the meeting, who noted that the current formula was CPI plus 1%. CPI in July 2022 had been 10.1% meaning that rent increases for April 2023 would be 11.1%, however, after consultation it was announced by the Chancellor in September 2022 that social housing rent increases for 2023/24 would be capped at 7%. In line with previous years, the proposed increase in rent for both Neighbourhood Accounts would be the maximum permitted helping to maintain and protect levels of service. Taking into account this proposed increase, the draft Neighbourhood Accounts for 2023/24 showed a balanced position.

The medium-term position showed the Corby HRA in deficit and the Kettering account in surplus, resulting from the structuring of the self-financing of loans associated with the housing stock. The medium-term position also assumed an annual rent increase of 4% going forward.

The meeting heard that the Council was required by law to avoid budgeting for a deficit on the HRA. In practice, the Council was expected to maintain a reasonable balance of reserves to cover contingencies, with the Chief Finance Officer reviewing the level of balances required to support the HRA spend annually as part of their risk assessment of the budget. It was proposed that the assessed minimum level of balances, taking all known risks into account, should remain unchanged at £800k for the Corby Neighbourhood Account and £650k for the Kettering Neighbourhood Account, around 4% of the total budget.

Cllr Bunday stated that the numbers of Right to Buy (RTB) properties and the number of empty properties must also be taken into account. The number of RTB sales assumed during 2023/24 and the medium-term for the Corby Neighbourhood Account was 50, and for the Kettering Neighbourhood Account was 30. Void property levels were assumed at 0.9% of stock for Corby and 1.5% for Kettering.

The meeting heard that the current economic climate made provision of new social housing challenging, however it was envisaged a further 18 homes would be added to the Corby stock at Cheltenham Road during 2023/24. Further schemes would be reflected in the Medium-Term Financial Plan when there was more certainty around the timed delivery of future housing schemes.

The Chair, Cllr Jason Smithers spoke to note the lack of historic investment in the Corby housing stock and to highlight that investment was now ongoing in order to provide the best social housing possible. It was noted that the tenants' forum had overwhelmingly supported the proposed 7% rent increase, understanding that for the housing stock to be improved there needed to be investment made.

Cllr Matt Binley thanked all those involved in formulating the budget proposals for the Housing Revenue Account. Cllr Binley noted that a large percentage of the Council's housing stock was ageing and had seen under-investment for a long period of time. A reduction in outstanding housing repairs of 20.2% since May was reported, with finances in place within the proposed budget to help reduce this further.

RESOLVED

KEY DECISION

That the Executive:

a. Noted the draft 2023/24 Housing Revenue Account Budgets consisting of the Corby Neighbourhood Account and the Kettering Neighbourhood Account as set out in Appendix A of the report, which will be consulted upon with Tenants, which includes:

   i) an increase in dwelling rents for 2023/24 of 7% which adheres to the Department for Levelling Up, Housing and Communities (DLUHC) amended Policy statement on rents for social housing.

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b. Notes the draft Housing Revenue Account Medium Term Financial Plan beyond 2023/24 consisting of the Corby Neighbourhood Account and the Kettering Neighbourhood Account, for 2024/25 to 2027/28 as set out in Appendix B of the report.

c. Noted the forecast reserves for the Corby Neighbourhood Account and the Kettering Neighbourhood Account up to 2027/28 as set out in Appendix C of the report.

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

Alternative Options Considered – This is the start of the formal budget consultation for the HRA and any comments from the consultation will be considered as part of this process.

349 Capital Programme 2023-26

The Chair invited the Executive Member for Finance and Transformation, Cllr Lloyd Bunday to introduce a report that set out the baseline Capital Programme for 2023-24 and the indicative Medium-Term Financial Plan for North Northamptonshire Council.

The meeting heard that the Capital Programme alongside the General Fund and Housing Revenue Account budgets would form the basis of the budget consultation process that would commence once the draft budget had been approved by Executive.

During September 2022 each directorate entered into capital programme challenge sessions, with each required to revisit capital plans and aspirations for the coming years, with the desired outcome to review each one as to its deliverability and profiling. Projects were re-profiled or deferred into the development pool until further business cases could be considered as part of a wider North Northamptonshire scheme. As part of this challenge process 71% of the general fund and 79% of the HRA underspends had been reviewed.

The meeting noted that the Capital Programme proposals before members would be taken to the Finance and Resources Scrutiny Committee, with its comments from that meeting considered on 9th February 2023 by the Executive.

Cllr Bunday reported that the total Capital Programme amounted to £94.9m, consisting of the General Fund programme of £52.1m and HRA programme of £43.7m. Members were reminded that there was also a Development Pool of £173.6m, including schemes awaiting formal business cases. Throughout the year Capital Update requests had been brought to Executive meetings to bring forward further items. The meeting noted that the report also set out the proposed Capital Programme for the medium-term up to 2026.

Key principles that underpinned the Council’s capital strategy were highlighted along with details of the Minimum Revenue Provision (MRP) that reflected the minimum amount a council must charge to the revenue budget each year to set aside a provision for repaying external borrowing. The increase in the MRP provision of £1.549m for 2023-24 to provide for this was noted.

Members further noted that the disaggregation of capital assets, balances and debt were still to be finalised and subject to audit of the 2020-21 financial accounts for the former Northamptonshire County Council and Corby Borough Council and this may have implications for the current assumptions. The report also set out the policy of the Public Works Loan Board with regard to future funding.

Councillors Lawman, Pentland and Brackenbury spoke to welcome the full and varied investment programme and noted the Council's strong track record in securing external investment.

RESOLVED

KEY DECISION

That the Executive:

a) Approved for consultation the General Fund Capital Programme 2023-26 and HRA Capital Programme 2023-26.

b) Noted the Development Pool 2023-26 and that schemes within the pool will be subject to further approval prior to inclusion in the programme.

Reason for Recommendations: To ensure that the Council complies with its Constitution and legislative requirements in setting the budget for North Northamptonshire Council for 2023-24.

Alternative Options Considered - This is the start of the formal budget consultation for the Capital Programme and any comments from the consultation will be considered as part of this process.

350 Specialist Care Centre - Due Diligence and Recommendations

The Chair invited Cllr Helen Harrison, Executive Member for Adults, Health and Wellbeing to introduce a report that sought to provide information regarding the various negotiations, terms of prospective agreements, financial implications and risks in order to make an informed the decision regarding committing the Council to take on operation of a Specialist Care Centre (SCC) at Thackley Green in Corby for the benefit of residents. It was noted that work to finalise agreements would be subject to satisfactory negotiations regarding the respective variations, and terms of the agreement having no additional adverse financial or contractual implications not already considered..

Cllr Harrison provided a brief history of SCCs in the county, noting that occupancy levels of the centres was low, often not more than 50% of capacity. West Northamptonshire Council (WNC) had communicated an intention to reorganise services within the SCCs and had approached both the Council and other health partners regarding potential interest in taking over the centres in their entirety. In April

2022, the Council's access to SCC beds had been capped at 25 by WNC, based on historic usage, and these would be ringfenced at Thackley Green, ceasing Council usage at Spinneyfields in order to enable WNC to use all beds at that site.

As a result, due diligence had been undertaken by the Council to consider taking on the running of one SCC, as well as developing the service required and consideration as to how that would be delivered within the overall budget available as well as any potential additional investment that may be required. WNC had confirmed that should the Council be unable to take on the operation of Thackley Green the site would close.

The meeting heard that the proposed option before members would provide the best opportunity to develop a positive service for residents and financial modelling was being undertaken in great detail.

The Chair, Cllr Smithers welcomed the proposal as offering a better outcome for residents using the service, and wholly supported the report and thanked those involved in its preparation.

RESOLVED

KEY DECISION

That the Executive:

a) Considered and noted the content of the report, in particular the due diligence undertaken, legal considerations in sub-letting a specialist Care Centre and risks identified

b) Noted the ongoing negotiations and commitments with systemwide partners to utilise various funding sources such as Winter Discharge monies, and Better Care Fund

c) Considered and noted the various financial modelling scenarios set out in Appendix A and section 7.1 of this report

d) Approved Option 4 (as set out in section 3.3 of the report) which authorises the progression of work to finalise agreements to take on the running of one Specialist Care Centre (Thackley Green in Corby), subject to satisfactory negotiations with West Northamptonshire Council and Shaw Healthcare regarding the respective variations and terms of the agreement having no additional adverse financial, legal or contractual implications that are not already referenced in this report.

e) Delegated authority to the Executive Member for Adults, Health and Wellbeing in consultation with the Executive Director of Adults, Health Partners and Housing (DASS) to finalise and complete any legal agreements in relation to this decision

Reason for recommendations:

a) Having access to newer facilities will enable us to provide the environment for our staff to deliver better quality services & the right environments to maximise assessment, re-ablement, enablement and opportunities for independent living for people that use the services.

b) Having direct control over both bed-based and domiciliary care re-ablement provides the ability to flex and evolve services to meet changing needs in the most agile ways possible and delivering better re-ablement outcomes for our residents.

c) To minimise the financial and legal risks to the Council and ensure best value.

d) To provide an understanding of the complexities surrounding national funding to support integrated care and the work being undertaken to access these funds in order to support the delivery of services within the Specialist Care Centre.

Alternative Options Considered:

Option 1 – Continue "as-is" purchasing reablement beds from the West Northants Council run Specialist Care Centre and commissioning residual shortfall capacity from the independent care market in North Northamptonshire. **(Not recommended)**

Option 2 – Take on the running of two Specialist Care Centres **(Not recommended)**

Option 3 – Commission all bed-based reablement capacity from the independent sector care market **(Not recommended)**

Option 4 – Take on the running of one specialist care centre (Thackley Green in Corby **(Recommended option)**

Further detail around each of these options is available in paragraphs 4.15 to 4.27 of this report.

351 Disaggregation of the Joint Sensory Impairment Service to North Northamptonshire Council and Establishment of a New Operating Model

The Chair invited Cllr Scott Edwards, Executive Member for Children, Families, Education and Skills to introduce a report that sought to provide an overview of the Sensory Impairment Service revised model Outline Business Case, as well as seeking approval to implement the proposed recommendation as set out within the report.

It was noted that the current service was invaluable to those residents requiring it and was considered to be highly-regarded. The proposal before members was to create a commissioned service model arrangement between the Council and West Northamptonshire Council and, subject to consultation with affected staff and schools and legal input, the recommended option would also see the potential transfer of some specialist peripatetic staff who already worked within schools, directly under school employment. This would realise a potential saving of £310,000 from the current budget provided through the Dedicated Schools Grant (DSG).

The meeting noted that the Council had a statutory duty to provide specialist support services to children with a hearing or vision impairment in mainstream and in special schools. The Department of Education insisted on a mandatory qualification for teachers in this regard.

It was heard that there were significant risks relating to disaggregation, potentially providing a direct impact on delivering a safe and effective service model. It was noted that there was a national shortage of specialist qualified teachers, and this exposed the Council to the risk of not meeting its statutory requirements and therefore failing vulnerable young people.

The cost of service was just over £2m, funded through contributions from West Northamptonshire Council (WNC) and NNC via the Dedicated Schools Grant with service costs split 56% to WNC and 44% to NNC. A similar report would be tabled at WNC in January 2023.

RESOLVED

KEY DECISION

That the Executive:

a) Approved the creation of a single model of delivery for the Sensory Impairment Service within education across Northamptonshire, located within North Northamptonshire Council, which could be commissioned by others.

b) Approved the proposal to seek transfer of Access and Communication Support Workers (ACSWs) employment from the Sensory Impairment Service directly into schools (as outlined in the recommended new delivery model and explained within Sections 5.7 to 5.10 of the report), subject to full staff consultation and HR processes.

c) Granted delegated authority to the Executive Member for Children, Families, Education and Skills, in consultation with Monitoring Officers and Section 151 Officers for North and West Northamptonshire, to take any further decisions and actions necessary and complete any legal agreements required to effect the decision.

d) Noted that a report will be considered by the Joint Shared Services Committee in relation to the removal of the service from the Inter Authority Agreement between North Northamptonshire Council and West Northamptonshire Council

e) Noted financial implications as set out within Section 7.1 of the report and the impact on the allocation of Dedicated Schools Grant funding.

Reason for Recommendations: This option has been recommended following a detailed investigation of possible service delivery models and completion of a comprehensive Impact and Options Assessment, which demonstrated that a traditional disaggregation approach created significant risk that could not be fully mitigated. Implementing a single commissioning-based model utilising the existing service framework with North Northamptonshire Council would ensure that both Councils are able to fulfil the obligations set out by the original Local Government Reform ‘Future Northants’ blueprint through the delivery of an alternative remodelled service. This also safeguards services delivered to vulnerable children and their families and provides a sustainable and resilient model for the future.

Alternative options considered:

- Do nothing – retain the current lead authority arrangement governed under the Inter-Authority Agreement (IAA) between North Northamptonshire Council and West Northamptonshire Councils

- Disaggregate the service equally between the two Councils in line with original Blueprint

The alternative options shown above have been discounted as they would not provide an effective and sustainable delivery model for either Council whilst working towards full disaggregation of shared services. Splitting the service equally would pose significant risk to vulnerable service users and cause untenable strain on already very limited specialist resources.

352 Asset Disposal Policy

The Chair invited Cllr Graham Lawman, Executive Member for Highways, Travel and Assets to introduce a report that sought the approval of an Asset Disposal Policy for the Council.

The meeting heard that as a result of unitarisation, the Council had inherited a portfolio of properties and assets both operational and commercial, with this portfolio currently being assessed to ascertain whether assets fitted in with the Council’s future plans and needs. An Asset Strategy would be brought before the Executive in Spring 2023, accordingly a policy was required to ensure that any asset disposals were appropriate and well governed as well as clear and transparent.

It was noted that such a policy would support the Council’s Capital Strategy and would reduce revenue costs. Any proposed asset disposals would include the involvement of relevant ward members, service directorates and external partners where appropriate.

Cllr Lawman concluded by offering his thanks to the Asset Rationalisation Scrutiny Panel that had considered and agreed both the report and policy before members.

The Chair spoke to welcome engagement with local ward members regarding the potential disposal of assets in their areas.

RESOLVED

KEY DECISION

That the Executive approved the Asset Disposal Policy at Appendix A of the report for adoption.

Reasons for Recommendations:

i) The Council has fiduciary responsibilities to progress surplus vacant sites within a reasonable time, which government policy recommends is no later than two years, to ensure value for money is achieved. The Asset Disposal Policy supports this outcome.

ii) Progressing disposals of surplus properties in a co-ordinated way will contribute to the Corporate Plan and the commitment to be carbon neutral by 2030.

iii) The Asset Disposal Policy supports a timely process, which will reduce revenue costs and assist the council to achieve capital receipts as identified in the Capital Strategy.

iv) The Policy supports centralised current record keeping; a requirement of the constitution.

Alternative Options Considered: The Council could choose not to adopt a co-ordinated asset disposal policy, but this would lead to uncertainty and increased risks of unplanned expenditure.

353 Carbon Management Plan

The Chair invited Cllr Harriet Pentland, Executive Member for Climate and the Green Environment to introduce a report that sought consideration and approval of the draft Carbon Management Plan that set out how the Council would achieve carbon neutrality by 2030.

Cllr Pentland noted that the document before members was much anticipated and of vital importance in assisting the Council in its commitment to tackling climate change locally. It was noted that the plan was a living document and would be regularly reviewed to reflect progress made and advancements in technology, with progress reports provided to the Climate Change, Environment & Growth Executive Advisory Panel.

Cllr Pentland stated that 1m of funding had been set aside to support the Council on its climate change journey to be carbon neutral by 2030, and the management plan identified various actions for which funding would be required. It was noted as being vital that funding was used to secure the greatest carbon reduction benefits.

The meeting heard that as part of the project the Council would work with Investors in the Environment, an environmental organisation who would audit and review progress made by the Council towards its aims and offered an additional layer of accountability.

The Chair, Cllr Jason Smithers welcomed the report and the in-depth work carried out by the Executive Member and officers in a short period to cement the carbon neutrality plan within the document.

Councillors Harrison, Howell, Brackenbury and Lawman all spoke in support of the Carbon Management Plan and referenced de-carbonisation of the leisure sector, landfill emissions and the opportunity to reduce the carbon footprint of the Place and Economy sector by introducing zero emission vehicles, reducing the reliance on polluting vehicles as well as working with contractors to reduce their own carbon footprints.

RESOLVED

KEY DECISION

That the Executive approved the Carbon Management Plan at Appendix A of the report and priority areas for investment of the £1m climate change funding allocation.

Reasons for Recommendation:

- The plan sets out the key areas of focus for the Council in order to achieve its target to be carbon neutral by 2030
- The plan supports the Council's ambition for climate change mitigation as set out in the Corporate Plan.
- Whilst the projects deriving from the plan will require financial investment, they will provide both cost and environmental savings.
- The measures set out in the report complement existing environmental policies, such as the Pollinator Strategy and Tree Management & Care Policy.

Alternative Options Considered: The alternative option is not to progress a carbon management plan, or to scale back the target date of carbon neutrality by 2030. However, this would not align with the Council's declaration of a climate and environment emergency, and wider strategic priorities. These options are therefore not recommended.

354 Planning Advisory Service Peer Review – Report and Associated Action Plan

The Chair invited Cllr David Brackenbury, Executive Member for Growth and Regeneration to present a report which sought to advise the Executive of the findings of the Planning Advisory Service (PAS) Peer Review of the Council's Planning Service, requested consideration of the proposed Action Plan developed to respond to the issues raised and the recommendations arising from the report.

It was reported that in September 2022, the Council had invited a peer review of the Council's Planning Service by a PAS Peer Review Team. The review was wide-ranging and included an extensive set of interviews and focus groups with a range of internal and external stakeholders and users of the service. Cllr Brackenbury thanked all those who had taken part in what he considered to be a valuable exercise.

The meeting noted that the appendix to the report contained the findings of this review and contained details of positive existing practice within the Council's Planning Service that welcomed growth and renewal, had a commitment to transformation and development and the implementation of a single service. Furthermore, there existed a strong relationship between elected members and Council officers and the commitment of hard-working staff was also noted, with thanks offered by Cllr Brackenbury for the enthusiasm and desire to offer the best possible service. The service also maintained good relations with regional and strategic partners in terms of developing planning policies and engagement on a regional basis. The Council was delivering planned growth in terms of housing numbers and employment opportunities across a balanced range of sectors offering high quality jobs. The meeting heard that there was a strong record in the delivery of planning policies and the good work of the former Joint Planning Unit and Committee was noted.

There were, however, areas for improvement that had arisen from the review. Although it had been noted that the Council was still in the process of harmonisation, there was a recommendation to alter the planning committee structure from the current four committees representing the former sovereign authority areas to a more unified mix. This would be considered as part of the proposed Action Plan. In addition, there was a need to rapidly convene a Planning Transformation Board and associated governance arrangements to address shortcomings in the Planning Service, noting that careful resourcing and time management of officers was required. The membership of the board had been agreed, with the initial meeting to set Terms of Reference and consider the proposed Action Plan to take place in the first week of 2023.

The Chair, Cllr Smithers spoke to welcome the report and recommendations from the Planning Advisory Services, noting that publication of the findings was mandatory to ensure that Council was open and transparent about the issues it faced within the Planning Service. Cllr Smithers noted that a speedy turnaround was required, and pressure would be exerted to ensure satisfactory delivery of the Action Plan occurred.

Cllrs Howell, Lawman, Harrison and Howes all spoke to welcome both the report and the findings of the Planning Advisory service, noting that the Council welcomed scrutiny of its processes, both internally and externally. Members looked forward to seeing a significant improvement within a department that had previously attracted a high level of resident complaints.

RESOLVED

That the Executive:

a) Noted the content of the PAS Peer Review Report and its recommendations

b) Considered and approved the PAS Peer Review Action Plan (as set out in Appendix B of the report)

c) Approved the formation of a Planning Transformation Board and associated governance arrangements (as set out in Appendix C of the report) to oversee the planning transformation activities associated with the Peer Review and Action Plan

c) Agreed that the progress of transformation in response to the PAS Peer Review recommendations is reported back to Scrutiny Commission on a six-monthly basis

d) Agreed that the PAS Peer Review Report and associated NNC Action Plan are published on the Council's website as soon as reasonably practicable

Reasons for Recommendations:

- To maximise the benefit of the advice and recommendation received from PAS through their peer review of the Council's Planning service
- To ensure that the Council puts in place an appropriately resourced detailed transformation plan that will lead to a single harmonised
- Planning service that maximises efficiency and cost effectiveness
- To ensure that customers and stakeholders of the Planning service receive maximum benefit from a harmonised and efficient service

Alternative Options Considered: The alternative option would be to reject the findings of the PAS Peer Review and to either continue operating the current planning service delivering business as usual, or to formulate transformation plans for the service having no regard to the advice and recommendations of the PAS Peer Review Team. These options are not advised as not implementing the recommendations would not see the service develop.

355 Corby Town Fund - Multi-use Building

The Chair invited Cllr David Brackenbury, Executive Member for Growth and Regeneration to present a report which sought approval for the submission of a Business Case Summary Document for the Grosvenor House, Multi-use Building in Corby that formed the fourth and last project included in the Corby Town Fund. If the Business Case was subsequently approved by the Department of Levelling Up, Communities and Housing (DLUHC), the £1.5m of allocated funds for the project would be made be available for drawdown and its commencement.

Cllr Brackenbury provided an overview of the funding bid made by the former Corby Borough Council to the Government's Towns Fund, noting that the Council had been awarded £19.9m of funding for four projects detailed within Corby's Town Investment Plan. This specific project proposed to provide a muti-purpose facility in the Corby town centre area, offering permanent accommodation for a modern cultural and Community Centre, while also meeting the identified demand for creative, media and third sector uses. It was anticipated that the project would assist in increasing footfall and spend across the town and make the town centre a more attractive location.

Cllrs Howell, Pentland and Harrison all spoke to welcome the investment and to support the recommendations before members, noting the possibility of the building partially being used as a community hub, as well as forming part of North Northamptonshire's cultural offering.

RESOLVED

KEY DECISION

That the Executive:

a) Delegated to the Executive Director of Finance, in consultation with the Executive Director of Place and Economy, authority to prepare and submit the Business Case Summary Document for the Multi-use Building (which is the final project in the Corby Town Fund) to the DLUHC.

b) Approved the drawdown of funding for this project once released by the DLUHC and delegate to the Executive Member for Growth and Regeneration in consultation with the Executive Director of Place and Economy the authority to spend such funding on those projects outlined in the Business Case

Reasons for Recommendations:

- The submitted Business Case Summary Document, if approved by DLUHC will unlock the funding for these projects to the sum of £1.5m.
- Once funds are received, each project can commence. It is estimated these projects will commence to their next stage in spring 2023.

Alternative Options Considered - The Executive could decide not to submit the Business Case Summary Document and therefore not to drawdown the remaining funding of £1.5m (less the 5%, approx. £75k already received from DLUHC). The consequences of this would mean that the Multi-use Building project could not be delivered. This project is a deliverable project which benefits Corby and the surrounding area. It proposes to provide a muti-purpose facility in the Corby town centre area, to provide a permanent accommodation for a modern cultural and Community Centre. the project will also meet the identified demand for creative, media and third sector uses. It will help to increase trips, pedestrian flows and spend across the town, and will improve the town’s overall permeability. This option is, therefore, not recommended.

356 Northamptonshire Corporate Parenting Board Annual Report 2021-22

The Chair invited Cllr Scott Edwards, Executive Member for Children, Families, Education and Skills to introduce the Annual Report of the Northamptonshire Corporate Parenting Board for 2021-22 which also sought approval of the implementation of key priorities for the board as below:

- Approval of the establishment of Corporate Parenting Operational Groups as set out in Section 3 of the annual report.
- Consideration of the inclusion of corporate parenting responsibilities being set out in every North Northamptonshire Council job description
- The Council to consider becoming a Fostering-Friendly employer, with authority delegated to the Executive Member for Children, Families, Education and Skills in consultation with the Chief Executive to approve.

Cllr Edwards thanked the members of the board for their work in the preceding year and outlined the role, structure and activity of the Corporate Parenting Board. It was noted that should the recommendations before members not be approved, an opportunity would be missed to promote the Children’s Trust’s corporate parenting strategy, encourage greater fostering sufficiency, and to ensure that all employees of the Trust and the Council were aware of their corporate parenting responsibilities.

The meeting heard that in order for the report to progress through appropriate approval stages, culminating in approval by Full Council, an implementation plan for the recommendations would be produced to be submitted to the Corporate Parenting Board in January 2023.

RESOLVED

KEY DECISION

That the Executive approved the implementation of four key priorities for the corporate parenting board, specifically:

a) Approved the establishment of Corporate Parenting Operational Groups as set out in Section 3 (page 19) of the annual report.

b) Noted that the Head of Paid Service will consider the inclusion of corporate parenting responsibilities being set out in every North Northamptonshire job description as set out in Section 3 (page 19) of the annual report.

c) Noted that North Northamptonshire Council will further consider becoming a Fostering-Friendly employer, as set out in Section 3 (pages 19-20) of the annual report and delegates authority to the Executive Member for Children, Families, Education & Skills in consultation with the Chief Executive to approve.

Reasons for Recommendations:

- To promote and monitor the Trust's corporate parenting strategy.
- To encourage all members and employees to recognise their role as corporate parents.
- To promote in-house fostering sufficiency.

Alternative Options Considered: The alternative option to the recommendations set out in the annual report, are: For the Corporate Parenting Board to continue operating in its current form, Corporate Parenting Responsibilities not being included in NCT and NNC job descriptions, and that NCT and NNC do not become Fostering-Friendly Employers.

The above options would not promote the Trust's corporate parenting strategy, nor encourage more employees to become foster carers, nor encourage all members and employees to recognise their role as corporate parents.

357 Schools Minor Works Programme

The Chair invited Cllr Scott Edwards, Executive Member for Children, Families, Education and Skills to introduce a report that sought approval of the School's Minor Works Programme, the budget approval for 2022-24 coming through the Capital Programme Update report submitted to the meeting as Agenda Item 18. It was noted that the programme would be funded by the Department for Education (DfE) 'School

Condition Allocation' grant and allow the Council to fulfil its statutory obligation of keeping pupils 'safe, warm and dry'.

The meeting heard that the total School Minor Works Budget for 2022-2024 was £3,893,829, allowing condition surveys on property within the Council's school estate to be commissioned and any remedial work required classified into one of four categories identified below:

1: Urgent - works required immediately or within one year;
2: Essential – required within 2 years;
3: Desirable – required within 5 years;
4: Desirable – works not anticipated to be required within 5 years

It was anticipated that the budget would be sufficient to progress the required condition works in categories 1 and 2 as above, whilst leaving a small contingency sum within the wider budget to address any emergency works that may be required at maintained schools within the Council area over the course of the 2022-2024 financial period.

RESOLVED

KEY DECISION

That the Executive:

a) Noted the Council's allocation of 'School Condition Allocation' funding for 2022/23 & 2023/24 confirmed by the DfE at a total of £3,893,829 and that the grant funding will be utilised as the Council's 'School Minor Works' budget for 2022/24;

b) Noted that the budget approval to complete works to rectify condition issues within schools, to support the Council to fulfil its statutory obligation of maintaining its school estate is included within the Capital Programme Update report elsewhere on the Executive agenda;

c) Noted that any works undertaken under the 'Schools Minor Works' budget will be delivered as part of a rolling programme of conditions surveys and schemes at maintained schools in the Local Authority;

d) Delegated authority to the Executive Member for Children, Families, Education and Skills, in consultation with the Director of Children's Services and the Capital Portfolio Board, to authorise all necessary legal, property and financial agreements to ensure effective delivery of condition schemes.

e) Schemes of £500,000 or more will be managed as stand-alone schemes and will be managed via the existing governance process for Capital Approval Process.

Reasons for Recommendations:

- The proposal supports the Council to continue to fulfil its statutory obligation of maintaining its school estate;

- The recommended course of action is the most effective as it facilitates the delivery of a proactive, responsive condition and maintenance programme;
- The recommendations are consistent with previous decisions made by the Executive. This is the 3rd year of the 'School Minor Works' programme, the previous decision was made in 2021.

Alternative Options Considered: Any other option would involve managing the minor works programme on a scheme-by-scheme basis which would be inefficient and fail to deliver the necessary response to the emergency situations which would impact on Health & Safety and potentially result in school closures.

358 Rowan Gate Special School Mobile Unit Replacement

The Chair invited Cllr Scott Edwards, Executive Member for Children, Families, Education and Skills to introduce a report that sought approval to proceed with a Capital Project to replace the double temporary mobile unit classroom at Rowan Gate Special School, Wellingborough with two additional permanent classrooms, the costs to be funded primarily by Department of Education High Needs Provision Capital Allocated Grant funding.

The works would assist the Council in fulfilling its statutory obligations of providing a sufficiency of SEND places and fulfil the specific need at Rowan Gate. It was heard that the construction programme for the proposed works would take approximately 12-months to complete commencing in Summer 2023 and concluding in Summer 2024 in time for the September school term with the works to project managed by the school with the Council acting as the funding body only.

Cllrs Lawman and Howell welcomed the report, with Cllr Lawman noting the impressive existing facilities and staff at the school and the positivity that the proposed works would bring to the site.

RESOLVED

KEY DECISION

That the Executive:

i) Approved the Project to replace the Temporary Mobile Units at Rowan Gate Special School, Wellingborough with permanent classrooms.

ii) Noted the scheme will be funded via High Needs Provision Capital Grant funding received directly from central government; The budget approval is included within the Capital Programme Update report to Executive elsewhere on this agenda.

iii) Delegated authority to the Executive Member for Children, Families and Education in consultation with the Executive Director of Place and Economy and the Executive Director of Children's Services, to authorise all necessary legal, property and financial agreements to ensure effective delivery of the scheme.

Reasons for Recommendations:

- There is a double classroom mobile unit on the site. The mobile unit is coming to the end of its life expectancy. The temporary planning approval **(WP/15/00779/CRA)** dated 22nd January 2016 has lapsed and requires the removal of the mobile unit [on for before 31st December 2020]. We must remove the classrooms as we are in breach of the planning permission.
- The school is oversubscribed with a shortfall of teaching and circulation spaces and currently does not comply with the Building Bulletin BB104 Standards Guidelines for Special Schools. The replacement classrooms provide the necessary teaching and circulation space needed to comply with BB104.
- There is a deficit of SEND places across North Northamptonshire currently and will be in the forthcoming 2022/23 academic year. This proposal ensures that there is good quality permanent capacity at Rowan Gate school.
- The Council has a statutory obligation to provide a sufficiency of SEND places across the county, if the Council cannot provide sufficient places in its maintained or academy provision in Northamptonshire, then it is required to utilise far more expensive independent and out of county provisions to meet demand. Places in independent or out of county provisions are significantly more costly than those within the Council's own provision.

Alternative Options Considered*:*

There are three options for consideration:

Option 1. Do Nothing. This is not a viable option as this relates to the fulfilment of the Council's statutory obligation of providing sufficiency of places its schools' estate. We are already in breach of the existing planning permission.

Option 2. Replace the existing mobile units in a similar position with similar footings but as a modular construction. We consulted with the Planning Authority who indicated they would not support this option based on existence Tree Protection Orders (TPO).

Option 3. There is only one option other than a temporary or modular solution and that is to construct a new permanent classroom on the school site. After consulting with Sport England and the Planning Authority and the school we arrived at the preferred solution as the most effective way of providing the pupil places at Rowan Gate School.

359 Kingswood Secondary School Bulge Funding

The Chair invited Cllr Scott Edwards, Executive Member for Children, Families, Education and Skills to introduce a report that sought approval for the Kingswood Secondary School Funding Agreement that would allow for the provision of suitable educational accommodation at Kingswood Secondary School, Corby to temporarily increase the Published Admission Number (PAN) equivalent to 54 pupils in a year group, which would roll through from years 7-11, before reducing back down to the original PAN. The works would be funded by the Department for Education Basic Need Grant.

It was reported that the funding would support adaptations to ancillary circulation and teaching spaces to facilitate a temporary increase in pupil numbers to bridge the gap until the new Weldon Village Academy opened in 2023. The capital investment would also provide a permanent capacity for future growth when needed.

The meeting heard that the works would be project managed by the school with the Council acting as the funding body only, with a legally binding funding agreement between each party restricting the Council's maximum financial liability in respect of this scheme.

RESOLVED

KEY DECISION

That the Executive**:**

i) Approved the proposed scheme to be delivered through the Funding Agreement with Greenwood Academies to enable the Kingswood Secondary School to temporarily increase its PAN and enable the Local Authority to perform its statutory duty to provide sufficiency of places in Corby.

ii) Noted that budget approval of £553,849 for this scheme is included within the Capital Programme Update report elsewhere on this Executive agenda.

iii) Delegated authority to the Executive Member for Children, Families and Education, in consultation with the Director of Children's Services and the Children's Services Capital Portfolio Board, to authorise all necessary legal, property and financial agreements to ensure effective delivery of the project.

Reasons for Recommendations:

- Under school place planning duties (s13-14 Education Act 1996) the Council as an education authority has a duty to promote high standards of education and fair access to education. It also has a general duty to secure sufficient schools in their area. This includes a duty to respond to parents' representations about school provision. These are referred to as the school place planning duties.
- The Council is required to provide the following additional capacity to ensure it fulfilled its statutory obligations for September 2022: Corby: 54 temporary 'bulge' places added at an area school to provide sufficient capacity for the 2022/23 academic years.
- Failure to provide sufficiency of places would also result in increased home to school transport costs as students would need to be transported to other areas of the County. An increase in complaints from parents and pressures on schools through the Fair Access Process (FAP) and reputational damage. FAPs exist to ensure that vulnerable children, and those who are

having difficulty securing a school place in-year, are allocated a place as quickly as possible.

Alternative Options Considered: A deficit of sufficient capacity has been experienced in Northamptonshire since the 2020/22 academic years and the Council has been required to provide significant temporary bulge places in each academic year across other existing schools in the area. The level of temporary bulge capacity provided at other schools in previous academic years means that options for the provision of further bulge capacity are extremely limited and other schools have reached the maximum number of students they can safely accommodate on site.

360 Earls Barton Primary School Expansion

The Chair invited Cllr Scott Edwards, Executive Member for Children, Families, Education and Skills to introduce a report that sought consideration and approval of the Earls Barton School Expansion Project that would be funded primarily by S106 funding and supplemented by the Department for Education School Condition Allocation Grant.

Cllr Edwards stated that demand on pupil places in Earls Barton had increased as a result of new housing developments, supported by S106 developer contributions allocated specifically to increasing the capacity of primary school places. The works would allow the linking of two currently separate school buildings to provide safe and secure access around the school, the replacement of two mobile classrooms and relocation and expansion of staff car-parking as well as allowing for the potential increase in Published Admission Number from 75 to 90 pupils.

It was reported that the anticipated cost of the works was £2.798m, with the project set to start in February 2024, completing in February 2025.

The Chair, Cllr Jason Smithers welcomed the investment at the site and noted the Council's ongoing commitment to future generations through continuous investments in educational settings.

Cllrs Pentland, Lawman and Brackenbury also spoke to welcome the project and the upgrades at the site, including the use of renewable energy technology.

RESOLVED

KEY DECISION

That Executive:

i) Approved the progression of the proposed scheme and to note that the scheme will be funded via S106 Funding and Basic Capital Grant Allocations funding received directly from central government;

ii) Noted that budget approval **£2.798m** for the project is included within the Capital Programme Update report elsewhere on this Executive agenda.

iii) Delegated authority to the Executive Member for Children, Families and Education in consultation with the Executive Director of Children's Services, in consultation and the Executive Director of Place and Economy, to authorise all necessary legal, property and financial agreements to ensure effective delivery of the scheme.

Reason for Recommendations: The demand on pupil places in Earls Barton has been triggered by the commencement of new housing developments by Housing Developers Redrow and David Wilson Homes which looks to deliver over 300 homes. S106 Developer funding has been allocated specifically to towards increasing the capacity of primary school places serving the development at Earls Barton Primary School that have been forecast as needed by the new development.

Alternative Options Considered: The S106 Funding is specifically assigned to Earls Barton school expansion and cannot be used as Capital investment elsewhere as stipulated in the Funding Deed. The Options explored as part of the Feasibility Study therefore focus on identifying the optimum design solutions to deliver the necessary expansion which delivers the identified project objectives and realises the identified benefits.

361 Capital Programme Update 2022/23

The Chair invited Cllr Lloyd Bunday, Executive Member for Finance and Transformation to introduce a report that requested approval for capital schemes that had come forward for inclusion in the Council's Capital Programme. Approval of the funding would allow the schemes to move forward to procurement and delivery.

Seven schemes were highlighted as per the report and recommendation below.

Cllr Harriet Pentland spoke to welcome the Local Authority Treescape Fund that was a positive step in helping the Council in reducing the impact of harmful emissions.

RESOLVED

KEY DECISION

That Executive:

i) Approved the following changes into the capital programme totalling £9.696m:

a. Isebrook SEND College expansion of school - increase of £341k to the capital programme for 2022/23, which is to be funded from the SEND Capital grant.

b. Schools Minor Works programme – budget approval for £3.894m; £1.95m in 2023/24, £1.95m in 2024/25, which is to be funded from the DfE Schools Condition Allocation (SCA) grant.

c. Kingswood Secondary School Bulge funding – budget approval for £554k; £213k in 2022/23, £341k in 2023/24 which is to be funded from DfE Schools Basic Need grant.

d. Earls Barton Primary School Expansion – budget approval for £2.8m; £215k in 2022/23, £1.29m in 2023/24, £1.29m in 2024/25 which is to be funded £2.084m from S106 and £713k from DfE Schools Basic Need grant.

e. Rowan Gate Primary School – budget approval for £1.661m, £172k in 2022/23, £1.006m in 2023/24, £482k in 2024/25 which is to be funded from DfE Schools Basic Need grant.

f. Wrenn Spinney installation of mobile classroom – budget approval for £190k for 2022/23 which is to be funded from the SEND Capital grant.

g. Local Authority Treescape Fund (LATF) – budget approval for £260k; £90.5k in 2022/23, £56.4k in 2023/24, £56.4k in 2024/25, £56.4k in 2025/26, to be funded from external capital grant.

Reasons for Recommendations are set out in greater detail within section 5 of the report, but can be summarised as:

- To support the statutory delivery of school places and SEND school places across North Northamptonshire.
- To access funding for planting and caring for trees across North Northamptonshire, helping to meet the priorities of the Corporate Plan, particularly:
  - Active, fulfilled lives
  - Thriving places

Alternative Options Considered:

- As all the schemes in this report are grant funded/S106 funded, the use of the funding is in line with the agreement, so there is no alternative option proposed in this report.
- Where schemes are over £500k, individual reports are presented elsewhere on the agenda that set out the wider options that were considered before reaching the proposed schemes identified for grant funding/S106 funding.

362 Budget Forecast 2022/23 as at Period 7

The Chair invited Cllr Lloyd Bunday, Executive Member for Finance and Transformation to introduce a report that set out the forecast outturn position for the Council based on the Period 7 monitoring forecasts for the General Fund and the Housing Revenue Account (HRA).

The meeting heard that the overall outturn forecast for the General Fund for 2022/23, as at Period 7 was a forecast overspend of £6.176m against the approved budget. Cllr Bunday reported that that the overall increase was predominantly as a result of further pressures within the Children's Trust and higher spend associated with Home to School Transport arising following the outcome of the recent contracts awarded for the start of the academic year and the latest in-year monitoring position.

It was noted that the Council would seek further efficiencies in year to offset the forecast overspend, however for Period 7, the remainder of the Council's contingency budget has been applied to reduce the in-year impact of the costs arising from Home to School Transport alongside the pressures from the national pay award which had exceeded budgetary expectations of 3%. Although the Council maintained financial reserves for any balance remaining, it would look to achieve in-year mitigations in the first instance.

Cllr Bunday reported that the Housing Revenue Account had a current overspend totalling £281,000.

The meeting heard that the impact of unprecedented inflation, increased use of demand-led services and general economic downturn had adversely impacted income generation. It was recognised that the Council continued to face extremely challenging circumstances in maintaining balanced finances while protecting services, particularly for its most vulnerable residents.

RESOLVED

That the Executive:

a) Noted the Council's forecast outturn position for 2022/23 as summarised in Section 4, alongside the further analysis, risks and other considerations as set out in Section 5 and Section 6 of the report.

b) Noted the assessment of the current deliverability of the 2022/23 savings proposals in Appendix A of the report.

c) Noted the release of the contingency budget, totalling £2.450m, to fund the pay award (£1.532m) and to partially mitigate the additional pressures on Home to School Transport (£918k).

Reason for Recommendations – to note the forecast financial position for 2022/23 as at Period 7 and consider the impact on this year and future years' budgets.

Alternative Options Considered: The report focuses on the forecast revenue outturn against budget for 2022/23 and makes recommendations for the Executive to note the current budgetary position as such there are no specific choices within the report.

Chair

Date

The meeting closed at 11.38am

Finance and Resources Scrutiny Committee

Budget Scrutiny Submission 2023/2024

Introduction

The process to scrutinise the budget for 2023/2024 has been to meet with Executive members and officers of each directorate in four budget sessions as follows –

Children's Services	6th January 2023
Place and Economy	17th January 2023
Enabling Services	18th January 2023
Adults, Health Partnerships and Housing	23rd January 2023

The General Budget Summary was provided –

Draft Budget Summary 2023/24

Summary by Directorate	2023/24 £000	2024/25 £000	2025/26 £000
Adults, Wellbeing and Communities	132,530	141,696	158,607
Children and Education	69,530	70,157	71,897
Place & Economy	68,500	72,833	77,316
Enabling Services	36,102	35,536	36,226
Corporate	29,833	37,268	42,196
Base Budget Gross Budget (Excluding DSG Funding)	**336,495**	**357,490**	**386,242**
Total Base Gross Budget	**336,495**	**357,490**	**386,242**
Total Funding	**(336,495)**	**(339,200)**	**(332,274)**
Budget Gap	**0**	**18,290**	**53,968**

N.B. 2024/25 and 2025/26 have been remodelled following the provisional settlement. The impact of the settlement for the Council in years 2024/25 and 2025/26 are currently being worked through and will be set out within the February reports to Executive and Council.

The format for each session was similar, with service areas briefly the range of services and responsibilities undertaken, key objectives in 2023/24 for each service and currently identified risks.

Details regarding potential growth and savings were also highlighted, covering both Revenue and Capital. Members of the Committee were able to ask questions and seek clarification on the issues highlighted in each presentation.

It should be noted that the Committee had received presentations from each service area in November/December 2022 which had provided some useful preliminary information for each directorate ahead of the draft budget reports being considered by the Executive on 22nd December 2022. These preliminary sessions were welcome.

1. **General & Corporate Comments**

2. <u>Information Provided</u>

3. For future years, where there are proposals to increase or decrease budgets included within the MTFP, additional details about such proposals should be provided. This to include the base budget and the additional cost or saving being suggested for the subsequent year.

4. The Committee were faced with figures for growth or savings which required the base figure in order to properly assess whether an increase or saving was feasible, sufficient or insufficient and likely to be deliverable.

5. <u>Fees & Charges</u>

6. The Committee repeats its request, as detailed in the Scrutiny Submission 10th February 2022 (para.2.11), that there should be a presentation of fees & charges. Whilst recognising that there is either statutory or Executive authority in this matter, the level of income generated is an important component of the Council's funding strategy.

7. Ahead of next year's 2024/25 budget scrutiny, the Committee requests that a directory of fees and charges across service areas is made available for perusal, detailing the fee or charge in question, the fee or charge for 2023/24 together with any proposal to increase or decrease for 2024/25.

8. Additional income from an increase in fees & charges was cited in several presentations, but an understanding of the background to these was not readily accessible.

9. <u>Staffing</u>

10. A theme across all presentations was the continuing problem of retention and recruitment of staff, leading to an over reliance on agency workers. It was noted that there were a number of projects underway to restructure services, which may assist in reducing this reliance, recognising that the use of agency staff to fill short term gaps should always be an option available to managers. The

priority should always be to employ permanent staff, investing in those staff through continuing training and development.

11. The Committee recognised that the Pay & Grading project was well underway, with discussions continuing between employer representatives and representatives of recognised trade unions. The outcome of this project will result in a harmonised set of terms and conditions and grading structures being established. This work underpins the efforts being made to retain and employ staff. The Committee note that a sum of £2.479m has been assumed to cover the outcome of this review in 2023/24.

12. The Committee notes that it is proposed to set aside a budget of £5.441m to reflect potential pay changes of 4% and increments in 2023/24. Given that the impact of the 2022/23 pay award and the likelihood in the near future of increasing costs, the Committee would suggest that the Executive satisfy itself that 4% is a realistic estimate.

13. <u>Utility Costs</u>

14. The Committee recognise that events both domestic and international during the previous 12-months have resulted in a significant rise in costs, with utility/energy costs being of particular significance. This has resulted in higher bills above those predicted for 2023/24.

15. The Committee in its Scrutiny Submission 10th February 2022 (para. 2.5 & 2.6), highlighted concerns at that time regarding the adequacy of budget allocation to address an increase in utility costs. The Executive acknowledged this concern and addressed it at that time. Subsequent events have overtaken all assumptions, and the Committee seeks assurance that an adequate level of reserves to cover continuing increased costs has been identified.

16. <u>Children's Services</u>

17. The Committee recognised the increasing pressures on the directorate and noted that there had been successes in addressing this demand and minimising service delivery issues.

18. The Committee were assured by officers that the Council's application of the Dedicated Schools Grant was appropriate and applied within recommended Government guidelines.

19. It was noted that the Committee had met representatives of the Children's Trust on two occasions. These meetings were welcomed, however the Committee suggested that further detail was required going forward in relation to Trust finances. The Committee noted with concern the additional £5.2m being requested by the Trust from NNC, with a significant additional amount also

being requested from WNC. It was considered important that both the Committee and the Executive received a detailed breakdown of these and future additional requests for monies. The Committee recognised the increasing demands placed on the Trust but sought assurance that value for money and efficiencies of scale were being achieved.

20. **Place and Economy**

21. The Committee noted the need to readjust income targets for Bereavement Services, particularly in relation to the Wellingborough facility, targets for which had been set by a legacy authority. There was also a discussion regarding the governance arrangements of the facility. The Committee would be grateful to be kept updated on the performance of the service and any governance review undertaken.

22. The Committee noted with concern the increasing cost of the Home to School Transport Service. It was noted that a growth bid of £7m had been submitted. This had previously been identified as a risk by the Council. From presentations made, there was an indication that this would be a continuing area for concern in subsequent years. The Committee were assured that officers were attempting to ensure value for money and to keep increased costs to a minimum, however certain factors were clearly beyond their control.

23. The Committee welcomed the proposal to promote the food waste service in Corby and East Northants. It was noted that the £50k saving based on the reduction of waste going to landfill was an estimate but hoped the service could achieve this, or indeed exceed it.

24. The Committee noted that the Council's estate was extensive and there was a need to assess future Council requirements. The Committee felt that there may be significant savings to be generated by the current review of buildings and property. Given the continuing financial pressures the Council will face over future years, the Council need to ensure this review be concluded as soon as possible.

25. It was noted that usage of the Corby Car Parks had yet to return to pre-lockdown levels. This was of concern and had resulted in the income target being reduced by £108k for 2023/24. The Committee notes that there is a NNC Parking Policy being developed and would welcome the opportunity to consider this and its potential impact on the income and expenditure of the Council.

26. **Enabling Services**

27. Concern was raised regarding the proposed increase in Audit Fees, although it recognised that these may have been set previously at an unsustainable level and that nationally fees were increasing. Ensuring that the Council had a robust

internal and external audit provision will ensure that issues of concern can be identified and introduction of best practice can continue to be developed.

28. The Committee recognises the complexities of the Pay & Grading project but expresses its hope this is completed as soon as possible. This is an important corporate project, as cited by reference to retention & recruitment problems across all service areas.

29. The restructuring of services within this directorate were noted which would generate both efficiencies and improved service delivery.

30. Adults, Health Partnerships and Housing

31. The Committee received a presentation covering the areas of Housing & Communities, Adult Social Care and Public Health. It was noted that following the recent CLT restructure Public Health and Communities would be part of a separate directorate for accountancy purposes from 2023/24.

32. Housing

33. The Committee noted the proposed rental increase of 7% for 2023/24. Whilst not wishing to place an additional financial burden on Council tenants, the Committee recognised that there continues to be financial pressures for the HRA which need funding. It was noted that currently increases of 4% were being modelled for 2024/25 and 2025/26. There was a need to ensure that efficiencies and value for money was achieved in the HRA and any financial benefits of transformation are realised as soon as possible.

34. In relation to council house building, there is support from the Committee for the Council to continue the policies of the former sovereign Councils, and the need to utilise RTB receipts rather than face potential return to the Government. The Committee noted that the Council were required to reprofile the previous programme due to increased construction costs and increases in the cost of borrowing, however it was hoped the programme would be robust and aspirational. It was felt important that the Council continue to make its contribution to meeting the increasing demand.

35. The Committee welcomed the reduction in the use of “out of area” temporary accommodation. The Committee recognised the amount of work undertaken by officers to minimise use of “out of area” accommodation, against an increasing demand due to the current economic crisis and noted the proposed saving in 2023/24 of £200k. The Committee noted that a review of temporary accommodation was being undertaken, and Members looked forward to having sight of this upon completion.

36. It was noted that for 2023/24 additional resources were being proposed to address the backlog in Repairs & Maintenance in both Corby and Kettering. This was welcomed and the Committee hopes that this will reduce the backlog and address tenants concerns.

37. The Committee discussed the current arrangements for the HRA and the continuity of the two separate trading accounts for Corby and Kettering. The Committee recognised the requirement for this, and that it would be a lengthy process to aggregate these two accounts. It was noted that there was no deadline for completion of this exercise. The Committee expressed its hope that work on aggregation would continue at a pace to ensure further efficiencies and economies could be achieved, ensuring that resources were allocated appropriately maximising benefits to all tenants and service users.

38. As with other service areas, the retention and recruitment of staff was a significant issue; hopefully, the outcome of the Pay & Grading project would assist in this matter.

39. <u>Communities</u>

40. The Committee noted the intention of developing one business plan for the service area and the creation of a "Profit and Loss" account to maximise resources and income opportunities. This would improve financial and service planning, and the Committee were assured that it would not reduce the ability to scrutinise the financial position of individual facilities or services.

41. The lack of provision regarding the presentation of trading accounts for Chester House was noted, however the Committee were informed that income targets were ahead of schedule and that it was proposed to reduce the NNC subsidy in 2023/24 by £298k.

42. The Committee would request an early opportunity once the proposed business plan and "Profit and Loss" account was developed to scrutinise this, so a clearer picture of the financial sustainability of the Communities service could be assessed and areas of strength and concern identified.

43. The Committee recognised that the increase in energy costs will continue to have a significant impact on many facilities. There was also a need to ensure the service area continued to reduce its carbon footprint, as a contribution to the Council's stated objective, and welcomed assurances that steps were being taken to achieve this.

44. The Committee express concern regarding the proposed reduction in support by £112k to community centres, which would impact on local communities, particularly in Corby. There was concern expressed regarding the lack of meaningful consultation, with some centres only being contacted relatively

recently. The Committee noted that in the Executive report of 22nd December 2022, under 13.40 Community Impact, it states “No distinct community impacts have been identified as a result of the proposals included in this report.” The Committee would be grateful to receive details of any community impact assessment undertaken in the formulation of this proposal. Most centres are run and managed by volunteers and form an important community hub and contribute to supporting local residents. The viability of these centres may be brought into question, and the Committee requests that this item be withdrawn for 2023/24 ahead of a full detailed assessment of impact, and the opportunity for wider consultation and consideration.

45. Adult Services

46. The Committee recognise the significant service requests being received by the service area, together with the positive initiatives taken since Vesting Day to improve service delivery and increase efficiencies.

47. The Committee noted the current discussions regarding the future management and operation of Thackley Green and were assured that due diligence would be undertaken before the transfer of the facility to NNC.

48. The Committee sought and received assurance that residents in rural areas were not receiving an inferior service, given the higher costs associated with transport etc.

49. The retention and recruitment of staff was a significant issue; hopefully, the outcome of the Pay & Grading project would assist in this matter. It was noted that there was currently a 50% vacancy rate for social workers, which was meaning an over reliance on agency staff.

50. Public Health

51. The Committee noted that the services was still implementing the outcomes of the disaggregation of the service in October 2022.

52. The details provided regarding core services provided was welcomed. It was noted that current contracts would be disaggregated over time.

53. Conclusion

54. The Committee wants to thank scrutiny members, officers and Executive members for their time and assistance during the Budget Scrutiny process. The decision to schedule in both Stage 1 & Stage 2 Budget Scrutiny sessions in the Municipal Timetable 2023/24 is welcome.

55. The Committee again stress its desire for appropriate training and development for scrutiny members to be rolled-out during 2023/24 to enhance the role that Members can play in this important duty. Dedicated scrutiny officer support is required. Whilst this has previously been promised it is not yet in place and needs to be prioritised.

56. The Committee will consider as part of the exercise for 2024/25 Budget Scrutiny obtaining external support or mentoring to assist in Budget Scrutiny. Whether this be Peer support or officer support to be considered.

57. At the time of composition of this submission, the Committee is unaware of the outcome and public participation in the Council's Budget Consultation. The Committee reserves the right to consider whether it wishes to make comment on this at a later time.

58. In conclusion, the Committee recognised the significant and increasing demands being placed on Council services and across the wider local government sector. There were evidenced risks and issues highlighted during Budget Scrutiny both for 2023/24 and future years. The current national economic climate and squeeze on public sector finances will exacerbate these risks to service delivery. The Committee is keen to ensure it works with the Executive in addressing these future challenges and seek to maintain and/or enhance services to local residents and businesses whilst promoting good financial forward planning and promotion of good quality service delivery.

END

EXECUTIVE
9th February 2023

Report Title	**Maintained Nursery Supplementary Funding - Report from Finance and Resources Scrutiny Committee**
Scrutiny Chair	Cllr Mark Pengelly, Chair of Finance and Resources Committee

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

List of Appendices

Appendix A – Maintained Nursery Funding Report

1. Purpose of Report

1.1 To present the Report of the Maintained Nursery Funding Review along with feedback from the Finance and Resources Committee for consideration by Executive.

2. Executive Summary

2.1 With support from the Schools Forum, on 29th March 2022, the Executive resolved to move towards a participation model of funding for Maintained Nursery Schools in 2023-24. This was the deemed the most proportionate, fair and sustainable mechanism to distribute funding. All children no matter their postcode should receive the same level of access to good quality early years and childcare provision.

2.2 In order to smooth the transition, the Council awarded the four maintained nurseries a one-off Local Authority Transition Grant from the Council's

Contingency Budget to support them and ensure their preparation for a participation-based model moving forward. The award was as follows:

- £350k to Pen Green
- £100k each to Croyland, Highfield and Ronald Tree

2.3 Executive also requested that the Scrutiny Commission include a review of finance, provision and performance arrangements of maintained nurseries to their Workplan.

2.4 The Scrutiny Task and Finish group was set up to scrutinise and review processes undertaken by the Local Authority in arriving at the decision to move to participation-based funding for the Maintained Nursery Supplement. This involved looking at how funding was spent within the nurseries and establishing the level of provision on offer thus ensuring confidence that every child has the same opportunities wherever they live.

2.5 The Finance and Resources Scrutiny Committee received the report of the Task and Finish Group on 30th January 2023, and they agreed with the Task and Finish Groups determinations that they support the Executive's decision for 22/23 to adopt a participation-based rate of funding for the Maintained Nurseries Supplement of the Dedicated Schools Grant however they noted that future decisions will be made by the Executive.

2.6 The Committee also endorsed the Task and Finish Groups recommendations that the Executive continues to engage with and offer support to maintained nurseries, in relation to all aspects of finance outside of the Maintained Nurseries Supplement

2.7 The Group noted that Officers should continue to work with Pen Green to support them in managing their funding gap moving forward.

2.8 They also noted that whilst the Group support the decision of the Executive in 2022/23, a decision for future years is a matter for the Executive to determine.

3. Recommendations

3.1 It is recommended that the Executive:

i) Note the work undertaken by the Scrutiny Task and Finish Group as instructed by the Finance and Resources Scrutiny Committee.

ii) Discuss and provide feedback on the "Maintained Nursery Funding Review" report attached at **Appendix A.**

iii) Note the recommendations and comments in the report.

3.2 Reasons for Recommendations:

i) The Scrutiny Task and Finish Group undertook a comprehensive review of the Executives decision in relation to this matter and have presented recommendations for consideration. It is a matter of good governance that Executive receive the report and provide feedback on the review.

3.3 Alternative Options Considered: The Council's constitution clearly sets out the scrutiny procedure rules to be followed in reporting back recommendations to either the Executive or Full Council, therefore alternative options to those set out in the Council's constitution have not been considered.

4. Report Background

4.1 Maintained Nursery Schools (MNS) were set up more than a century ago to provide early education and childcare to disadvantaged children in the most deprived areas of England. Although MNS are early education providers, they are legally constituted as schools. In North Northamptonshire there are four maintained nursery schools:

I. Pen Green
II. Highfields
III. Croyland
IV. Ronald Tree

4.2 A maintained nursery school is **funded and controlled by the local authority**, just like any other local authority school. They must be led by a head teacher and employ other qualified teachers; like all schools in the country, their special needs co-ordinator (SENCo) must be a teacher.

4.3 The Maintained Nursery School Supplement (MNS) is only one element of the Early Years Block of the Dedicated Schools Grant and the Local Authority receive their allocation based on the previous January census data that each nursery school submits to the DfE, the amount allocated to the council is participation based.

4.4 North Northamptonshire Council is funded based on participation in maintained nursery schools. With support from the Schools Forum, North Northamptonshire Executive agreed a move towards a participation model of funding for MNS in 2023-24. This was the deemed the most proportionate, fair and sustainable mechanism to distribute funding. All children no matter their postcode should receive the same level of access to good quality early years and childcare provision.

4.5 In order to smooth the transition, the Council awarded the four maintained nurseries a one-off LA Transition Grant from the Council's Contingency Budget to support them and ensure their preparation for a participation-based model moving forward. The award was as follows:

- £350k to Pen Green
- £100k each to Croyland, Highfield and Ronald Tree

4.6 A Scrutiny Task and Finish Group was set up to review the distribution and use of Maintained Nursery School funding including the model agreed by Executive.

4.7 The following aims were proposed by the Finance and Resources Committee and approved by Scrutiny Commission.

- Review and understand the underlying data that relates to the funding and performance of the maintained nurseries in North Northamptonshire.
- To understand the value for money of the 4 maintained nurseries from 2017-2022
- To understand the service cost and service structures of the 4 maintained nurseries.
- Explore the local offer of the 4 maintained nurseries and the outcomes for those children accessing the maintained nursery provision.
- Engage with and explore the views of schools who provide the onward destination for children leaving the nurseries.
- Understand and learn from parents and carers of children accessing the 4 maintained nurseries.
- Understand the wider funding arrangements of the maintained nurseries including any additional funds that the nurseries secure, and the additional outcomes delivered.
- Make recommendations to the Schools Forum and the council regarding future proposals for the funding of the maintained nursery supplement.

5. Issues and Choices

5.1. The Executive will need to consider the recommendations and other comments contained within the report attached at **Appendix A**.

5.2. The historical allocation of the Maintained Nursery Supplement was disproportionate with one nursery receiving substantially higher proportion than the other three, the decision and allocation of funding was decided upon by the predecessor authority Northamptonshire County Council. This model placed 3 of the 4 settings at risk of closure owing to financial deficits. North Northamptonshire Council want every child to receive the same access and quality of provision no matter their postcode and understood the financial difficulties the previous allocation placed on the other 3 nurseries.

5.3. As the Maintained Nursery School supplement is allocated to the Local Authority based on the previous January's participation Census data, it follows that this the only fair way to distribute the funding moving forward.

5.4. As maintained nurseries provide places for the most disadvantaged children in the authority and a higher proportion of children with additional needs it is incumbent on the Council to support the continuation of all maintained settings.

5.5. The Council may choose to distribute the available funds to settings in an equal allocation – this would fail to recognise the participation of children in settings but would ensure equal allocation across all 4 settings.

5.6. The Council may choose to revert to the previously (2021/22) award distribution which would likely result in the closure of 3 of the 4 settings.

6. Next Steps

6.1. The Executive will agree any further next steps following discussion at the Executive meeting.

7. Implications (including financial implications)

7.1. **Resources, Financial and Transformation**

7.1.1 The funding allocation the Local Authority receives for maintained nursery supplement is based on previous January census data submitted by the LA and there is no additional funding available within the Early Years Funding Block

7.2. **Legal and Governance**

7.2.1 The distribution of the Early Years Funding Block has financial regulations to which it the Local Authority must adhere; these are contained in the conditions of grant.

7.3. **Relevant Policies and Plans**

7.3.1 The Corporate Plan states under Better Brighter futures every child has equal access to a high standard of education. This education starts in the early years and the 4 maintained nurseries are key in achieving those aspirations.

7.4. **Risk**

7.4.1 Should the Local Authority not move to a participation-based model of delivery but continue funding them as they were historically the potential for 3 maintained nursery closures would be significant which would impact on the Local Authorities statutory duties around sufficiency of places.

7.5. **Consultation**

7.5.1 Consultation with School Forum took place in March 2022 as part of the formal requirements within the statutory guidance for allocation of The Early Years Funding Block. At that meeting the Forum agreed to move to participation funding for the allocation of the Maintained Nursery Supplement.

7.6. **Consideration by Executive Advisory Panel**

7.6.1 Not applicable

7.7. **Consideration by Scrutiny**

7.7.1. Scrutiny Finance and Resources Committee has considered the attached report and this cover report presents the findings to the Executive.

7.8. **Equality Implications**

7.8.1 The Council is committed to treating people fairly. A model of participation-based funding will ensure that the supplementary fund is allocated in line with the attendance of children. It will also ensure the continuation of all 4 settings. This will assist in providing high quality provision for children with additional needs.

7.9. **Climate and Environment Impact**

7.9.1 In supporting the continuation of all settings children and families will have access across North Northamptonshire to maintained nurseries thus reducing the impact of longer journeys to access support.

7.10. **Community Impact**

7.10.1 The continued delivery of all settings will extend the maintained nursery presence at the heart of local communities.

7.11. **Crime and Disorder Impact**

7.11.1. Not applicable.

8. Background Papers

8.1. Finance and Resources Committee - 30th January 2022

8.2. Distribution of Maintained Nursery Supplementary Fund 2022/23 – Executive 29th March 2022

8.3. Decision Notice – Executive 29th March 2022

8.4. Minute No.47 – Scrutiny Commission – 29th March 2022

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North Northamptonshire Council

Finance and Resources Scrutiny Committee
Monday 30th January 2023

Report Title	**Maintained Nursery Supplementary Funding Scrutiny Task & Finish Group summary report**
Report Author	**Councillor Mark Pengelly (Chair of Task and Finish Group)**

Are there public sector equality duty implications?	☒ Yes ☐ No
Does the report contain confidential or exempt information (whether in appendices or not)?	☐ Yes ☒ No
Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972	

<u>List of Appendices</u>

Appendix A – Maintained Nursery Funding Report

1. Purpose of Report

1.1 To summarise the activity undertaken by the Maintained Nursery Supplement Task & Finish Group and to agree recommendations to be made to the Executive at their meeting on 9th February 2023.

1.2 To consider the report of the Maintained Nursery Funding Task and Finish Group as attached at Appendix A.

2. Executive Summary

2.1 The Scrutiny Task and Finish group was set up to scrutinise and review processes undertaken by the Local Authority in arriving at the decision to move to participation-based funding for the Maintained Nursery Supplement. This involved looking at how funding was spent within the nurseries and establishing the level of provision on offer thus ensuring confidence that every child has the same opportunities wherever they live.

2.2 **The Scrutiny Panel consisted of the following members:**

Cllr Mark Pengelly (Chair)
Cllr Valerie Anslow
Cllr Jim Hakewill
Cllr Richard Levell
Cllr Paul Marks
Cllr Steven North
Cllr Malcolm Ward

The following activities took place during the summer of 2023 to inform the outcome of the Scrutiny decision they are listed below:

2.3 **Finance and Compliance Audit**
An in depth financial/compliance audit of each of the four maintained nurseries has been completed and the final reports with minimal recommendations were agreed with Heads and were circulated to Scrutiny Panel for oversight. All recommendations and actions will be re-visited in spring/summer term 2023.

2.4 **Maintained Nursery Schools Review - Task & Finish Group**
A visit to each of the nurseries was undertaken by the Task and Finish group supported by a Local Authority Officer at those visits and in the compilation of questions and gathering of additional information, the outcome of the visits and questions were summarised for consideration by the panel.

2.5 **One-year Transition Grant**
The Council awarded the four maintained nurseries a one-off LA Transition Grant from the Council's Contingency Budget to support the nurseries and ensure their sustainability moving forward. The award was as follows:

- £350k to Pen Green
- £100k each to Croyland, Highfield and Ronald Tree

All grant agreements were signed, and nurseries are now in receipt of funding. The first monitoring meeting has taken place and all settings have a plan in place to evidence spend of the grant by March 2023. The second monitoring meetings are due to take place in February 2023.

2.6 Meeting with Chair and Vice Chair of School Forum to understand the history and process of previous allocations of MNS funding and to understand the role of the School Forum in this process. Various Youtube videos were viewed of previous School Forum meetings as part of the scrutiny process.

3. Recommendations

That Finance and Resources Scrutiny Committee

3.1 Note the report of the Maintained Nursery Funding Task and Finish Group and its recommendations which are;

- the Maintained Nurseries Task and Finish Group supports the Executive's decision to adopt a participation-based rate of funding for the de-delegation of the Maintained Nurseries Supplement of the Dedicated Schools Grant.
- The Task and Finish Group recommends that the Executive continues to engage with and offer support to maintained nurseries, in relation to all aspects of finance outside of the Maintained Nurseries Supplement

3.2 Note the comments of the Maintained Nursery Funding Task and Finish Group that

- Officers should continue to work with Pen Green to support them in managing their funding gap moving forward.
- The Group support the decision of the Executive in 2022/23 but future years is a matter for the Executive to determine.

3.3 Agree that the Task and Finish Groups report at Appendix A and recommendations contained therein shall be considered by the Executive.

4. Report Background

4.1 Maintained Nursery Schools (MNS) were set up more than a century ago to provide early education and childcare to disadvantaged children in the most deprived areas of England. Although MNS are early education providers, they are legally constituted as schools. In North Northamptonshire there are four maintained nursery schools:

I. Pen Green
II. Highfields
III. Croyland
IV. Ronald Tree

4.2 A maintained nursery school is **funded and controlled by the local authority**, just like any other local authority school. They must be led by a head teacher and employ other qualified teachers; like all schools in the country, their special needs co-ordinator (SENCo) must be a teacher.

4.3 The Maintained Nursery School Supplement (MNS) is only one element of the Early Years Block of the Dedicated Schools Grant and the Local Authority receive their allocation based on the previous January census data that each nursery school submits to the DfE, the amount allocated to the council is participation based.

4.4 North Northamptonshire Council is funded based on participation in maintained nursery schools. With support from the Schools Forum, North Northamptonshire Executive agreed a move towards a participation model of funding for MNS in 2023-24. This was the deemed the most proportionate, fair and sustainable mechanism to distribute funding. All children no matter their postcode should receive the same level of access to good quality early years and childcare provision.

4.5 In order to smooth the transition, the Council awarded the four maintained nurseries a one-off LA Transition Grant from the Council's Contingency Budget to support them and ensure their preparation for a participation based model moving forward. The award was as follows:

- £350k to Pen Green
- £100k each to Croyland, Highfield and Ronald Tree

4.6 A Scrutiny Task and Finish Group was set up to review the distribution and use of MNS funding including the model agreed by Executive.

5. Issues and Choices

5.1. The historical allocation of the Maintained Nursery Supplement was disproportionate with one nursery receiving substantially higher proportion than the other three, the decision and allocation of funding was decided upon by the predecessor authority Northamptonshire County Council. This model placed 3 of the 4 settings at risk of closure owing to financial deficits. North Northamptonshire Council want every child to receive the same access and quality of provision no matter their postcode and understood the financial difficulties the previous allocation placed on the other 3 nurseries.

As the MNS supplement is allocated to the Local Authority based on the previous January's participation Census data, it follows that this the only fair way to distribute the funding moving forward.

5.2 As maintained nurseries provide places for the most disadvantaged children in the authority and a higher proportion of children with additional needs it is incumbent on the council to support the continuation of all maintained settings.

5.3 The council may choose to distribute the available funds funds to settings in an equal allocation – this would fail to recognise the participation of children in settings but would ensure equal allocation across all 4 settings.

5.4 The council may choose to revert to the previously (2021/22) award distribution which would likely result in the closure of 3 of the 4 settings.

6. Next Steps

6.1. The recommendations and findings in this report are to be presented to Executive on 9th February 2023 with a view to publishing the Maintained Nursery Supplement allocations for 2023/24 thereafter.

7. Implications (including financial implications)

7.1. **Resources and Financial**

7.1.1. The funding allocation the Local Authority receives for maintained nursery supplement is based on previous January census data submitted by the LA and there is no additional funding available within the Early Years Funding Block

7.2. **Legal and Governance**

7.2.1 The distribution of the Early Years Funding Block has financial regulations to which it the Local Authority must adhere; these are contained in the conditions of grant.

7.3. **Relevant Policies and Plans**

7.3.1 The corporate Plan states under Better Brighter futures every child has equal access to a high standard of education. This education starts in the early years and the 4 maintained nurseries are key in achieving those aspirations.

7.4. **Risk**

7.4.1. Should the Local Authority not move to a participation based model of delivery but continue funding them as they were historically the potential for 3 maintained nursery closures would be significant which would impact on the Local Authorities statutory duties around sufficiency of places.

7.5. **Consultation**

7.5.1. Consultation with School Forum took place in March 2022 as part of the formal requirements within the statutory guidance for allocation of The Early Years Funding Block. At that meeting the Forum agreed to move to participation funding for the allocation of the Maintained Nursery Supplement.

7.6. **Consideration by the Executive**

7.6.1. In March 2022 Executive accepted the proposal that the council should move to a model of funding based on participation.

7.7. **Equality Implications**

7.7.1. The Council is committed to treating people fairly. A model of participation-based funding will ensure that the supplementary fund is allocated in line with the attendance of children. It will also ensure the continuation of all 4 settings. This will assist in providing high quality provision for children with additional needs.

7.8. **Climate Impact**

7.8.1. In supporting the continuation of all settings children and families will have access across North Northamptonshire to maintained nurseries thus reducing the impact of longer journeys to access support.

7.9. **Community Impact**

7.9.1. The continued delivery of all settings will extend the maintained nursery presence at the heart of local communities.

8. Background Papers

None

North Northamptonshire Council

January 2023

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Appendix A(a)

Maintained Nursery Funding

Maintained Nursery Scrutiny Review Working Group

Contents

Foreword

I want to take this opportunity to thank all of those who contributed to this scrutiny review, including the nurseries whom this impacts upon. We greatly appreciate the assistance of the maintained nursery heads/governors and the officers who have supported this review.

This piece of work is of great importance to our communities, and it is therefore integral that we review the decision that was made by the Executive and make recommendations to them.

Councillor Mark Pengelly

January 2023

Councillor Mark Pengelly

Chair:
Maintained Nursery Scrutiny Review Working Group

Members of the Maintained Nursery Funding Scrutiny Review Working Group

Cllr Valerie Anslow
Croyland and Swanspool Ward

Cllr Jim Hakewill
Rothwell and Mawsley Ward

Cllr Steven North
Rushden South Ward

Cllr Richard Levell
Raunds Ward

Cllr Paul Marks
Windmill Ward

Cllr Malcolm Ward
Finedon Ward

North Northamptonshire Council

Commissioning the Scrutiny Review

Councillor Wendy Brackenbury
Thrapston Ward
Chair: Scrutiny Commission

" Effective Scrutiny is incredibly important to the successful functioning of North Northamptonshire Council "

Why the Scrutiny Commission felt this work was important to undertake

Good Scrutiny should provide constructive challenge, it should enable the voice and concerns of the public to be heard and it should help to drive improvement in public services adding value to the Council.

Following a decision of the Executive on Maintained Nursery Funding, they resolved to ask the Finance and Resources Scrutiny Committee to undertake a review.

The funding of maintained nurseries is an important subject, and it is important that our children are given the best start in life. Indeed, this is linked to the Councils vision which is

"A place where everyone has the best opportunities and quality of life".

I am grateful for the work undertaken by the Finance and Resources Committee.

Councillor Wendy Brackenbury

January 2023

Main aims of the scrutiny review

The following aims were proposed by the Finance and Resources Committee and approved by Scrutiny Commission.

•Review and understand the underlying data that relates to the funding and performance of the maintained nurseries in North Northamptonshire.
•To understand the value for money of the 4 maintained nurseries from 2017- 2022
•To understand the service cost and service structures of the 4 maintained nurseries.
•Explore the local offer of the 4 maintained nurseries and the outcomes for those children accessing the maintained nursery provision.
•Engage with and explore the views of schools who provide the onward destination for children leaving the nurseries.
•Understand and learn from parents and carers of children accessing the 4 maintained nurseries.
•Understand the wider funding arrangements of the maintained nurseries including any additional funds that the nurseries secure, and the additional outcomes delivered.
•Make recommendations to the Schools Forum and the council regarding future proposals for the funding of the maintained nursery supplement.

•<u>What happens once the scrutiny review has concluded</u>

•The work of the scrutiny review group and findings are set out in this report that will be presented back to the Finance and Resources Committee. The members of Finance and Resources Committee will consider the report, discuss recommendations and then agree how it will present the outcome of the scrutiny review back to the Executive. The Executive will then consider what to do with those recommendations.

North Northamptonshire Council

Background & Introduction

Maintained Nursery Schools (MNS) were set up more than a century ago to provide early education and childcare to disadvantaged children in the most deprived areas of England.

Although MNS are early education providers, they are legally constituted as schools.

In North Northamptonshire there are four maintained nursery schools:

- Pen Green
- Highfield
- Croyland
- Ronald Tree

A maintained nursery school is funded and controlled by the local authority, just like any other local authority school. They must be led by a head teacher and employ other qualified teachers; like all schools in the country, their special needs co-ordinator (SENCo) must be a teacher.

The Maintained Nursery School Supplement (MNS) is only one element of the Early Years Block of the Dedicated Schools Grant and the Local Authority receive their allocation based on the previous January census data that each nursery school submits to the DfE, the amount allocated to the council is participation based.

North Northamptonshire Council is funded based on participation in maintained nursery schools.

With support from the Schools Forum, North Northamptonshire Executive agreed a move towards a participation model of funding for MNS in 2023.

This was deemed the most proportionate, fair and sustainable mechanism to distribute funding. All children no matter their postcode should receive the same level of access to good quality early years and childcare provision.

In order to smooth the transition, the Council awarded the four maintained nurseries a one-off Local Authority Transition Grant from the Council's Contingency Budget to support them and ensure their preparation for a participation-based model moving forward. The award was as follows:

- £350k to Pen Green
- £100k each to Croyland, Highfield and Ronald Tree

Work undertaken by the Scrutiny Review Working Group

Background & Introduction

North Northamptonshire Council

Activity	Who	When	Pen Green	Ronald Tree	Highfield	Croyland
Pre-Meet to gather background information	Scrutiny Panel Officers	8th Sept 2022				
Financial/Compliance Audits undertaken with each nursery	Auditing Team		24th & 31st July 2022	6th July 2022	20th July 2022	15th July 2022
Audit Reports circulated for info	Scrutiny Panel	31st Oct 2022				
Nursery Visits	Scrutiny Panel		7th Oct 2022	12th Oct 2022	17th Oct 2022	10th Oct 2022
Debriefing Session Scrutiny Panel following Nursery visits	Scrutiny Panel	17th Oct 2022				
Meeting with School Forum Chair and Vice Chair	Scrutiny Panel School Forum Chair School Forum Vice Chair Officers	9th Jan 2023				
Feedback and Question opportunity with Auditors	Lead Auditor Scrutiny Panel Officers	13th Jan 2023				
Scrutiny Meetings	Scrutiny Panel Officers	various				
Final Outcome Meeting **Scrutiny**	Scrutiny Panel	23rd Jan 2023				

" Visiting all of the nurseries and understanding the work they do and how the funding is used was essential to the wider review."

Nurseries

Visits were undertaken with all four maintained nurseries to understand the work that they do and to ensure that the Group had the same data for each nursery provision. The questions were formulated to help the Group meet their objectives.

- Pen Green – 7th October 2022
- Croyland – 10th October 2022
- Ronald Tree – 12th October 2022
- Highfield – 17th October 2022

Questions explored at the nursery meetings

1. Are your staff qualified Teachers?
2. How do you know that your nursery is making a difference?
3. How do you track the development of children?
4. How many children are supported with Special Needs?
5. How many children receive 2-year-old funding, and do they go on to access 3- & 4-year-old funding in your setting?
6. How do you know Children are school ready when they leave?
7. How do you engage with the schools that your children go to when they leave? What transition arrangements do you have in place to ensure a smooth transfer for the child and their family to the new school?
8. Of the grant-maintained budget, how much did you receive before this year's budget and what was it spent on?
9. How much did you receive this year and how did it affect you?

North Northamptonshire Council

The redistribution of maintained nursery funding had been put to the Schools Forum previously. Forum members noted that while Pen Green had always been funded differently, the other three maintained nurseries had been chronically underfunded. The responsibility of the Forum was to discuss some of the alternative options presented by the local authority, to ensure the other three nurseries were appropriately funded, while preserving Pen Green’s services. Members ultimately decided to approve the participation-based rate of funding.

The Chair and Vice-Chair of the Schools Forum clarified that this decision had been made on the fact that, the other maintained nurseries had no reserves and had not been funded to a level where they could maintain reserves. Pen Green, on the other hand, consistently had carry-forwards and this was a consideration.

One member of the Task and Finish Group suggested that if the local authority would be willing to fund maintained nurseries in the future, this could be done through the utilisation of Council reserves and not through DSG grants.

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The Chief Internal Auditor met with Pen Green and reviewed their accounts to ensure that the Group were adequately informed of where the maintained nursery funding was being used. Where a school has multiple funding streams, it could get confusing.

The Group found that Pen Green's income comes from many sources including additional children's centre income.

One member expressed concern that the data around nursery attendance figures was increasingly significant since a participation-based rate of funding had been adopted. It was imperative that these attendance figures would be accurate which all members concurred.

In terms of identifying funding streams and spend, One member suggested that Pen Green should have distinguishable accounts, to demonstrate what was spent from DSG funding and what was from other external funding.

The Director of Childrens stated that "We can set up an account code for each school to distinguish what DSG funding is used for. The easiest way is to use these account codes to pay portions of employees' salaries from different pots, for example."

The Strategic Finance Business Partner for Childrens Services expressed concern that Pen Green had received additional money from the Northamptonshire Children's Trust that was included with DSG funding.

North Northamptonshire Council

Pen Green:

- Took pride in the fact around 85% of its workforce was comprised of highly-skilled graduates.
- Closely monitored its centre development plan bi-monthly, to ensure progress was on-track – data for each individual child was scrutinised by centre leads and governors.
- Had 35 children on the SEND register - 23 with complex needs (19 of which would be eligible for EHCPs).
- Had 28 children in receipt of 2-year-old funding.
- Received recognition from Ofsted for its effectiveness in supporting development for children transitioning into primary education.
- Received £1.3M funding from the previous year's grant-maintained budget - DSG Maintained Nursery Supplement was primarily utilised for integrated services work.
- Received £350,000 one off grant funding from 1st April 2022, through the change to a participation-based model – they could no longer offer to provide certain integrated services.

North Northamptonshire Council

Ronald Tree

- Employed two qualified teachers – majority of staff were Level 3 trained.
- Assessed 'snapshot' periods of each academic year to analyse development of children.
- Followed the Early Years Foundation Stage document to move away from data and 'tick-list' based assessment of tracking progress.
- Had 14 children on the SEND register (98 students total).
- Had 24 children in receipt of 2-year-old funding.
- Carried out transition meetings with local schools to support children moving into primary education.
- Received £60,000 funding from the previous year's de-delegation of the Maintained Nursery Supplement.
- Received £163,000 from the Maintained Nursery Supplement, as well as an additional one-off £100,000 grant - utilised primarily for garden maintenance and staff training.

Croyland & Highfield

- One qualified teacher worked across both nurseries, during term-time.
- A cohort analysis was carried out termly, to assess achievements and progress.
- 'Development Matters' (DfE guidance) was utilised to track the development of children.
- Croyland had 15 children with high special educational needs and Highfield had 6.
- 14 children (same for both nurseries) were in receipt of 2-year-old funding. All would transition to 3 and 4-year-old funding also.
- Both maintained close relationships and regular communication with local feeder schools, to support transition of children into primary education.
- Through the move to a participation-based rate of de-delegation, both received increases in DSG funding, as well as a one-off £100,000 grant - utilised to employ a qualified deputy head, carry out building repair/maintenance and provide staff with training and professional development opportunities.

Conclusion Session - 25th January 2023

North Northamptonshire Council

The Group met to discuss the findings and evidence they had received and resolved to present a recommendation to the Committee. They agreed on the following resolution:

Recommendation

“Through its thorough scrutiny review, the Maintained Nurseries Task and Finish Group supports the Executive’s decision to adopt a participation-based rate of funding for the de-delegation of the Maintained Nurseries Supplement of the Dedicated Schools Grant.

The Task and Finish Group recommends that the Executive continues to engage with and offer support to maintained nurseries, in relation to all aspects of finance outside of the Maintained Nurseries Supplement.”

They also noted that;

Officers should continue to work with Pen Green to support them in managing their funding gap moving forward.

The Panel support the decision of the Executive in 2022/23 but future years is a matter for the Executive to determine.

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Thanks

The Scrutiny Working Group members would like to extend their thanks to those involved that have supported the work to date including:

Staff that have worked hard on this review. All four nurseries for contributing to this review.

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North Northamptonshire Council

EXECUTIVE
9th February 2023

Report Title	**General Fund Budget 2023-24 and Medium-Term Financial Plan**
Report Author	Janice Gotts, Executive Director of Finance and Performance janice.gotts@northnorthants.gov.uk
Lead Member	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

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

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1. Purpose of Report

1.1 This report sets out the final revenue budget (2023-24) and Medium-Term Financial Plan for North Northamptonshire Council. The draft budget proposals were considered by the Executive on 22nd December 2022 along with an Addendum to the main budget report which provided an update to Members following the provisional Local Government Finance Settlement, which was published on 19th December 2022, following a written statement from the Secretary of State for Levelling Up, Housing and Communities.

1.2 The budget consultation period commenced on 22nd December 2022 and ended on 27th January 2023. The draft budgets have been subject to scrutiny by the Finance and Scrutiny Committee. The consultation provided residents, local partners and other stakeholders the opportunity to review the budget proposals and provide feedback during the five-week consultation period.

1.3 This report sets out the revenue budget for 2023-24 and the Medium-Term Financial Plan for North Northamptonshire Council, including the proposed Council Tax level for 2023-24, for approval by Council on 23rd February 2023.

1.4 The Revenue Budget 2023-24 and Medium-Term Financial Plan forms part of a full suite of budget reports being presented to the Executive at this meeting. These include the Housing Revenue Account Budget 2023-24, the Capital Strategy, Capital Programme, and the Treasury Management Strategy. These reports together will provide a framework for revenue and capital planning for 2023-24 and into the medium term. The aforementioned suite of budget reports, including the Council Tax Resolution will be considered by Council on 23rd February 2023.

2. Executive Summary

2.1 This report presents the final draft of the 2023-24 revenue budget and Medium-Term Financial Plan for North Northamptonshire Council prior to its submission to Council at its meeting on 23rd February 2023. The report includes the outcomes of the budget consultation undertaken between 22nd December 2022 to 27th January 2023 and builds on the draft budget proposals taken to Executive on 22nd December 2022.

2.2 The Local Government Provisional Finance Settlement published on 19th December 2022 was a one-year settlement only. It assumes an increase of 9.1% in the Core Spending Power for Local Authorities to meet demand and cost pressures and contains the expectation that each Council will increase its Council Tax precept by the maximum amount allowable, i.e., 4.99%, inclusive of a 2% precept for Adult Social Care.

2.3 Whilst the additional funding provided within the Settlement is welcome, this alone is insufficient to address the pressures and funding risks facing local authorities during a time of high inflation and increasing demand. Further service efficiencies and an increase in the level of Council Tax will enable a balanced budget to be set for 2023-24 as well as supporting the medium-term position.

2.4 The proposed budget for North Northamptonshire Council includes a core Council Tax increase of 2.99% and applies the maximum allowable social care precept increase of 2%. This contributes around £9m per annum towards services and represents a Band D level of Council Tax for North Northamptonshire Council of £1,657.51 in 2023-24 an increase of £78.78 equivalent to £1.52 per week from

2022-23. The majority of properties in North Northamptonshire are in Bands A and B which would see an increase of £52.53 a year (£1.01 per week) and £61.27 per year (£1.18 per week) respectively. These figures do not include the Council Tax for individual town and parish councils or the Council Tax set by the Northamptonshire Police, Fire and Crime Commissioner.

2.5 The Final Settlement is expected to be laid before Parliament, for approval, in early February. At this stage there are no changes anticipated from the Final Settlement.

2.6 The Medium-Term Financial Plan has been updated to reflect the 2022-23 budget position and latest forecasts which will impact in future years as well as further expected changes from 2023-24.

2.7 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

2.8 The budget is set in the context of an uncertain economic picture, predominantly due to the global and national challenges and high levels of inflation, that the country is facing. This has resulted in there being significant changes to the Council's Medium-Term Financial Plan compared to the position modelled just less than a year ago.

2.9 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.

2.10 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. The Council has reviewed how Service Transformation will be delivered and this will be delivered within each Directorate. This follows a recent report to the Employment Committee in September 2022.

2.11 As part of Local Government Reorganisation (LGR) programme in Northamptonshire there was a commitment to deliver significant savings, with some to be achieved across the County Council and District and Borough councils prior to vesting day (1st April 2021) and some to be realised once the two new unitary councils were in place. Together these amounted to £85.9m.

2.12 Of this total, £49.4m was delivered prior to vesting day and these were included in the eight predecessor councils' budgets as at 2020-21. These savings included a range of service initiatives, cost reductions and additional income targets to be made in the final year of operation alongside wider service transformation savings, for example, from the implementation of a new single Finance and HR system replacing the eight systems used by the previous councils, a new website and automated customer service technology. All of these were delivered by the year end 2020-21.

2.13 When the two new Unitary Councils were formed the remaining savings to be delivered were the responsibility of each Council. This included savings like the reduction in senior staff costs as the councils were amalgamated and the rapid response service in Adult Social Care amongst others.

2.14 Inevitably some of the remaining savings were more challenging and subsequently some were not considered achievable, however, others have been identified. To date, including the savings proposed for 2023-24 (but excluding direct service grant income), the Council has targeted a further c£42m of efficiencies and cost reductions.

2.15 As a comparatively new authority the stabilisation of the finances continues to be key. However, the past couple of years has seen unprecedented financial challenges predominantly through external factors such as COVID-19 and inflation, but also as a result of increasing demand for services and it is anticipated that some of these will continue into the third year of the Council. The Council's Medium-Term Financial position remains challenging, and it must continue to deliver further transformation opportunities to help create a strong and modern Council delivering quality, cost effective services for the benefit of its residents.

2.16 The Council, like most Authorities in the Country, will face financial challenges, risks, and uncertainties over the short and medium term. This is not only from the pressures brought about by high levels of inflation but also the general upturn in demand for services as a result of the current economic climate and other factors.

2.17 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 the overall funding available for Local Government as well as other key economic indicators. The detail of the individual allocations to each Council were announced as part of the Provisional Local Government Finance Settlement which was announced on 19th December 2022. At the time of writing the Final Settlement had yet to be published.

2.18 The full details of the Council's revenue budget and the Dedicated Schools Grant is set out in this report. Elsewhere on the agenda are reports for the Housing Revenue Account (HRA) and the Capital Programme.

2023/24 Budget Approach and Headlines

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

- A balanced budget for 2023-24.
- Further investment of circa £57m to both protect vital services and invest in service change and improvement. This includes requirements set out within the 2022-23 medium term financial plan that remain in place for 2023-24. The overall investment allows for demand and cost increases including Home to School Transport (c£7m), Adult Social Care (c£20m) and the Children's Trust (c£6m). The Trust is also seeking further one-off investment of £2.2m county wide (c£1m from North Northamptonshire) to help deliver further service improvements and generate efficiencies.
- These pressures are offset, in part, by savings, efficiencies and income generation across Council Services of £17m which includes new direct service grants. This figure also includes the continuation of savings already included as part of the 2022-23 medium term financial plan and which remain deliverable. The remainder of the resource requirement has been met through improved business rates income, council tax income and Government grants.
- The use and retention of reserves to support non-recurring investment in service improvement, fund time limited projects, pump-prime invest to save schemes and help manage risk.
- The investment in Social Care recognises the increase in the National Living Wage from 1 April 2023 to £10.42 per hour and the reversal of a 1.25% increase in national insurance contributions for care providers, following the changes put forward by Government's.

- Changes following the reversal of the 1.25% National Insurance charge more widely have been matched with a reduction in Government grant funding.
- An increase in Council Tax of 4.99%, consisting of 2.99% for the "core" council tax and 2% for the Adult Social Care precept, which results in a new Band D equivalent Council Tax of £1,657.51, an average weekly increase of £1.52 (based on Band D equivalent) from the previous year.
- No change to the Local Council Tax Support Scheme for 2023-24, which will continue at 25%.
- Inclusion of a contingency to mitigate against uncertainty, which totals £3.6m and is equivalent to around 1% of the Council's Net Budget. This recognises that there remains uncertainty in funding and spending predictions.
- An allowance for a pay award of 4% in 2023-24 which will be subject to final determination as part of national pay negotiations.
- Officers will continue to seek efficiencies in order to help address the budget requirement from 2024-25 and into future years.

2.20 **Appendix A** sets out the summary position for 2023-24 and the indicative forecast for 2024-25 and 2025-26.

2.21 Work has been undertaken to review the budget requirement across all service headings and seek mitigating actions (or savings) in order to remain within the funding envelope and set a balanced budget for the Council in line with statutory requirements. The content of the report, along with the detail in Appendix B, outlines the pressures and savings for each of the Directorates. These have been the subject of scrutiny by the Finance and Resources Scrutiny Committee in accordance with the budget strategy and timeline paper that was presented to Executive on 10th November 2022.

2.22 As part of the 2023-24 budget setting process a number of Budget Challenge Sessions were held to help inform the budget process, these consisted of Officers and Executive 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.

- To understand the risks and pressures in the budget, including any new risks for 2023-24 and identify any efficiencies to offset against these.

- To review the existing medium term financial plan for 2023-24 onwards including the pressures and savings already included and whether these remained valid for inclusion in the budget.

- To utilise the information gathered to date during 2022-23 monitoring to inform the budget planning for 2023-24.

- To understand the planned service developments, alongside the associated costs/benefits and timing. This will include the continuing disaggregation of former County services between North Northamptonshire and West Northamptonshire Councils, as well as service change.

2.23 The outcome was to achieve an agreed way forward on the service proposals for 2023-24 and beyond for consideration as part of the Medium-Term Financial Plan and this forms the basis of the contents of this report.

2.24 As part of the budget process, scrutiny was undertaken over two phases through the Finance and Resources Scrutiny Committee. The first phase, during late October/early November 2022, was to consider the 2022-23 in-year position based on the forecast as at Period 6. This was to enable scrutiny members to question and understand the underlying financial position and its potential impact in to 2023-24. Building on this, the second phase, which was held in January 2023, considered the detail of the 2023-24 budget proposals.

2.25 Each phase of Scrutiny required a separate budget task and finish scrutiny session for each of the following main service areas:

- Children's and Education Services – including the Children's Trust
- Place and Economy
- Enabling and Support Services – Finance, Performance, Communications, ICT, Customer and Governance
- Adults, Communities and Wellbeing Services, including the HRA.

2.26 The Children's Trust was also subject to a two-phase scrutiny process which completed in December 2022, to enable the sum to be agreed in January 2023 in line with the contract requirements.

2.27 A full Member Budget Briefing Session was held prior to the publication of the draft budget in December and the budget proposals were also discussed with Trades Union representatives in January (as part of the Joint Consultative Forum). Separate budget sessions were also offered to the political groups.

Funding Context

Government Grants

2.28 The Chancellor announced the Autumn Statement in Parliament on 17 November 2022. As part of this statement, the Government confirmed that it is prioritising further funding to support the healthcare system and schools but has recognised the challenges faced by Councils.

2.29 For local government, approximately £6.5bn will be made available for local authorities to deliver core services in 2023-24 and 2024-25, this funding also demonstrates that the Government acknowledges that the performance of the NHS relies in part on the adult social care system. This funding is in addition to what was agreed at the 2021 Spending Review and includes:

- Up to £1.8bn in further flexibility for councils on council tax.

- £3.2bn from delaying the rollout of adult social care charging reform from October 2023 to October 2025 enabling the grant to be re-purposed.
- £1.9bn in new grant funding for adult social care with the Local Government funding limits with includes a 50% share (£0.8bn) of the £1.6bn allocated through BCF for discharge with the remainder going to Health, together with £1.1bn which will be distributed through a grant ringfenced for adult social care which will also support discharge.

2.30 Further to this, there will also be a reduction in funding to recognise the reversal of the requirement to fund an additional 1.25% in National Insurance Contributions, this totals - £0.2bn across each of the two years.

2.31 The movements can be summarised in the table below:

Changes in Funding for Core Services	**2023/24 £bn**	**2024/25 £bn**	**Total £bn**
Change to Council Tax Assumptions	0.6	1.2	1.8
Re-purposed adult social care funding	1.3	1.9	3.2
New adult social funding included in the Local Government Department Expenditure Limit (LGDEL)	0.7	1.2	1.9
Sub-Total Change in Funding	2.6	4.3	6.9
Removal of National Insurance Contribution Requirements (at 1.25% of National Insurance)	-0.2	-0.2	-0.4
TOTAL	**2.4**	**4.1**	**6.5**

2.32 Generally, other government grants from 2022-23 will, in the main, rollover in to 2023-24 with the exceptions being the Services Grant which will reduce to partly reflect the scrapping of the national insurance contributions for the health and social care levy and to support the growth in the Supporting Families Grant, and the Lower Tier Services Grant and the legacy element of the New Homes Bonus which will be re-purposed to create a one-off funding guarantee to ensure that all Councils see an increase of at least 3% in their Core Spending Power. Continuing New Homes Bonus funding will not attract legacy payments, similar to the arrangements in 2022-23. There will be a consultation on the future of New Homes Bonus ahead of the Settlement for 2024-25.

2.33 In 2024-25, the introduction of the Extended Producer Responsibility for packaging (EPR) scheme will have an impact on both local authority revenues and potentially costs. Ministers will consider whether these should be factored into the Finance Settlement for 2024-25.

2.34 Overall, whilst the additional funding is welcomed for Local Government, it is acknowledged that some of it will come with further spend expectations and will not be available to underwrite existing spend pressures or further demand and cost risks.

Business Rates and Council Tax

2.35 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 continue to be delayed with no change expected until 2025-26.

2.36 From 1st April 2023, a revaluation will update rateable values for non-domestic properties in England and the multiplier in line with evidence from April 2021. In general, a revaluation does not affect the finances of individual Councils as adjustments are made to safeguard the baseline funding for each Council. However, the Autumn Statement announced a £13.6bn support package to protect ratepayers facing increases. There will be a new Transitional Relief scheme limiting the rate at which bills can increase due to the revaluation and funded, for the first time, by the Exchequer.

2.37 The business rates multipliers for 2023-24, will be frozen with Councils protected to recognise lost inflationary increases, based on CPI as at September 2022.

2.38 The Government will support a more generous Retail, Hospitality and Leisure relief for eligible properties in 2023/24 and there will be a Supporting Small Business scheme to cap bill increases for businesses that lose other relief due to the revaluation.

2.39 Guidance for local authorities on new reliefs will be published shortly. Local authorities will be fully compensated for any loss of income as a result of these business rates measures and will receive new burdens funding for administrative and IT costs.

2.40 For 2023-24, the Government has indicated that Local Government will be able to increase Council Tax by up to 3% for core pressures, and a further 2% 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 Power[1] for Local Authorities.

2.41 To help maintain and protect levels of service provision the Councils proposed budget for 2023-24 includes a core Council Tax increase of 2.99% 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 2% in full. An overall increase of 4.99% for 2023-24. This would contribute around £9m per annum towards service priorities and would represent a Band D level of Council Tax for North Northamptonshire Council of £1,657.51 which is an increase of £78.78 (equivalent to £1.52 per week) from the Band D Council Tax level of £1,578.73 in 2022-23. This Band D figure does not include the Council Tax for individual Town and Parish Councils or the precept set by the Northamptonshire Police, Fire and Crime Commissioner.

[1] 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.

2.42 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.

2.43 Alongside the Local Government Finance Settlement, the Government announced £100m of additional funding to provide for a Council Tax Support Fund, to help local authorities to support the most vulnerable households in England.

2.44 This will allow authorities to deliver additional support to 3.8 million households already receiving council tax support, whilst providing councils with the resources and flexibility to determine the local approach to support other vulnerable households in their area. This funding supports the government's council tax referendum package, which is aiming to strike a fair balance to ensure taxpayers are not over-burdened at a time of significant pressure on the public finances.

The Overall Position 2023-24 and beyond

2.45 The Council initially had a forecast funding gap of £25.2m for 2023-24 which included an estimate for the loss of income from funding reforms. Having incorporated changes arising from the announcements made as part of the Autumn Statement and provisional Financial Settlement, applying a Council Tax increase of 4.99% (including 2% for Adult Social Care) and revising the budget assumptions for 2023-24 including a number of new spend pressures and savings, the Council is now able to propose a balanced draft budget for 2023-24.

2.46 Whilst the budget is initially balanced for 2023-24, significant pressures remain in the medium term, most notably due to the assumed changes to Local Government funding following a Business Rates reset. This is now expected in 2025-26 and will see the Council potentially lose a significant proportion of the Business Rates growth that it has built up and benefited from over several years.

2.47 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.

2.48 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.

2.49 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 endorses the contents of this report and recommends the budget proposals on to Council for approval. This includes:

a) the 2023-24 revenue budget for approval and adoption as set out in this report, which sets:

i. a budget requirement of £691.458m including Dedicated Schools Grant of £354.963m resulting in a net revenue budget requirement of £336.495m as set out in Appendix A.

ii. a total Council Tax requirement for the Council's own purposes of £189.419m as contained in paragraph 5.27.

iii. An average Band D Council Tax of £1,657.51 for North Northamptonshire Council, representing a 2.99% increase in the 'core' Council Tax and a further 2% for the Adult Social Care Precept, noting that a separate Council Tax Resolution Report will be presented to Full Council.

iv. the detailed proposals of savings, pressures and income generation for 2023-24 as set out within the report and Appendix B.

v. the provisional dedicated schools grant budget of £354.963m for 2023-24, as detailed in Appendix C, and summarised in paragraphs 5.47 – 5.58.

vi. the draft planned use of, contribution to, and movement in, reserves as identified in paragraph 5.60 and section 9 subject to the final call on reserves after any changes are required to account for final charges etc.

vii. the corporate budget requirements as set out in paragraph 8.1, including a contingency sum of £3.651m as set out in paragraph 8.2.

viii. the Treasury Management Strategy for 2023-24 as set out in Appendix H, including the Authorised Borrowing Limit of £798m, and to note a further update to the Strategy will be provided once the disaggregation of Northamptonshire County Council's Balance Sheet has been finalised, subject to the External Audit of the former County Council's accounts.

ix. that Council delegate authority to the Executive Member for Finance and Transformation in consultation with the Executive Director of Finance and Performance (Section 151 Officer) to agree any necessary variations to the budget prior to 1st April 2023.

x. that Council delegate authority to the Executive Member for Finance and Transformation in consultation with the Executive Director of Finance and Performance (Section 151 Officer) to agree the use of the following reserves which will provide the flexibility to manage the overall budget during 2023-24.
   - Social Care Reserve
   - Transformation Reserve
   - Public Health Reserve
   - Waste Management Reserve
   - General Risk Reserve

b) the forecast financial position for 2024-25 and 2025-26, noting that this will be reviewed as further information becomes available and updated as part of the budget process for 2024-25 onwards.

3.2 It is recommended that the Executive:

a) notes that the financial position has been based on the Provisional Local Government Finance Settlement announced on 19th December 2022 together with any further announcements as at the date of the publication of this report;

b) notes that the Final Local Government Finance Settlement is yet to be published and, therefore, some figures may be subject to change;

c) considers the consultation feedback as summarised in the report and attached at **Appendix E**;

d) considers the outcome from the Finance and Resources Scrutiny Committee, as detailed at **Appendix G** and any subsequent representations to this Committee;

e) notes the Equality Impact Screening Assessment as at **Appendix F** as having been taken into consideration;

f) considers the Section 25 Report of the Executive Director of Finance and Performance (Section 151 Officer) as set out in Section 15, including her review of the robustness of the estimates and the adequacy of the reserves;

g) delegates authority to the Executive Member for Children, Education and Skills and the Executive Member for Finance and Transformation in consultation with the Executive Director of Children's Services and the Executive Director of Finance and Performance (Section 151 Officer) to approve North Northamptonshire's Schools Funding Formula and to finalise the funding allocation for schools, in line with North Northamptonshire's

Schools Funding Formula and following confirmation of the funding allocation mechanism for Maintained Nurseries;

h) delegates authority to the Executive Member for Finance and Transformation in consultation with the Executive Director of Finance and Performance (Section 151 Officer) to draft the recommended budget resolution for Council in accordance with the necessary legal requirements and to take into account the decisions of the Executive and any final changes and other technical adjustments that may be required;

i) notes that the transfer of £3.879m from reserves relates to a timing issue in respect of Business Rates Reliefs. This is a timing issue which recognises that these reliefs were awarded and accounted for in the General Fund in 2022-23 but the reduced yield in Business Rates is not reflected in the Collection Fund until 2023-24;

3.3 Reason for Recommendations:

- *To ensure that the Council complies with its Constitution and legislative requirements in setting the budget for North Northamptonshire Council from 2023-24.*

3.4 Alternative Options Considered – The Budgets have been subject to a formal budget consultation and comments from the consultation have been considered as part of this process.

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 2023-24 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 2023-24 Budget

Economic Context

4.3 Sustainable public finances underpin the economy and help provide the conditions for growth. When the Chancellor delivered his three-year Spending Review for 2022-23 to 2024-25 on 27th October 2021, the overall economic picture indicated at the time was one of an improving fiscal position, recognising that this was from a very difficult place as the economy was emerging from the pandemic.

4.4 However, since then the UK economy has been subject to significant global shocks, with energy prices pushed to record levels, which in turn has contributed to high inflation. The has led the Officer for Budget Responsibility (OBR) to forecast a recession that started in Quarter 3 of 2022. The Monetary Policy Committee (MPC) of the Bank of England is taking action to get inflation under control; this has resulted in increases in the base rates to 3.5% as at December, latest at time of report.

4.5 In the labour market, unemployment was 3.6% in Q3, close to its lowest rate in 50 years. At the same time the economic recovery from the pandemic pushed the total number of vacancies in the economy above the total number of unemployed people for the first time on record. However, working age inactivity remains high, with, nationally 630,000 more people inactive compared to pre-pandemic levels. Recruitment difficulties are contributing to strong nominal wage growth of 6% (including bonuses) on average in Q3.

4.6 Alongside the continuing effects of the pandemic on global supply and demand, the rise in energy prices has contributed to a slowdown in the global economy, with the International Monetary Fund anticipating that more than a third of the global economy will contract this year or next. The UK is a net importer of energy with a high dependence on gas and oil and is expected to spend 8% of its Gross Domestic Product (GDP) on energy compared to 2% prior to the pandemic. High inflation restrains customer demand and spending, it also increases the costs for businesses which can lead to limited investment and a slowdown in growth.

4.7 The Chancellor in his Autumn Statement for 2023-24 recognised that the UK's economic and fiscal outlook had deteriorated significantly since March 2022, predominantly as a result of higher inflation and interest rates and slower economic growth. This has adversely affected public finances. The Autumn Statement acknowledged that difficult decisions needed to be made to course correct the economy over the medium term which included both taxation and public spending. However, it also recognised that whilst demonstrating fiscal discipline, the Government also needed to balance this with support for vulnerable households and businesses with their energy bills, and to protect public services. The Energy Price Guarantee announced by Government in response to rising energy prices, lowers the peak of inflation and provides support to households.

4.8 The Government has stated that it remains committed to tackling low pay and will increase the National Living Wage from 1st April 2023 by 9.7% to £10.42 an hour for those aged 23 years and over. This is in line with the target for the National Living Wage to reach two-thirds of median earnings by 2024, and for the age threshold to be lowered to those aged 21 years and over. In the main, for the Council, this will apply to staff employed by third party care providers who are likely to pass the costs on to the Authority through increased fee requests.

4.9 To support people in social housing who may be suffering hardship through the cost-of-living crisis, the Government is capping rental increases through the Housing Revenue Account to 7%. Without the cap and in line with the regulations, the actual increase could have been 11.1% (CPI + 1%). Whilst the Council recognises the benefit to the tenant of capping the increase, it is also recognised that the costs within the HRA will likely increase closer to CPI levels and therefore this places and extra strain on the HRA over the longer term.

4.10 Full details of the Autumn Statement announced by the Chancellor and the accompanying policy paper[2] published on 12th December 2022 are available on the Government's website. The paragraphs which follow set out the main points for local government and potential future implications. It should be noted that the individual allocations to each council were confirmed as part of the Provisional Local Government Finance Settlement which was published 19th December 2022 and the budget proposals are based on that settlement.

4.11 Full details of the Provisional Local Government Finance Settlement 2023-24 are available using the link below.

[Provisional local government finance settlement: England, 2023 to 2024 - GOV.UK (www.gov.uk)]

Background and Context - Local Government Finance Announcements with the Autumn Statement 2022 and the accompanying Policy Paper

4.12 Prior to the Local Government Finance Settlement being issued in December 2022, the Chancellor announced the Autumn Statement on 17th November 2022 and was accompanied by a policy paper which was published on 12th December 2022. For background and contextual purposes, details from the Statement and subsequent policy paper are set out in the following paragraphs.

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[2] For full details see: https://www.gov.uk/government/publications/local-government-finance-policy-statement-2023-24-to-2024-25/local-government-finance-policy-statement-2023-24-to-2024-25
https://questions-statements.parliament.uk/written-statements/detail/2022-12-12/hcws437

4.13 Inflation was a significant theme. Forecasts from the OBR indicated that inflation was expected to average out at 9.1% in 2022 and 7.4% in 2023, falling sharply in 2024. However, inflation forecasts are obviously more uncertain the further into the future a forecast takes place. At a local level the forecast for inflation is relevant when considering the cost pressures for 2023-24, much more so than it has been in previous years. All services have considered the contract inflationary impact for their areas when putting forward spending proposals for the MTFP.

4.14 Overall, the Government advised that there will be no cuts to the funding allocations announced in the previous Spending Review. This was welcome news to the Local Government sector as there had been significant concern that the funding position would be constrained. Indeed, the Local Government Resource Department Expenditure Limit (DEL) increased by 33% from 2022-23 to 2023-24. However, it is expected that the growth in spending from 2025-26 will increase at a lower rate and unprotected departments such as Local Government may be at risk.

4.15 The most significant single funding announcements for Local Government were around Social Care. Nationally there is an additional £1bn of new grant funding in 2023-24 and then £1.7bn in 2024-25. Of this additional new money, £600m in 2023-24 and £1bn in 2024-25 will be allocated through the Better Care Fund to "get people out of hospital on time" (of which 50% will be payable to Local Government with the other 50% being payable to Health). The remainder of £400m in 2023-24 and £680m in 2024-25) will be allocated through a ringfenced grant to local authorities. The Government has also indicated that through Council Tax flexibilities and the ability to increase the precept, a further £1.8bn could be invested in social care over the two-year period 2023-2025.

4.16 Departmental funding and local government funding will be adjusted to reflect the reversal of the Health and Social Care Levy (i.e., the 1.25% increase to National Insurance Contributions). The Services Grant, new in 2022-23, will be reduced in 2023-24 by £0.2bn to reflect this change. This grant will be further reduced to accommodate the increase to the Supporting Families Grant.

4.17 There will be a new round of the New Homes Bonus in 2023-24, with the potential for a further round in 2024-25m but as yet there is no commitment to this. No further legacy payments will be made and instead the legacy payments from New Homes Bonus together with the funding from the Lower Tier Services Grant will be combined and repurposed to provide protection for Councils through a "one-off funding guarantee". This is designed to ensure that all Councils see at least a 3% increase in Core Spending Power before organisational efficiencies, use of reserves and council tax precept increases (although taxbase growth will be included). The funding is not additional money and is already with the funding quantum for Local Government.

4.18 Four grants, totalling £239 million, will be consolidated into the local government finance settlement with their existing distributions: Independent Living Fund' Council Tax Discounts – Family Annexe; Local Council Tax Support Administration Subsidy; and Natasha's Law.

4.19 The Rural Services Delivery Grant is unchanged.

4.20 There will be a cash terms growth in the Core Spending Power (CSP) in 2023-24 and 2024-25 because of the increases in Social Care funding and the Band D threshold increases (with a referendum limit of 3% and an allowable Adult Social Care precept increase of a further 2%). 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. 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.

Business Rates

4.21 The Chancellor announced a range of business rates measures and for 2023-24 which included:

- From 1st April 2023, the overall package for business rates bills in England will be updated to reflect the changes in property values since the last revaluation in 2017. A package of targeted support worth £13.6bn over the next five years will support businesses as they move to their new bills, protect businesses from the full impact of inflation and support the high streets. Councils will be fully compensated for the loss of income as a result of these business rates measures and will receive new burdens money for administrative and IT costs.

- A freezing of the multipliers at 49.9p (small business multiplier) and 51.2p (standard multiplier), preventing them from increasing to 52.9p and 54.2p. This is a tax cut worth £9.3bn over the next five years to businesses. This will support all ratepayers and mean that bills are 6% lower than without the freeze, before any reliefs are applied.

- The Transitional Relief Scheme will support properties by capping bill increases caused by changes in rateable values at the 2023 revaluation. The £1.6bn of support will be funded by the Exchequer rather than limiting bill decreases (which was the position at previous revaluations).

- Support for eligible retail, hospitality and leisure businesses is being extended and increased from 50% to 75% business rates relief, up to £110,000 per business in 2023-24.

- Supporting Small Business Scheme (SSBS) will ensure that bill increases for the smallest businesses losing eligibility or seeing reductions in Small Business Rates Relief or Rural Rates Relief will be capped at £600 from 1st April 2023.

- Business Rates Improvement Relief was announced at the Autumn Budget 2021 to ensure that ratepayers do not see an increase in their rates for 12 months as a result of qualifying improvements to a property they occupy. This will now be introduced from April 2024 and will be available until 2028, when the Government will review the position.

- The Government will proceed to make the adjustments to tariffs and top-ups to reflect the 2023 business rates revaluation and transfers of certain hereditaments to the Central Rating List, following its previous technical consultation. The methodology and adjustments were confirmed alongside the provisional 2023-24 Settlement. Adjustments will be made to account for compiled rating list data for the 2023 list as of 1st April 2023 and for Outturn Business Rates data for 2022-23 at the 2024-25 local government finance settlement, with the final adjustment at the 2025-26 settlement.

- For North Northamptonshire, because the Business Rates revaluation proposed from April 2023 represents a significant increase, this has moved the authority from a top-up to a tariff position. This requires a levy payment to be made to Government and is not compensated for through the adjustments elsewhere. This has been raised with Central Government (DLUHC) both directly and through the Finance Settlement consultation.

4.22 The Council Tax announcements are as follows:

- Core referendum limit will increase to 3% a year (previously 2% in 2022-23).
- Social care precept will be up to 2% per year (previously 1% in 2022-23).
- A £5 referendum principle on Band D equivalent bills for all fire and rescue authorities.
- A £15 referendum principle on Band D equivalent bills for police and crime commissioners.

4.23 The subsequent policy paper issued on 12th December has advised that the referendum principles and the allowance for an adult social care precept uplift in 2024-25 will remain the same as for 2023-24, i.e., 3% core referendum limit and 2% for adult social care, enabling a maximum uplift of 4.99% without triggering a referendum.

4.24 In conclusion, additional government funding is welcome in consideration of the demand and inflation pressures facing public finances; however, it is not expected this will meet all the extra cost and demand pressures anticipated over the period and therefore further action is necessary.

Other Announcement from the Autumn Statement and accompanying policy papers.

4.25 The Government will increase the Core Schools Budget by £2.3bn in 2023-24 and a further £2.3bn in 2024-25. After the adjustment to account for the removal of the compensation for the employer costs in relation to the Health and Social Care Levy, this leaves the school budget as a total of £58.8bn nationally, £2bn greater than published at Spending Review 2021.

4.26 A further £1bn (including the Barnett impact) will be provided to enable the extension of the Household Support Fund in England over 2023-24. The Fund is administered by local authorities who deliver support to households to help with the cost of essentials. Proposals for the use of the grant will be brought forward to Executive for approval once the allocation of the grant and the conditions applying are known.

4.27 The National Minimum Wage will increase to £10.42 per hour from 1st April 2023. An increase of 9.7% on the previous level of £9.50.

4.28 The Public Health Grant is expected to be maintained in real terms in line with previous announcements, but this is subject to the announcement in the Finance Settlement.

4.29 The Government has stated that in future there may be new requirements on the transparent reporting of reserves held by Councils.

4.30 In 2024-25, the introduction of the Extended Producer Responsibility for packaging (EPR) scheme will have an impact on both local authority revenues and potentially costs as well. Ministers will consider whether these should be factored into the settlement in 2024-25.

4.31 The Government has agreed to introduce two new fiscal rules. Firstly, over a five-year period, Public Sector borrowing is to stay below 3% of GDP and, secondly, debt to be falling as a share of GDP by the 5th year of a rolling cycle.

4.32 The Government will explore a potential user-friendly publication on local authority reserves, using data currently collected through the local authority revenue expenditure and financing (outturn) statistics.

4.33 The Government will be extending the Statutory Override for the Dedicated Schools Grant for the next three years from 2023-24 to 2025-26.

Local Government Funding Context

4.34 Nationally, the future of local government funding remains uncertain with the position being made more difficult as Councils continue to recover from the effects of the pandemic whilst tackling the significant impact of inflation and demand pressures during a cost-of living crisis.

4.35 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 2025-26 at the earliest, and indications are that the Government is prioritising the need for stability and greater certainty over calls for reform to distribution systems, with indicative national funding being announced for the period 2023-25 following the Autumn Statement.

4.36 Whilst the funding reforms are delayed, their likely commencement from 2025-26 adds to the uncertainty around the future level of business rate funding for the Council, as the resetting of the base level may 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.

4.37 This partially accounts for the forecast budget gap for the Council from 2025-26, as set out in the report. This is alongside other assumption regarding pay and price increases and the impact of service change.

4.38 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 an updated position.

4.39 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 comparatively new Council there are some inherent difficulties in identifying savings while still in the early years of operation, particularly when this has also seen the Council tackling the impact of the pandemic and, over the last financial year, working to address the challenges of high inflation, interest rates and increasing demand. However, work continues to identify service improvement and efficiencies through transformation led by each of the Directorates and which will continue to be built on and expanded. Directorates are also reviewing budgets with a view to accelerating savings in advance of 2024/25 where possible.

5. Council Funding

5.1 The following table provides a summary of the 2023-24 Budget and the Medium-Term Financial Plan and its funding. This section provides narrative around each of these funding streams. Whilst the position is balanced for 2023-24, the gap in 2024-25 increases to £17.1m and in 2025-26 to £53.1m. 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.

	2023/24 £000	**2024/25 £000**	**2025/26 £000**
Base Budget (excluding DSG Funding)	336,495	358,963	388,644
Base Budget (DSG Funded)	354,963	354,963	354,963
Net Budget Requirement	**691,458**	**713,926**	**743,607**
Funded By:			
New Homes Bonus	(1,839)	(1,839)	0
Business Rates Funding Baseline	(98,316)	(98,735)	(85,796)
Business Rates Collection Fund	3,699	0	0
Council Tax	(189,419)	(191,314)	(193,226)
Council Tax Collection Fund	(1,971)	0	0
Revenue Support Grant	(5,740)	(5,741)	(6,267)
Social Care Grant	(11,427)	(11,427)	(11,427)
Social Care Funding – Other	(6,799)	(9,424)	(15,872)

	2023/24 £000	2024/25 £000	2025/26 £000
Market Sustainability and Improvement Fund	(2,955)	(4,428)	(5,357)
Improved Better Care Fund	(13,138)	(14,002)	(15,490)
Dedicated Schools Grant	(354,963)	(354,963)	(354,963)
Rural Services Delivery Grant	(35)	(35)	(35)
Transfer to / (From) Reserves	(6,349)	(2,712)	(1,998)
Services Grant	(2,206)	(2,206)	0
Lower Tier Services Grant	0	0	0
Total Funding	**(691,458)**	**(696,826)**	**(690,431)**
Remaining Budget Requirement	**0**	**17,100**	**53,176**

Overview of Funding

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 were made available as part of the provisional Local Government Finance Settlement, which was announced on 19th December 2022. The Final Finance Settlement is expected to be made early in February and, whilst significant changes are not expected, the figures remain provisional at this stage.

5.4 The funding set out in Table at 5.1 is detailed 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 settlement policy statement confirmed that New Homes Bonus (NHB) would continue for a future year in 2023-24, however, there will be no legacy payments attached.

5.9 The total value of NHB fell from the 2022-23 allocation with funding being repurposed elsewhere within the Local Government funding framework.

5.10 The future of the New Homes Bonus remains uncertain. The Government has not made a commitment to a new round of payments in 2024-25 but has instead committed to set out the future position in the year ahead. Such a commitment has been made several times in recent years without being fulfilled and, therefore, assumptions for future years remain difficult. The funding allocation for 2024-25 has been assumed the same as 2023-24, with no allocation assumed in 2025-26 onwards.

Lower Tier Services Grant

5.11 The lower tier services grant (which was payable in 2022-23) and a proportion of the expired new homes bonus legacy payments has been repurposed to guarantee that all authorities see an increase in core spending power of at least 3% before additional council tax income is factored in. No allocation of the grant was made to North Northamptonshire in 2023-24 and this position is assumed to continue in to 2024-25 and 2025-26.

Business Rates Funding

5.12 The draft budget shows funding from Business Rates to be c£98.3m, this includes the baseline funding, growth and S31 grants, these assumptions have been rolled into 2024-25. North Northamptonshire has benefitted well under the present Business Rates Retention system due to an above average increase in business growth across its area.

5.13 The way that the business rate retention scheme operates in future years could have major financial implications for Councils.

5.14 Since 2013-14 the majority of local government has retained 50% of business rates (with 1% of this set outside for Fire Authorities) through the business rates retention scheme. Some Council areas retain 100% following the introduction of pilot schemes several years ago.

5.15 The Finance Settlement funded the freeze in the National Multiplier (which is used to calculate the Business Rates paid by businesses by applying it to the

Rateable Value of the property). Councils will be recompensed for the loss in income through an uplift in the baseline funding and S31 Grants as in previous years. There will also be no reset of the Business Rates Baselines, being the point from which growth is measured, until at least 2025-26. Since 2013-14 the baselines have remained unchanged.

5.16 Any gains that are not lost through the economic slowdown could be lost following a reset, although this has been deferred until 2025-26 it will pose a significant risk to future funding from Business Rates. A reset could result in a significant proportion of the Council's Business Rates growth in funding being taken away and effectively re- allocated to other areas as part of this, and the review of Relative Needs and Resources and this reduction in Business Rate Retention has been reflected in the budget funding assumptions for 2025-26. 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, such as North Northamptonshire. Any assumptions around the re-distribution of growth, are difficult to model without any underlying methodology provided from Government and therefore have been excluded within the funding assumptions for 2025-26.

5.17 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

5.18 The Business Rates yield could be impacted by the following factors:

- The growth in businesses
- The number of businesses that cease trading
- The amount of the business rates multiplier
- Reduction in the collection rate.

5.19 Whilst the volatility is recognised, this will not directly impact the 2023-24 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 or higher yield would be felt in future years.

5.20 The Business Rates revaluation to review the rateable value of non-domestic properties has taken place and will come into effect on 1st April 2023, this was a delay to the date originally proposed as it was intended to better reflect the impact of COVID-19. The revaluation was based on property values as at 1st April 2021 as the basis for calculating what businesses rates should be paid by each hereditament[3]. This has seen a 19% increase in the rateable value for

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

North Northamptonshire, however it is assumed that nationally any impact of the business rates due to the revaluation will be neutral. For North Northamptonshire the significant change in valuation moved the authority from a top-up to a tariff, requiring the Council to pay a levy. This has been raised with DLUHC to seek a resolution.

5.21 Following the 2023 revaluation, future revaluations will take place every three years.

Business Rates Collection Fund

5.22 For 2023-24 the Government has extended property relief for retail, hospitality, and leisure sectors, a similar practice to that in 2022-23.

5.23 In 2022-23 additional reliefs for the COVID-19 Additional Relief Funding (CARF) were allocated to North Northamptonshire of £7.654m, (49% of which was retained by the council £3.751m as part of its Collection Fund), and this has impacted on the deficit on the collection fund. Due to the timing of payments of this relief, the deficit shown in 2023-24 reflects this relief. A S31 grant has been received to compensate for this relief in 2022-23 and will be set aside in reserves to fund this in 2023-24.

5.24 The mechanics of the Collection Fund means that what is actually collected in 2023-24 will not impact on the 2023-24 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.

5.25 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 three years meaning £1.725m could be spread equally over the three-year period 2022-23 to 2024-25. In accordance with legislation £575k was spread in each of these years. The composition of the Business Rates Collection Fund is shown in the following table.

	2023/24 £000	2024/25 £000	2025/26 £000
Business Rates Collection Fund Deficit	3,124	-	-
Spreading Business Rates Deficit	575	n/a	n/a
Total Business Rates Collection Fund Deficit	3,699	-	-

Council Tax

5.26 Council Tax is a relatively stable and sustainable source of income for Councils. In North Northamptonshire it represents nearly 60% of the total funding in 2023-24, excluding the ringfenced Dedicated Schools Grant. The Council Tax Yield for 2023-24 is influenced by the following factors and these will be closely monitored during the year.

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

5.27 The Taxbase for 2023-24 was reported to Council at the meeting on 24th November 2022, the Taxbase is based on a Band D and includes projected growth and an average collection rate of 98.5%. The tax base for 2022-23 was 113,047 and it is estimated that this will increase by 1,232 to 114,279 for 2023-24 resulting in a total yield of £189.419m.

5.28 The Government has announced that the “core” Council Tax referendum threshold for 2023-24 is 3%. Any increase in Council Tax of 3% or above would be subject to a local referendum. The Government also provided Councils with the ability to raise a further 2% through the Adult Social Care precept. For 2022-23, the levels were 2% ‘core’ plus 1% for the Adult Social Care precept.

5.29 The Council’s budget is based on a core Council Tax increase of 2.99% and 2% for the Adult Social Care precept increase which is the Government limit, without triggering a referendum resulting in a total increase of 4.99%. This results in a proposed 2023-24 Band D Council Tax for North Northamptonshire Council of £1,657.51 (excluding the Council Tax for individual town and parish councils and the Council Tax set by the Northamptonshire Police, Fire and Crime Commissioner). This is an increase of £78.78 from £1,578.73 in 2022-23, which is equivalent to a weekly increase of £1.52.

5.30 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.

5.31 The Council Tax support scheme for 2023-24 was considered by Finance and Resources Scrutiny on 18th October, the Executive at its meeting on 10th November and Council at its meeting on 24th November 2022 agreed the recommendation to continue with the existing 25% scheme in 2023-24. The 2023-24 budget reflects this decision.

5.32 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.

5.33 As mentioned in section 2 of the report, alongside the publication of the Finance Settlement the Government announced £100m of additional funding in respect of a new Council Tax Support Fund which is intended to enable local authorities to support the most vulnerable households in England.

5.34 On 23rd December 2022, the government published guidance on the operation of the Fund and provisional allocations to each Council. North Northamptonshire Council were allocated £460,101.

5.35 The Government expects local authorities to use the majority of their funding allocations to reduce Council Tax bills for current working age and pension age Local Council Tax Support claimants by up to £25. Councils can use their remaining allocation as they see fit to support vulnerable households with Council Tax bills. The discount applies to current LCTS claimants that have an outstanding Council Tax liability for the 2023-24 financial year. Where a taxpayer's liability for 2023-24 is, following the application of Council Tax Support, less than £25, then their liability will be reduced to nil. Where a taxpayer's liability for 2023-24 is nil, no reduction to the Council Tax bill will be available.

Council Tax Collection Fund

5.36 Due to the mechanics of the Collection Fund, it means that what is actually collected in 2023-24 will not impact on the 2023-24 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 2024-25 budget.

5.37 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 surplus for Council Tax for 2022-23 is £2.446m, after taking account of spreading of the 2020-21 deficit of £475k, this decreases the 2023-24 surplus to £1.971m. The Council notified the major preceptors (Police and Fire) of this calculation by the 15th January 2023 which accords 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.

	2023/24 £000	2024/25 £000	2025/26 £000
Council Tax Collection Fund Deficit	(2,446)	-	-
Spreading Council Tax Deficit	475	n/a	n/a
Total Council Tax Collection Fund Deficit	(1,971)	-	-

5.38 Other elements contributing to the surplus in 2023-24 included a review of historic bad debt provisions held by the previous legacy authorities due to the impact of COVID-19 and have now been reduced going forward to reflect collection rates returning to expected levels.

Revenue Support Grant

5.39 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. The grant has been uplifted by CPI for 2023-24, this has been rolled over into 2024-25 at the same level, increasing in 2025-26 reflecting the impact of the Business Rates reset Baseline Funding Levels.

Social Care Grant

5.40 In the Autumn Statement in November, the government announced a 'holding position' in terms of funding and that existing social care funding for 2022-23 would continue for 2023-24 at the same level, with social care reform being delayed until 2025-26.

5.41 The allocation for North Northamptonshire for social care funding was £11.427m in 2022-23 and has been rolled over into 2023-24 and 2024-25. The Autumn Statement has indicated that the social care reform grant of £1.265m in 2023-24 and £1.877m in 2024-25 has been repurposed to support ongoing costs pressures within adult social care. This funding will be allocated based on the relative need's formula, estimated to be £6.779m in 2023-24 and £9.992m in 2024-25.

5.42 A new ringfenced grant of £562m in 2023-24 and £845m in 2024-25 in support of ongoing capacity and discharge costs with an allocation of £2.995m in 2023-24 and £4.428m in 2024-25, it is assumed that the funding will be matched by the need for new and additional spend within the Directorate Budgets.

5.43 As the Government has announced a delay in the Social Care Reform Funding until 2025-26, funding for Social Care beyond 2025-26 for Local Government is now uncertain, for the purposes of the budget the social care grant has been assumed to roll over across the medium term at the current allocation basis.

Services Grant

5.44 The Services Grant has been reduced to accommodate for the reversal of the increase in National Insurance Contributions and funding to the Supporting Families programme amongst other changes. This distribution of the remaining grant is as per the Finance Settlement for 2023-24 and this position is assumed to continue in to 2024-25 only.

Improved Better Care Fund (iBCF)

5.45 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.

5.46 The improved Better Care Fund for 2023-24 will be £13.138m when taking into account the additional funding for discharge and capacity announced as part of the Autumn Statement and included within the Finance Settlement. These assumptions have been reflected to continue into 2024-25 and 2025-26 assuming the Better Care Fund will increase to £14.0m and £15.5m respectively. Any changes in grant funding have been reflected in the spending assumptions.

Dedicated Schools Grant

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

5.48 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 2022 updated for the number of pupils in the October 2022 school census and growth funding.

- **Central School Services Block (CSSB)** based on the units of funding and total historic commitments funding announced in July 2022 updated for the number of pupils in the October 2022 school census.

- **High Needs Block** (age 0 to 24) based on the allocations announced in July 2022 with the basic entitlement element updated for the number of pupils in the October 2022 school census.

- **Early Years Block** based on the early years funding rates published in December 2022 based on January 2022 school and early years census.

5.49 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).

5.50 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 a Council's Dedicated Schools Grant before the grant is paid to the Council and is termed 'recoupment'.

5.51 Since the disaggregation of Northamptonshire County Council's DSG in 2021-22, North Northamptonshire Council and West Northamptonshire Council receive separate DSG allocations as two separate unitary authorities.

5.52 The December DSG Settlement provides the final settlement figures for the DSG Schools Block and Central School Services Block based on October 2022 census. However, the Early Years Block is an indicative figure as it is based on the January 2022 census. The Early Years Block will be updated in July 2023 (to reflect the January 2023 census data) and will be further updated in July 2024 (to reflect January 2024 census data). The final settlement figure for the DSG High Needs Block is adjusted to reflect any further cross boundary pupil changes. This is known as Import and Export Adjustments.

5.53 The following table sets out the indicative disaggregated DSG funding based on the provisional settlement:

DSG Blocks	**Provisional 2023-24 DSG Allocation**
	£m
Schools Block	270.28
Central School Services Block	3.29
High Needs Block	57.85
Indicative Early Years Block	23.54
Total DSG Allocation	**354.96**

Full details of the DSG are included in Appendix C to this report.

5.54 The draft budget papers estimate a DSG settlement of £347.97m and for budget purposes is assumed at the same level for 2024-24 and 2025-26. 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 2022-23 allocation and the 2023-24 DSG settlement budget position.

Dedicated Schools Grant	Schools Block	Central School Services Block	High Needs Block	Early Years Block	Total DSG
	£m	£m	£m	£m	£m
2022-23 DSG Allocation (inc. Schools Supplementary Grant and Teachers Pay and Pension Grant)	262.17	3.57	52.37	22.55	340.66
2023-24 DSG Settlement	270.28	3.29	57.85	23.54	354.96
Change from 2022-23	8.11	-0.28	5.48	0.99	14.30
% Change	3.10%	-7.86%	10.46%	4.38%	4.20%
Note – The Central School Services Block has reduced by £0.28m this is the net reduction of which there is an estimated reduction of £0.36m relating to the historical commitments in the General Fund and £0.08m increase in funding for on-going responsibilities which is reflected in the DSG.					

5.55 North Northamptonshire Council consulted with schools and academies on the options of setting a Minimum Funding Guarantee for Primary and Secondary Schools and Academies of Option A at 0.5% and Option B at 0% with the remainder being used to determine the Pupil Growth Fund budget. The actual amount transferred will be dependent on the October 2022 school census. The consultation ran from 16 November 2022 to 30 November 2022 and the preferred option will require the agreement of Schools Forum. There were 18 responses (out of 132 maintained schools and academies, c14% response rate) to the Mainstream Schools Funding consultation, of which 100% responses preferred the option of setting the Schools Minimum Funding Guarantee at 0.5%. Schools Forum decided at its meeting on 14 December 2022 to adopt the option of setting the Mainstream Schools Funding Formula at 0.5% MFG leaving the remainder of Schools Block in Pupil Growth Fund for the 2023-24 Schools Block DSG. The final recommendation to Executive and Council was agreed at the 19 January 2023 Schools Forum meeting.

5.56 Schools Forum also agreed to recommend that there will not be a transfer from Schools Block to High Needs Block in 2023-24 in view of the difficult and challenging financial climate schools are currently experiencing. This in effect protects individual schools funding in preparation of the implementation the direct National Funding Formula.

5.57 It was also agreed by Schools Forum that any remaining Schools Block will be allocated to the Pupil Growth Fund for bulge classes in 2023-24.

5.58 The allocation to individual schools will be delegated in accordance with the recommendations in this report. The mechanism for the calculation and distribution of funding for maintained nurseries will be subject to confirmation following the presentation of the Finance and Resources Scrutiny Committee report on its findings for maintained nursery funding elsewhere on this agenda.

Rural Services Delivery Grant

5.59 There is no change to the distribution of this grant for 2023-24.

Transfers to / from Reserves

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

	2023/24 £m	**2024/25 £m**	**2025/26 £m**
Transfer to Reserves			
Elections	0.150	0.150	0.150
Total to Reserves	**0.150**	**0.150**	**0.150**
Transfer from Reserves			
Business Rates Reserve – Movement for grant repayment to the Collection Fund	(3.879)	0.000	0.000
Transformation Reserve – funding for Transformation Team*	(2.170)	(2.170)	0
Smoothing Reserves – Funding for voluntary organisations – earmarked reserve established in 2021-22 for three years	(0.200)	0.000	0.000
Elections – earmarked reserve previously established	0.000	0.000	(0.600)
Smoothing Reserves - Climate Change – earmarked reserve established in 2022-23 for three years	(0.250)	(0.250)	0.000
Investment Property- rent free smoothing – earmarked reserve previously established.	0.000	(0.442)	(1.548)
Total from Reserves	**(6.499)**	**(2.862)**	**(2.148)**
Net Transfer to / (from) Reserves	**(6.349)**	**(2.712)**	**(1.998)**

** the future funding for the team will be dependent upon the programme requirements and will be considered as part of Directorate staffing structures for the future.*

5.61 There has been a transfer of £3.741m from the Business Rates reserve to fund the adjustment to the Business Rates Collection Fund as set out in paragraphs above.

5.62 To fund the commitment to the transformation programme, there is a transfer from reserves each year of £2.170m to support this activity in helping the council transform and improve services as well as achieve the savings targets required for future years.

5.63 In 2021-22 the Council committed to adding a further £200k per annum for a period of three years (2021-2024) towards community and voluntary organisations, particularly as a number had been adversely affected by the COVID-19 crisis.

5.64 In support of the council's commitment to climate change and moving forward to achieve carbon neutrality, investment of £1m is being made available from the Council's smoothing reserves over the three-year period 2022-25 (£500k in 2022-23; £250k in 2023-24 and £250k in 2024-25).

5.65 As part of the commercial investment strategy the Council set aside resources to fund future known contractual obligations in 2024-25 and 2025-26.

6. Fees and Charges

6.1 Fees and Charges will be set in accordance with the Council's constitution which requires any changes to be agreed by the respective Executive Member (Portfolio Holder) in conjunction with the service Executive Director and Assistant Director.

6.2 The income that the Council derives from fees and charges is important to support Council services. In line with the Council's Constitution, fees and charges have been reviewed by Services Leads for 2023-24 and further changes are proposed. Any changes in income assumptions are included within the Council's MTFP.

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

7. Directorate Budgets for 2023-24

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

- 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 2023-24 budget proposals by Directorate with the detail being set out in Appendix B:

	Children's and Education	Adults, Communities and Wellbeing Services	Place and Economy	Enabling and Support Services	Corporate	Total
	£000	£000	£000	£000	£000	£000
Net Budget	69,530	132,642	68,500	36,102	29,721	**336,495**

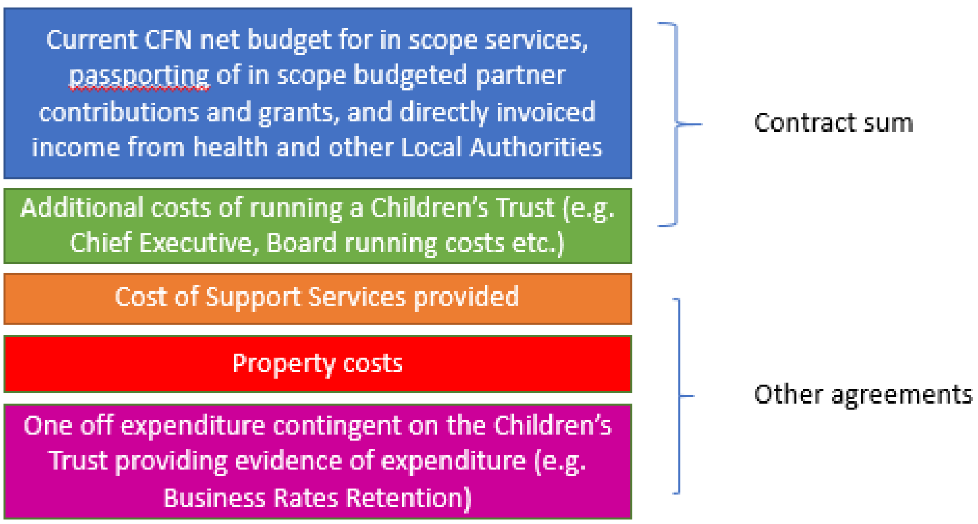
**This reflect the previous management structure and changes to budget responsibilities following the Leadership Review will be built into the new budgets for 2023-24. This does not affect the Council's overall bottom line budget requirement.*

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 2023-24 the Net Budget is £69.530m (2022-23 is £63.695m).

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 The Children's Trust Budget is monitored in year through regular meetings between officers of both North and West Northamptonshire Councils and the Trust.

7.9 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

7.10 The initial contract sum was submitted on 15th September 2022 which was in accordance with the contract. The Intelligent Client Function (ICF) led a working party (with representatives from both Councils and NCT) which held weekly meetings to undertake a detailed a review of the contract submission. This resulted in a final contract sum being presented to the Strategic Group at the meeting on 30th November and will be presented to the Northamptonshire Children's Trust Joint Committee.

	North **£'000**	**West** **£'000**	**Total** **£'000**
Contract Sum	66,654	84,284	150,938
Less Drawdown Payment	(4,199)	(5,310)	(9,509)
Base Contract Sum	**62,455**	**78,974**	**141,429**
One-off Funding	991	1,252	2,243
Total	**63,446**	**80,226**	**143,672**

Contract Sum

7.11 The movement in the total contract sum between 2022/23 (£137.450m) and 2023/24 (£150.938m) is £13.488m. The Council's share of this increases the budget for 2023/24 by £5.956m, this has been partially offset by £172k as the 2022/23 budget was higher than the agreed sum and the 2023/24 budget has been increased by £5.784m to reflect this. The contract sum is split between North Northamptonshire and West Northamptonshire in accordance with the contract split and results in a budget pressure to the West of £7.532m.

7.12 The Contract sum totalling £150.938m has been provisionally agreed for 2023/24 – a net increase across the County of £13.488m from the current year, which is indicative of the national picture of rising costs of children's social care, and a position that has been informed by the forecast outturn for this financial year. The Contract Sum of £150.938m has been split into two parts, this consists of a Base Contract Sum (£141.429m) and a "drawdown payment" relating to actuals on agreed elements of demand led services (£9.509m) which will be based on the 2022/23 and 2023/24 outturn position, which ensures we only lock in actual demand costs in the contract sum.

	Base Contract	**Drawdown Payment**	**Total**
	£'000	**£'000**	**£'000**
Placements for children in care. The market and availability of placements remains challenging. The placements budget will continue to remain under pressure as it remains extremely volatile both locally and nationally. The Trust is working on how these pressures can be mitigated in future years. The drawdown payment of £8.834m consists of £7.640m for 22/23 Placements and £1.194m for 23/24 Growth Demands.	3,431	8,834	12,265
Staffing Costs – The Children's Trust had assumed a pay award of 2% in their 2022-23 contract – the national pay award for 2022-23 was £1,925 per employee. In addition, the Children's Trust have budgeted for a pay award of 4% in 2023-24 which is in line with the assumptions being modelled by both North Northamptonshire and West Northamptonshire. The total pay award pressure is £3.740m which is partially offset by a reduction in the employer pension contributions of £791k	2,949	0	2,949

	Base Contract	Drawdown Payment	Total
	£'000	£'000	£'000
following a review by the Pension Fund Actuary.			
Transport Costs – There are pressures on transport costs as a result of an increase in fuel costs. The total pressure reflected in the 2023-24 contract is £940k of which £675k relates to a drawdown payment based on the forecast pressure in 2022/23.	265	675	940
Adoption - The Local Government and Social Care Ombudsman recently made a decision on the historic treatment and compliance on Special Guardianship Allowances. This ruling has resulted in a pressure of £730k and a further £205k has been included for inflationary increases.	935	0	935
Treasury Management – The Children's Trust have forecast additional income of £900k from Treasury Management activities which reflects the increase in interest rates.	(900)	0	(900)
Value in Care - Adoption of a Valuing Care approach to better understand the needs of children to improve support and sufficiency resulting in reductions in spend and demonstrable improvements in need.	(3,200)	0	(3,200)
Other – There are further changes to the contract sum which amount to a net increase of £499k.	499	0	499
Total Change in Contract	**3,979**	**9,509**	**13,488**

One-off funding outside of the Contract Sum.

7.13 In addition, there has been a number of one-off funding requests received from the Children's Trust which are not included in the 2023-24 contract sum. These requests are summarised in the following Table and will be subject to separate detailed business cases in accordance with each Council's governance process.

Item	Amount £'000
Early Help to address complexity and increase statutory social work step down.	400
Foster Care – This is an investment in developing NCT to operate as an Independent Fostering Agency (IFA). This approach will improve practice and increase the number of in-house Foster Carers therefore reduce placement costs.	250
Valuing Care Proposal – additional resources to deliver savings of £3.8m to the Placements Budget	1,300
Children's Homes – Initial set up costs	294
Total	**2,243**
NNC Contribution (44.16%)	**991**
WNC Contribution (55.84%)	**1,252**

7.14 The Children's Directorate draft budget including the Children's Trusts reflects pressures of £9.296m and savings of £3.461m resulting in a net pressure of £5.835m if the Children's Trust were excluded this would result in a net saving of £346k as the pressures from the Children's Trust amount to £6.181m.

7.15 The main pressures in addition to the increase in the contract sum for the Children's Trust include the following:

- 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, which results in a reduction in DSG income of £366k. Therefore, creating a pressure to the General Fund.

- The Council's share of the NCT contract agreement includes an amount for support services provided to NCT by both North and West Northamptonshire, of which the Council budgeted to receive £1.758m. This assumed support services were provided in line with how the contract sum had been split. However, it is anticipated that the Council will provide less support services and this will be in line with those provided in 2022/23. This will in effect reduce the Council's income to £1.073m, resulting in a pressure of £685k.

- A re-alignment of services previously funded from the DSG (£618k) to be funded from the General Fund.

7.16 The main savings within the Children's Directorate include the following.

- The Teacher's Pension Strain was disaggregated between the North and West, the 2022/23 budget assumed a split 44% North and 56% West which was in line with the contract sum. The budget for the North was

£1.109m, however following a further review, the cost to the North was revised to £834k. This resulted in a budget saving of 275k.

- The pre 2013 Teachers' Pension strain is funded from DSG and the amount of DSG funding was previously understated, resulting in additional DSG income of £462k. This income however correlates with expenditure.

- There was budgetary provision of £691k which was to meet any unforeseen pressures within the Commissioning Service, this will be used in full to mitigate the increased costs across Children's Services and any pressures will be funded from the Council's Corporate Contingency – this approach is then consistent with other Council Directorates.

- There was budgetary provision of £412k following the disaggregation of NCC this budget has not been utilised and has been removed resulting in a saving.

7.17 Full details of the 2023-24 budget and Medium-Term Financial pressures and savings to 2025-26 are contained within Appendix B.

Adults, Communities and Wellbeing

7.18 The draft net revenue budget for Adults, Communities & Wellbeing includes Adult Social Services, Community Services, Housing, Public Health and Wellbeing. The draft net budget for 2023-24 is £132.642m (2022-23 is £119.230m). Details of the net budget and the adjustments for pressures and savings for the period 2023-24 to 2025-26 are set out in Appendix B.

Adult Social Care Services

7.19 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.

7.20 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.

7.21 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 to promote wellbeing and helping people to stay independent and preventing or delaying the need for care.

7.22 It is 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 The Adults Social Care, budget reflects pressures of £20.232m and savings of £6.932m resulting in a net pressure of £13.300m. The main pressures include the following.

- Contractual Inflation and other increases (subject to tendering where appropriate) for independent care placements which incorporates the National Living Wage pressures for social care providers. The projected inflation requirements of £8.319m 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 9.7% in line with announcements by Government, other increases include national insurance and other overheads as well as general fee movements in line with market factors.

- 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 provision for demographic growth and the increase of acuity packages of £4.114m. These are driven by the forecast number of additional clients requiring care. The past four years' growth in adult social care costs in Northamptonshire have largely been 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 2023-24 and into the Medium-Term.

- Increase additional ringfenced grant funding to meet Social Care related demand in respect of discharge and capacity funding of £1.984m. This is an estimate, and the final allocation will be included within the Finance Settlement.

- The Council's 2023/24 budget includes an additional allocation of £1.616m for the Better Care Fund (BCF). This grant is part of an overall allocation of £600m to get people out of hospital on time and into care settings, of which 50% (£300m) is payable to Local Government and the remainder to Health.

- Should the Council receive a different level of funding to that being modelled in the draft budget this will result in the expenditure be realigned to the new amended amount of grant funding.

- Growth of £1.788m for the Provider Service Transformation Phase. There will be savings generated from ongoing reductions in the independent market spend to mitigate against some of these costs. Full details of this proposal are detailed in a separate report. If the recommendation is not approved future budget reports will reflect this decision.

7.24 The main savings within the Adults Social Care Directorate include the following.

- Reduction in the number of residential placements made in the independent sector owing to an increase in the utilisation of beds in PPP properties (£1.192m).

- Increase utilisation of capacity within Discharge to Access the savings include improving efficiencies and utilising the placements within the Shaw PPP provision, generating an ongoing saving of £1.058m in 2023-24 this is in addition to the £441k which was reflected in the 2022-23 budget with further estimated savings of £617k in 2024-25 resulting in total savings of £2.116m over the three-year period.

- There are savings of £587k for the final year of the Strength Based Working Project which is the Transformation of Adults Services pathways and processes to ensure focus on client outcomes, independence, better decision making, and best practice approaches reducing delays and spend.

- Provider Service Transformation Phase 1 - £1.189m as per comments in 7.23, which assumes that elements of support previously met through external care markets would be met from the enhanced model.

7.25 Savings of £112k in relation to Devolved Community Grants have been removed from the budget proposals. The Council has listened to the feedback received during the budget consultation and adjusted the saving requirement with an added commitment to review the Community Grants across North Northamptonshire during 2023-24 in order to set out the position for future years. This will involve further detailed work with all stakeholders to identify how services can be maintained in the future including access to funding. The contingency budget will be adjusted to meet the gap arising as a result of the removal of this saving.

Housing and Communities

7.26 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.

7.27 The main pressures and savings include the following.

- £1.270m due to the increase in utility costs for the pool at Corby East Midlands Pool and to cover existing contractual obligations to external leisure providers,

- An additional amount £500k of Grant Funding has been included in the 2023/24 draft budget this is to support services in addressing Public Health needs.

7.28 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 couple of 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 2023-24 then this action will be taken, which will assist future resilience.

7.29 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.

7.30 Full details of the 2023-24 budget and Medium-Term Financial pressures and savings are contained within **Appendix B**.

Public Health and Wellbeing

7.31 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.

7.32 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.

Place and Economy

7.33 The net revenue budget for Place and Economy for 2023-24 is £68.500m (2022-23 is £56.445m). Details of the net budget and the adjustments for pressures and savings for 2023-24 to 2025-26 are set out in Appendix B.

7.34 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

7.35 The Directorate delivers a wide range of services and is organised into four functional areas as follows:

7.36 **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.

7.37 **Growth and Regeneration** which includes Planning Services, Economic Development, Growth and 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.

7.38 **Highways and Waste** includes street cleaning, waste and recycling collections and disposals, including the household waste and recycling centres. 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.

7.39 **Regulatory Services** includes Bereavement Services, Building Control, Emergency Planning, Environmental Health, Trading Standards, Private Sector Housing 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.

7.40 Key current areas of risks within the Directorate include:

- Utilities costs.
- Contract inflation.
- Increasing service demand from a growing population.

- Legacy income target.
- Failure to maintain and invest in the estate.
- Lack of funding and expertise to deliver highways schemes.

7.41 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 contract income as well as placing pressure on several services including waste management with the volume of household waste disposals increasing.

7.42 The Place and Economy Directorates draft budget reflects pressures of £14.898m and savings of £2.843m resulting in a net pressure of £12.055m. The main pressures include the following.

- In total there is £4.562m for contract changes and other inflation which includes fuel costs of £294k, Street Lighting PFI energy & contract inflation of £961k, utilities inflation of £1.340m, waste management contract inflation of £1.547m and other general contract inflation of £420k. Recognising the volatile nature of energy markets, the above utility inflation is an estimation at present, and will be refined as information on 2023/24 contract pricing is received from the Councils suppliers.

- 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 £900k (£525k in 2022-23).

- There is a £300k pressure in Bereavement Services Income relating to unachievable legacy income targets for sales, including memorials, grave reservations and burials at Wellingborough (£120k) and Kettering (£136k) and anticipated dividend income at Nene Valley Crematorium (£44k).

- The £932k pressure associated to Wellingborough relates to commercial income and fleet hire costs from contracts associated with the previous contractor service. These contracts were not held by the Council and so did not transfer as part of the base budget.

- The Directorate has a number of demographic volume changes which include home to school transport and changes to waste management costs. These total £7.242m and includes a £7m pressure on home to school transport and £242k pressure on waste, management disposal costs.

7.43 The increase in Home to School transport is a result of a continued increase in children requiring specialist transport in line with Education Health and Care Plans (EHCP) which has been rising nationally and reflected in local demand pressures. This is coupled with an increase in prices following the hyper-inflation of fuel, the shortage of drivers and passenger assistants, and the state of the transport sector following the COVID-19 pandemic.

7.44 The Council is taking steps to ensure they are achieving value for money in all the transport contracts they put in place. The Home to School transport team is looking to manage this through a number of actions. They are working closely with the Education and Children's' teams with a view to ensuring that the Council is not just providing transport in line with statutory requirements and the Council's policies but also ensuring we get best value from the market. The home to school planning team is continuing the work on assessing routes to maximise capacity on existing transport and to optimise routes in order to find the most efficient and cost-effective way to transport children.

7.45 A particular focus is being put on assessing those routes which are currently single (or low) occupancy to determine whether they can be provided in a more cost-effective way by combining routes or contracts. Compliant procurement processes are in place through the Council's dynamic purchasing framework, and these are used to challenge the market to provide the most economically advantageous contracts for the Council. Now that all contracts are in place for the year, the team are currently focussing on re-procuring the most expensive contracts to ascertain whether a better price can be achieved from the market.

7.46 In some circumstances, it can be less expensive for the Council to offer mileage payments to families in place of providing transport. The team will further promote this option for those families where it is possible for them to arrange their own transport. The team will also investigate providing independent travel training to families to reduce their reliance on transport provided by the Council; this can increase the independence of young people as well as reduce the financial burden on the Council. All of these actions, and others, will seek to ensure the Council is achieving best value and contain costs as much as possible against a backdrop of the macro-economic trend of rising prices and the national context of increased demand for SEND transport.

7.47 The main savings through efficiencies and income generation within the Place and Economy Directorate include the following:

- Garden Waste - £1.358m budgeted income from garden waste charges
- Other changes relate to transformation, legislative and technical changes and total a net credit of (£0.375m), mainly due to transformation related savings in service redesign.

7.48 Full details of the budget and Medium-Term Financial pressures and savings for 2023-24, 2024-25 and 2025-26 are contained within **Appendix B**.

Enabling Services

Background

7.49 The net revenue budget for Enabling Services for 2023-24 is £36.102m (2022-23 is £38.035m). Full details for the service changes can be seen in Appendix B which include assumptions into 2024-25 and 2025-26.

7.50 Enabling and Support Services consists of the following main grouping of services, which also includes several corporate budget areas:

- Finance, Procurement and Revenues and Benefits Service
- Human Resources, Legal and Democratic Services
- ICT, Communications and Customer Services

7.51 The 2023-24 draft budget for Enabling and Support Services reflects pressures of £1.243m and savings of £3.176m resulting in a net saving of £1.933m.

7.52 The main pressures include the following:

- There is a pressure of £107k from the Shared Finance Operations – this includes accounts payable, accounts receivable, debt collection, insurance and business systems.

- There is an estimated pressure of £500k in relation to external audit fees.

- Pressures arising within Legal and Democratic services are associated with the costs of the coroner's storage facility (£100k) and the restructure of the Governance staffing establishment (£160k), this is netted off against increases in legal income targets and savings to ancillary budgets as listed below.

- Additional IT licensing costs of £100k arising from inflationary increases on contracts and further one-off costs of £153k for the extension of the Council's current income and payment system. There is a requirement to continue to run the current system until the new system is fully implemented and live, thereby ensuring the income and payments functions can continue.

- A pressure of £70k has arisen within Customer Services, resulting from the need to realign budgets following disaggregation for the issuing of blue disabled parking badges.

7.53 The main savings within the Enabling Directorate include the following:

- There are technical changes within Finance and Accountancy from the historic pension's deficit of £232k and the disaggregation of legacy pensions of £450k. Following actuarial advice and an improved funding position in the Pension Fund the council is able to reduce its pension contribution rate by 3% which results in a saving of £1.890m.

- Within Legal and Democratic Services, savings arise through generating additional income from services provided to other public organisations (£150k) and through staffing changes (£100k).

- Within the IT Service, rationalisation of mobile phone contracts and Microsoft applications provide a saving of £100k. In addition, a saving on staff costs in Customer Services of £106k arises through the replacement of the customer case management and telephony systems.

- The restructuring of Transformation resources has allowed a reduction in the staffing costs of this function, providing an additional saving of £106k.

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

8. Corporate Resources

8.1 The draft net revenue budget for 2023/24 is £29.8m (£18.5m 2022-23 - restated following movements from contingency during 2022-23 and allocation of centrally held budgets for pay) the composition of this budget for 2023/24 and the restated position for 2022/23 is shown in the following table:

Description	**2023/24 Draft Budget £'000**	**2022/23 Restated Budget £'000**
Corporate Contingency	3,651	1,668
MRP	7,970	6,432
Pay Contingency	5,441	621
Anticipated costs associated with the pay and grading review	2,479	0
Insurance	600	0
Treasury	8,710	9,661
Bad Debts Provision	870	120
Total	**29,721**	**18,502**

8.2 The Councils Corporate Contingency Budget for 2023-24 is £3.651m, which represents around 1% of the net budget. This recognises the financial uncertainty faced and that risks remain in the financial position with a number of assumptions within the budget subject to further decisions, such as the pay changes. The contingency budget has been adjusted by £112k since the draft budget report was presented to Executive in December 2022, to offset the savings previously proposed for devolved community centre grants and which have now been removed.

8.3 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 £1.538m for 2023/24 is to ensure the provision is aligned to the MRP policy moving into the medium term.

8.4 The Council has set aside a draft budget of £5.441m in 2023-24 to allow for potential pay changes of 4%, with the final requirement determined by the outcome of pay negotiations, and the cost of increments. This budget will be allocated in 2023-24 according to need.

8.5 Additionally, a pressure of £2.479m is included in the 2023-24 budget. This reflects the initial costings for the implementation following the Pay and Grading review, which includes all staff recruited to North Northamptonshire Council posts since 1st April 2021.

8.6 The draft budget includes a provision of £600k relating to insurance. This reflects the estimated increase in the premium and a review of the future policy requirements.

8.7 The Treasury Management Budget amounts to £8.710m for 2023-24 (£9.661m 2022-23). The results in a saving of £951k consisting of two main elements - external borrowing costs and investment income. The external borrowing costs reflect the interest payable on the Council's loan portfolio and these costs have reduced by £109k. In respect of investment income, one off COVID-19 pressures of £342k have been reversed and in addition to this higher than anticipated interest rates are estimated to generate additional income of £500k.

8.8 The bad debt provision has increased to £870k to reflect the risk associated with the collection of debt in the current economic climate.

8.9 Full details of the 2023-24 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 final outturn position for 2022-23.

9.3 The position on all the ex-sovereign council reserves brought forward is dependent of the certification of each of the final audited accounts for all the sovereign councils for 2020-21. At the time of writing this report two legacy council accounts for 2020-21 are still to be certified by the External Auditors (Corby Borough Council and Northamptonshire County Council), and therefore the reserves position will be subject to change.

9.4 The latest forecast for the level of general fund revenue reserves for North Northamptonshire Council available as at 1st April 2023, taking into account the assumed movement in reserves in 2022-23 is summarised in the table below. The forecast movement in reserves in 2023-24 is also summarised in the table below to provide a forecast closing balance as at 31st March 2024. This movement is also set out in paragraph 5.57.

	Forecast Opening Balance 01.04.2023	**Transfer to Reserve**	**Transfer from Reserve**	**Forecast Closing Balance 31.03.2024**
	£000	**£000**	**£000**	**£000**
General Fund Balance	**(24,170)**	**-**	**-**	**(24,170)**
Earmarked Reserves				
Smoothing Reserves	(32,743)	(150)	250	(32,643)
Business Rates Retention	(32,232)	-	3,879	(28,353)
Transformation	(13,370)	-	2,170	(11,200)
Building Maintenance Reserves	(1,603)	-	-	(1,603)
Planning	(571)	-	-	(571)
Regeneration	(7,046)	-	-	(7,046)
Specific Reserves	(20,814)	-	200	(20,614)
Capital Programme Funding – GF	(6,374)	-	-	(6,374)
Insurance	(2,690)	-	-	(2,690)
Total Earmarked Reserves	**(117,443)**	**(150)**	**6,499**	**(111,094)**
Total Forecast General Fund Reserves and Balances	**(141,613)**	**(150)**	**6,499**	**(135,264)**

9.5 The estimated total level of general fund revenue reserves of £135.3m as at 31st March 2024 is made up of general balances and earmarked reserves. This sum allows for the adjustment in respect of Business Rates grants under S31 of the Local Government Finance Act 2008 received in 2022-23, which is budgeted to be drawn down in 2023-24 to fund the Business Rates Collection Fund deficit. The is a lag in the timing between when the grant is received and the impact on the Collection Fund which is managed through the reserves to transfer the resources across financial years. 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 Strategy (see **Appendix D**) 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 c7.2% of the proposed net revenue budget of £336.5m.

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 the Council's overall capital and revenue resources are utilised and frees up revenue funding.

10.5 Transformations costs and other expenditure required to deliver some of the service improvements and efficiencies are areas where the Council could seek authority to use capital receipts instead of revenue resources. This would also include meeting any associated severance costs.

10.6 The Council received approval for a capital direction to cover the two-year period 2021-2023. However, looking forward it is important that the Council also has the flexibility to also underwrite applicable costs from FUCR. Therefore, an updated strategy for 2023-24 will be presented to February Council.

10.7 It is important to note that 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 During 2022-23 CIPFA consulted on the principles of 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). These changes have been fully reflected within the updated Treasury management Strategy (Appendix H).

11.3 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.

12. Consultation Response

12.1 The Council consulted on the proposals in the draft 2023-24 budget. The consultation commenced on 22nd December 2022 following the approval of the draft budget for consultation at Executive and concluded on 27th January 2023.

12.2 There are three statutory instruments underpinning the need for Budget consultation:

- Section 65 of the Local Government Finance Act (1992);
- Section 149 of the Equality Act (2010), specifically 'Due regard' to [the] impact of proposed changes;
- Section 3 of the Local Government Act (1999), and Best Value provisions.

12.3 In terms of best practice, the Consultation Institute guidance emphasises the need for consulters to recognise the 'Doctrine of Legitimate Expectation' as a key component of public sector budget consultation. In short, in terms of public participation, "...the courts...recognise Consultees' right to expect fair process from public bodies...and incorporates much guidance and management promises into the law.[4]"

12.4 Opportunities to take part in the consultation were also promoted in the local media via press releases. The press release went to 38 newsrooms (local and national, print and broadcast), plus individual reporters and other local news sites. It was promoted through the Council's website, e-newsletters and social media channels, enabling both internal (e.g., staff) as well as external consultees to get involved in the process.

12.5 Councillors, local MPs, town and parish councils, partner organisations, voluntary and community sector organisations, representatives of protected characteristic groups, local business groups, and members of the North Northamptonshire Residents' Panel and the Council's Consultation Register were invited to give their views and asked to promote the consultation to their members, or within their local area where appropriate.

12.6 Local people, organisations and other interested parties were able to have their say about the draft budget proposals in a range of ways, by:

- Visiting the Draft Budget Consultation webpage and completing the questionnaire or requesting a paper questionnaire
- Emailing CET@northnorthants.gov.uk

[4] The Consultation Institute Engaging on Public Service Budgets, 17 September 2015

- Writing to Budget Consultation Response, North Northamptonshire Council, Sheerness House, Meadow Road, Kettering, NN16 8TL
- Using social media by Tweeting or posting comments on the Council's Facebook page
- Contacting us by telephone to give verbal feedback
- A toolkit was developed to enable user groups/ forums to hold their own discussions and provide their feedback as a collective group.

12.7 Using the various means available to consultees, local people and organisations contributed to the consultation 453 times. Respondents could choose which questions they responded to within the consultation questionnaire, so there are lower response numbers to each question when compared with the overall number of participants, depending on whether participants had a particular interest in the subject matter.

12.8 Respondents could choose which questions they responded to within the consultation questionnaire, so there are lower response numbers to each question when compared with the overall number of participants, depending on whether participants had a particular interest in the subject matter.

12.9 The consultation focused on the draft budget proposals that would likely affect residents and service users. However, respondents were invited to comment on anything within the draft budget.

12.10 When asked about a general "core" Council Tax increase of 2.99%, 33.9% of respondents said that they strongly agree or tend to agree with the proposed increase, while 58.4% said they strongly disagree or tend to disagree.

12.11 When asked about the proposed 2% precept increase for Adult Social Care, 36.1% of respondents said that they strongly agree or tend to agree with the proposed increase, while 49.2% said they strongly disagree or tend to disagree.

12.12 The feedback on all the proposals, which includes the comments received to the budget proposals, including the Draft Capital Programme 2023-26, is analysed in more detail in **Appendix E**. Members should ensure they read and consider the analysis and redacted comments that have been made available to them before making their decision on the budget.

13. Scrutiny

13.1 The Finance and Resources Scrutiny Committee considered a report at its meeting on 18th October 2022 on the budget scrutiny process. At its meeting on 10th November the Executive approved the approach put forward by the Finance and Resources Scrutiny Committee.

13.2 Scrutiny took place over two phases. The first to consider the in-year position for 2022-23 and any implications for 2023-24 and the second to consider the detailed proposals for 2023-24. The first phase took place during November

2022 and the second phase in January 2023 to allow time for the Committee to provide feedback to the Executive at its meeting on 9th February 2023.

13.3 The Scrutiny of the Budget Process covered the following main service areas:

- Place and Economy
- Children's and Education Services (06/01/23)
- Place and Economy (17/01/23)
- Enabling and Support Services (18/01/23)
- Adults, Communities and Wellbeing Services, including the HRA (23/01/23)

13.4 The Children's Trust was subject to separate scrutiny by the Committee, in line with the budget setting timeline for the Trust as set out in its contract,

13.5 For the remaining Council services, there were a total of four individual budget scrutiny sessions, covering each of the four main areas of services detailed in paragraph 13.3 above.

13.6 Following the Budget Scrutiny sessions, a report was presented by the Finance and Resources Committee at its meeting on 30th January 2023 to set out the Committee's response to the budget setting process. A copy of the minutes from the scrutiny meetings is attached at **Appendix G**.

14. CIPFA Financial Management Code

14.1 CIPFA published a Financial Management Code which 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.

14.2 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.

14.3 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

14.4 The FM Code has provided a guide and framework in the setting of the annual budget for 2023-24. 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.

15. Section 25 Report - Budget Calculations: Report on the robustness of estimates and adequacy of proposed financial reserves

15.1 Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer (CFO) of the authority must report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Council has a statutory duty to have regard to the CFO's report when making decisions about the calculations. The requirement on the CFO is to ensure that the budget recommended to Council is balanced (i.e., expenditure matches income), is robust and therefore deliverable and has an adequate level of reserves. The Council has a balanced budget, the CFO's report in relation to the robustness of the estimates and adequacy of the reserves is set below.

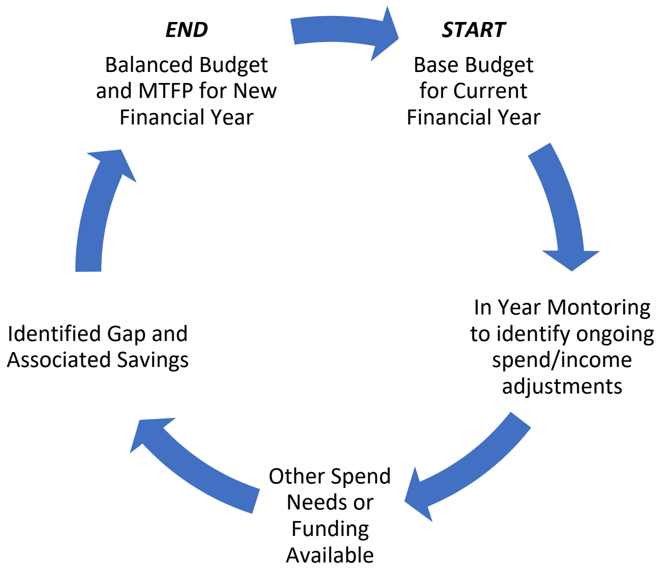
Robustness of the Estimates

15.2 The Council has a duty to act reasonably taking into account all relevant considerations and not considering anything which is irrelevant. This report together with the other budget related reports on the agenda set out a total picture of the proposals from which members can consider the risks and the arrangements for mitigation.

15.3 The Council's budget strategy process and timeline for 2023-24 was reported to both the Finance and Resources Scrutiny Committee (18th October 2022) and the Executive (10th November 2022). The Budget Strategy provides the basis for the setting of the 2023-24 Budget and the Medium-Term Financial Plan.

15.4 The robustness of both the budget pressures and savings are of equal importance when setting a balanced budget – the pressures need to reasonably reflect those that the Council is facing, and the savings must be deliverable.

15.5 The high-level strategy process for setting the budget is as illustrated in the diagram below.



15.6 Information will be taken from the 2022-23 budget, amended for recurring issues identified through the budget monitoring process, together with any other adjustments (investment/income changes) before arriving at the net funding gap to be met through identified savings or income generation before coming to a balanced budget position for 2023-24.

15.7 The Council has a statutory requirement to balance its budget which includes the services provided by the Children's Trust which operates across Northamptonshire. The Trust provides Children's Social Care support under contract to North Northamptonshire Council and West Northamptonshire Council. Each year the Councils consider the funding requirement for the Trust in line with the contract arrangements between the Councils and the Trust. The Trust budget proposals are subject to Scrutiny and the Council will include the contract sum as part of its budget requirements for approval.

15.8 The uncertainty regarding future funding for local authorities makes a robust and evidenced assessment of financial governance and future resilience critical. The

CFO has examined the major assumptions used within the budget calculations to ascertain the levels of potential risk in the assumptions being used. A summary of the key risks is set out in the table below.

Risk	**Mitigations**
Overall Medium-Term funding is less than forecast	Additional savings proposals will need to be identified by reducing or redesigning services. Maximise annual Council Tax increases to provide stability of funding in the future.
Changes to the Local Government funding system as a result of the Fair Funding Review and changes to Business Rates Retention negatively impact on medium term funding forecasts.	Additional savings proposals will need to be identified. Maximise annual Council Tax increases to provide stability of funding in the future.
Volatility of business rates funding given the uncertainly around the economic impact and the potential impact of change of circumstances and successful appeals.	Use of earmarked reserves.
Council Tax and Business Rates Collection Fund deficits are higher, or surpluses are lower than forecast as a result of the current economic impact from the increase in the cost of living.	Use of earmarked reserves.
Non delivery or under delivery of savings within services	Use of reserves. Alternative mitigations through other budget heads where possible. Maximise annual Council Tax increases to provide greater stability and resilience to protect services
The cost-of-living crisis, high levels of inflation and increasing interest rates could impact on the Councils income streams, service demand and the cost of services and capital, including the risk that the pay award may exceed budget.	Maximise annual Council Tax increases to provide stability. Increased lobbying of Government for support. Review of service provision and/or design and/or investment will take place in the first instance to understand whether service change or project redesign could mitigate costs and assist need as

Risk	Mitigations
	well as affordability both in the immediate and longer term. Use of contingency and/or earmarked reserves to manage in -year position and provide the time for appropriate and safe change.
The position on brought forward reserves is lower than anticipated following the final accounts certification by External Audit	Ensure adequate level of reserves to provide capacity to manage this risk. Replenish reserves over the medium term.
The disaggregation of the former County Council's balance sheet following certification of the final accounts may not be as anticipated and give rise to unplanned changes.	Ensure adequate level of reserves to provide capacity to manage this risk. Replenish reserves over the medium term.
Further disaggregation of services previously provided under a lead/host arrangement following LGR may give rise to unplanned changes	Reviews of service need and design following disaggregation and the associated budgets will be carried out to work within available budgets. Where this is not feasible then use of contingency or reserves will be applied to manage the service through the initial period until it can be included within the budget strategy for future years as required.
The Band D Council Tax is low compared to national average rates for Unitary councils, restricting the ability to maximise income from Council Tax due to restrictions imposed by national referendum principles.	Maximise annual Council Tax increases to provide stable funding source.
If Council Tax is not maximised, then there is a risk that services will need to be (further) reduced.	Maximise annual Council Tax increases to provide stable funding source. Seek alternative income streams, recognising risk.
Unplanned and unforeseen consequences and costs arising from the implementation of new or changed systems and processes across service areas within the Council.	Reviews of services and the budgets associated with them will be carried out throughout 2023-24 to ensure that priorities are deliverable within the approved budgets.

Risk	Mitigations
	Use of available contingency. Use of earmarked reserves to support one-off costs and to provide the time for appropriate and safe service change. Maximise annual Council Tax increases to provide stability of funding in the future.
Unplanned and unforeseen consequences and costs arising from demand led services.	Robust financial management and reporting processes to give early warning of potential risks and issues. In-year mitigations to overspends are sought where possible, including service change and/or greater spending controls. Use of available contingency. Use of earmarked reserves to support one-off costs and to provide the time for appropriate and safe service change. Maximise annual Council Tax increases to provide stability of funding in the future.

15.9 It is the opinion of the CFO that any significant budget risks to the General Fund and the Housing Revenue Account have been identified and that suitable proposals are being put in place to mitigate against these risks where possible. The Council's Budget Monitoring procedures will be embedded across the authority and are designed to specifically monitor high level risks and volatile budgets. An assessment of anticipated business rates income has been carried out based on the information available and provision has been made for outstanding appeals. There is considered to be a prudent provision.

15.10 The 2023-24 budget continues to have some complexities brought about from disaggregating the County Council's budget and aggregating the District and Borough budgets in 2021-22. The CFO considers that the assumptions on which the 2023-24 budget has been based are reasonable.

15.11 The Council has a contingency budget of £3.651m in 2023-24 (£4.750m in 2022-23). This is £1.099m lower than in 2022-23 and is considered a prudent level of contingency, acknowledging that the level of risk and uncertainty from disaggregating the County Council's budgets should be further reduced in 2023-24. However, it is also recognised that risk inevitably remains within the budget estimates, particularly as a result of the uncertainty in the global economic climate and the pressures from inflation.

15.12 The Council holds a number of reserves that can be called on if necessary and the CFO is confident that overall, the budget position of the Council can be sustained within the overall level of resources available. However, to the degree that the budget savings are not achieved in a timely manner and reserves are called on to achieve a balanced position, further savings will need to be identified and implemented in order to ensure the Council's future financial stability is maintained.

15.13 The Council needs to be satisfied that it can continue to meet its statutory duties and meet the needs of vulnerable young people and adults. Proposals have been drawn up on the basis that Strategic Directors are satisfied that this will enable them to continue to meet their statutory duties and the needs of the most vulnerable.

Adequacy of the proposed Financial Reserves

15.14 The General Fund Reserve is held to meet costs arising from any unplanned event. It also acts as a financial buffer to help mitigate against the financial risks the Council faces and can be used to a limited degree to "smooth" expenditure across years. It is currently estimated that the balance on the reserve at 1st April 2023 will be £24.2m and this will remain unchanged for the year. This includes an allocation for the split of the County Councils reserves which are still subject to final Audit certification.

15.15 The level of General Fund reserves held has been assessed by the CFO and is felt to be prudent given the level of volatility in Council funding streams such as business rates and general uncertainty over the levels of funding available going forwards.

15.16 The expected level of the General Reserve is therefore seen as the minimum level required to be held to protect the Council from the financial risks inherent within the proposed budget strategy. Any variation in spend at the year's outturn will also affect the level of General Fund Reserve available next year.

15.17 The Council also has a number of Earmarked General Fund Reserves which are detailed in the 2023-24 budget report. The estimated level of General Fund reserves, excluding Schools, as at 31st March 2024 is £111.1m. The detail of which is set out in **Appendix D**. The level of reserves required is assessed as part of the budget setting process and the monitoring of these reserves will take place through the monthly reporting process to Senior Managers and Members during the financial year and at the year-end as part of the closure of accounts.

15.18 The Council is an extremely complex organisation with a wide scale and diversity of assets, interests, liabilities and other responsibilities. By their nature many of the risks are unknown and cannot be quantified, particularly in the current challenging financial climate. It is therefore essential that the Council maintains adequate general reserves, particularly as a result of the current economic challenges and the risk that the unprecedented levels of inflation could bring to the delivery of key demand led services.

15.19 It may be worth emphasising that reserves should not be seen in a short-term context with regard to their use. They should be placed in the context of the long-term funding reductions, service pressures and service delivery issues that the council may face. It is, however, legitimate for the council to call on reserves to mitigate short term pressures, smooth out the impact of extraordinary one- off demands such as government grant reductions, to meet the cost of unforeseen events and to enable any necessary structural budget adjustments to be implemented in a measured and planned way.

15.20 In particular, the Council's reserves may be required from 2025-26 to be used to smooth potential reductions in government funding bought about by the resetting of the Business Rates System and the outcome of the Fair Funding review. This is an area and approach that the Council will have to keep under review.

15.21 The Chartered Institute of Public Finance and Accountancy (CIPFA) has carried out some benchmarking on the level of reserves held by unitary authorities and identified that they tend to maintain unearmarked reserves between 5% and 10% of net revenue expenditure. For North Northamptonshire this would mean maintaining such reserves at between £16.8m and £33.6m. The estimated level of general reserves on 1st April 2023 is £24.2m (7.2%) and this is not currently forecast to change during the year.

Fiduciary and Statutory Considerations

15.22 In setting the budget the Council has a duty to ensure:

- It continues to meet its statutory duties.

- Governance processes are robust and support effective decision making its Medium-Term Financial Strategy reflects the significant challenges being faced and remains responsive to the uncertainties in the economy by continuing to deliver against its savings targets.

- The Medium-Term Financial Plan is a live document and is a key tool in assessing the financial viability of the Council.

- Its savings plans are clearly communicated and linked to specific policy decisions, with the impact on service provision clearly articulated.

- It has the appropriate levels of reserves and that it closely monitors its liquidity to underpin its financial resilience.

- It continues to provide support to members and officers responsible for managing budgets.

- It prepares its annual statement of accounts in an accurate and timely manner.

15.23 In coming to decisions in relation to the revenue budget and Council Tax the Council has various legal and fiduciary duties. The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the calculation of the council tax requirement and the setting of the overall budget and council tax. The amount of the council tax requirement must be sufficient to meet the Council's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.

15.24 In exercising its fiduciary duty, the Council should be satisfied that the proposals put forward are a prudent use of the Authority's resources in both the short and long term:

- that the proposals strike a fair balance between the interests of Council taxpayers and ratepayers on the one hand and the community's interests in adequate and efficient services on the other and

- that they are acting in good faith for the benefit of the community whilst complying with all statutory duties.

- Officers have addressed the duty to strike a fair balance between the different elements of the community and the interests of council tax and business rate payers in developing the budget proposals.

15.25 Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer ('CFO') of the authority must report to the Council on:

a) the robustness of the estimates made for the purposes of the calculations, and
b) the adequacy of the proposed financial reserves

15.26 The Council has a statutory duty to have regard to the CFO's report when making decisions about the calculations and whilst council tax can only be set for one year at a time it is imperative Members give consideration to the Medium-Term Financial position when setting Council Tax levels.

15.27 Section 28 of the Local Government Act 2003 also imposes a statutory duty on the Council to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such action as it considers necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.

15.28 Under Section 114 of the Local Government Finance Act 1988, where it appears to the CFO that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure, the CFO has a duty to make a report to the Council.

15.29 The report must be sent to the Council's External Auditor and every member of the Council, and the Council must consider the report within 21 days at a meeting where it must decide whether it agrees or disagrees with the views contained in the report and what action (if any) it proposes to take in consequence of it. In the intervening period between the sending of the report and the meeting which considers it, the authority is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the authority, except in certain limited circumstances where expenditure can be authorised by the CFO. Failure to take appropriate action in response to such a report may lead to the intervention by the Council's Auditor. Following well publicised difficult financial positions of some local authorities there is a growing scrutiny of the financial position of individual local authorities.

Equalities Duties

15.30 In considering the budget for 2023-24 the Council must also consider its ongoing duties under the Equality Act 2010 to have due regard to the need to eliminate discrimination and advance equality of opportunity between all irrespective of whether they fall into a protected category such as race, gender, religion, etc. Having due regard to these duties does not mean that the Council has an absolute obligation to eliminate discrimination but that it must consider how its decisions will contribute towards meeting the duties in the light of all other relevant circumstances such as economic and practical considerations.

15.31 The Council will continue to use its Equality Impact Screening framework as an integral tool to ensure that all relevant services have due regard to the effect that their business proposals will have on protected groups within North Northamptonshire.

15.32 The Equality Impact Screening Assessment is attached as **Appendix F**.

Financial Governance.

15.33 The Council complies in full with the requirements set out in the CIPFA Statement on the role of the Chief Finance Officer. The S151 duties lie with the CFO who is also the Executive Director of Finance and Performance and is a full member of the Corporate Leadership Team and fully involved in the Council's governance and decision-making processes.

16. Implications (including financial implications)

Resources, Financial and Transformation

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

Legal and Governance

16.2 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).

16.3 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.

16.4 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.

16.5 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.

Relevant Policies and Plans

16.6 The budget provides the financial resources to enable the Council to deliver on its plans and meet corporate priorities as set out in the Council's Corporate Plan.

Risks

16.7 The basis of the budget proposals are to enable the Council to deliver a balanced budget for 2023-24; 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.

16.8 Every effort has been made to establish robust estimates, however, inevitably risks will remain. These are also acknowledged in the Section 25 report which is set out in paragraph 15 of this report.

16.9 It is recognised that as a new Council arising from a Local Government Reorganisation process, there remains a number of risks in the budget assumptions as the Authority seeks to settle into a more regular "business as usual" pattern for North Northamptonshire following the cessation of the former County Council and the District and Borough Councils.

16.10 The disaggregation of the County Council's balance sheet between North and West Northamptonshire remains a risk to the assumed position, which could give rise to unplanned changes. Work in this area is ongoing and will be dependent on the finalisation of the former County Council's accounts for 2020-21 before a final position can be established.

16.11 There remain several lead and host arrangements between West and North Northamptonshire, some of which will be disaggregated over the coming months and years in line with an agreed programme. Until this work has been carried out is it difficult to identify the potential implications.

16.12 There is a great deal of uncertainty surrounding Local Government Funding in future years with a potential new funding regime being implemented from 2025-26 impacting on both the funding distribution and business rates retention. The likely reset of business rates and redistribution of growth brings significant risk to areas such as North Northamptonshire and other authorities that have experienced a significant growth in their Business Rates base since the retention arrangements came into force.

16.13 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 and makes informed medium term financial planning incredibly difficult. As a sector, Local Government, has previously stated that it would welcome multi-year settlements which would significantly assist with Medium Term Financial Planning, reducing the uncertainty around funding. Currently Councils receive only a single year settlement, and accordingly the Council has set out its balanced budget for the immediate financial year (2023-24), with indicative budgets for 2024-25 and 2025-26 which will be firmed up alongside government funding announcements.

16.14 The Council will seek to manage any risks within the wider budget and take corrective action as necessary. Where necessary changes will be made to subsequent Financial Plans.

Consultation

16.15 The formal consultation on the draft budget proposals commenced on 22nd December 2022 and concluded on 27th January 2023 this allowed time for the preparation of the final budget proposals for this meeting of the Executive and for the Council meeting on 23rd February 2023.

16.16 The structure and design of the consultation set out the budget proposals and enabled both online and non-digital means of participation, in accordance with good practice. To ensure the widest possible reach, a variety of consultation methods were used to maximise the range of accessible channels for consultees, these included:

- 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.

16.17 The purpose of the consultation is to ensure that, when the final budget proposals are considered by Council on 23rd February 2023, Members are fully aware of the consultation feedback and are in a position to take it into account when making their decisions. This includes full consideration of any viable alternatives for ways to save money/generate income, if provided.

16.18 In addition, there was specific consultation for budget proposals that required targeted consultation with service users. This included consultation with local residents regarding the HRA and proposed rent levels via the Tenants Advisory Panel.

16.19 Section 12 of this report provides a summary of the Consultation responses and further details are set out in **Appendix E**.

16.20 A meeting took place with between Council Officers and representatives of the Trades Unions on 25th January 2023 to set out the budget proposals and respond to any questions raised.

Consideration by Executive Advisory Panel

16.21 Not applicable.

Consideration by Scrutiny

16.22 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, comments from the Scrutiny process are set out in **Appendix G** of this report.

16.23 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.

16.24 Prior to the scrutiny of the 2023-24 budget, the Finance and Resources Scrutiny Committee reviewed the in-year position for 2022-23 during November 2022.

This was to enable the Committee to interrogate the forecast for 2022-23 and identify any issues in advance of the budget setting for 2023-24.

16.25 In respect of the 2023-24 budget, the scrutiny of the budget proposals took place following the presentation of those proposals to Executive on 22nd December 2022 which took into account the outcome of the Local Government Finance Settlement, through the publication of an addendum to the main report. The Scrutiny sessions were completed on 23rd January 2023 and a separate report was published by the Committee following its meeting on 30th January 2023.

16.26 A total of four Budget Scrutiny sessions were undertaken for 2023-24 and covered the following main service areas, excluding the Children's Trust which was subject to an earlier and separate session in line with the budget setting timetable. The areas covered were:

- Children's and Education Services (06/01/23) excluding the Children's Trust
- Place and Economy (17/01/23)
- Enabling and Support Services – Finance and Performance, ICT, Communications, Customer and Governance (18/01/23)
- Adults, Communities and Wellbeing Services, including the HRA (23/01/23)

16.27 The relevant senior Council Officers and Executive Member portfolio holders attended each scrutiny session to put forward the detail of their budget proposals and answer any question put forward by the Committee Members. The sessions included both the revenue budget and the capital programme for each of the main service areas.

16.28 The outcome from the scrutiny process is included in this report for consideration by the Executive prior to the Executive making its decisions on the budget to recommend to Council on 23rd February 2023.

Equality Impact Screening

16.29 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.

16.30 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)

16.31 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.

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

Climate and Environment Impact

16.33 North Northamptonshire Council 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.

16.34 Significant progress has since been made and reported into the Climate, Growth and Environment Executive Advisory Panel at regular intervals throughout 2022.

16.35 Some examples of this progress in the last 12 months include the planting of around 4,000 trees on land we manage to improve the landscape, wildlife habitats, recreation and offset carbon emissions. The Council has also delivered Carbon Literacy Training for elected members and over 50 senior managers. A Train the trainer programme is currently under development to roll this out to the wider workforce over the next 2 years. Over the last 6 months our grounds maintenance operations in Corby/Kettering have collected 155,000 Kg of green waste, saving an estimated 12,000 kg of C02e.

16.36 A new Carbon Management Action Plan was presented to the Executive in December 2022. The Plan confirms the councils baseline figure of carbon emissions and also details how the council will look to reduce this across a number of key areas including its buildings, fleet, highways, waste and recycling, and behaviour change to mention a few. The Plan also provides actions to be taken over the short (1-2 years), medium (2-5 years) and long term (5+ years). There are over 40 actions alone to be worked through in the next two years. One of the first is to undertake energy surveys on our 10 highest energy consumption buildings, the results of which will provide actions to reduce both gas and electricity consumption, this reducing our carbon emissions as well as mitigating expenditure costs for the council. Progress is also being made to move a number of our fleet vehicles to electric and a wider Electric Vehicle Strategy will be finalised in the Spring 2023.

16.37 A £1m pump priming investment was included within the 2022-23 budget allocated across the three-year period 2022-25 to enable the council to develop a robust response and deliver against the actions within the Carbon Management Plan. The allocation for 2023-24 is £250k and is funded through an earmarked reserve.

Community Impact

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

Crime and Disorder Impact

16.39 There are no specific issues arising from this report.

17. Background Papers

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

- Executive Meeting (22/12/22) – Draft Budget 2023/24 and Medium-Term Financial Plans https://northnorthants.moderngov.co.uk/ieListDocuments.aspx?CId=14&MId=900&Ver=4

- Council Budget Setting Meeting (24/02/22) - Final Budget 2022/23 and Medium-Term Financial Plans, including the Council Tax Resolution - https://northnorthants.moderngov.co.uk/ieListDocuments.aspx?CId=151&MId=179&Ver=4

- Executive Meeting (10/02/22) – Draft Budget 2022/23 and Medium-Term Financial Plans https://northnorthants.moderngov.co.uk/ieListDocuments.aspx?CId=142&MId=330&Ver=4

- Budget Forecast Reports to the Executive and Finance & Resources Scrutiny Committee

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Draft Budget Summary 2023/24

Appendix A

Summary by Directorate	2023/24 £000	2024/25 £000	2025/26 £000
Adults, Wellbeing and Communities	132,642	143,281	161,121
Children and Education	69,530	70,157	71,897
Place & Economy	68,500	72,833	77,316
Enabling Services	36,102	35,536	36,226
Corporate	29,721	37,156	42,084
Base Budget Gross Budget (Excluding DSG Funding)	**336,495**	**358,963**	**388,644**
Base Budget (DSG Funded)	354,963	354,963	354,963
Total Base Gross Budget	**691,458**	**713,926**	**743,607**
Total Funding	**(691,458)**	**(696,826)**	**(690,431)**
Budget Gap	**(0)**	**17,100**	**53,176**

Adjustments to Base Budgets by Assistant Director

Adults, Wellbeing and Communities	2023/24 £000	2024/25 £000	2025/26 £000
Opening Budget	**119,230**	**132,642**	**143,281**
Commissioning & Performance	(2,043)	(1,225)	300
Adult Services	14,102	11,364	17,040
Safeguarding & Wellbeing	1,788	0	0
Housing and Communities	(297)	500	500
Public Health	(138)	0	0
Closing Budget	**132,642**	**143,281**	**161,121**

Children and Education	2023/24 £000	2024/25 £000	2025/26 £000
Opening Budget	**63,695**	**69,530**	**70,157**
Assistant Director of Education	(546)	118	240
Commissioning & Partnerships (includes the client role for the Children's Trust)	6,381	509	1,500
Closing Budget	**69,530**	**70,157**	**71,897**

Draft Budget Summary 2023/24

Appendix A

Place & Economy	2023/24 £000	2024/25 £000	2025/26 £000
Opening Budget	**56,445**	**68,500**	**72,833**
Growth & Regeneration	(260)	0	(250)
Assets & Environment	2,719	564	1,431
Highways & Waste	9,444	3,754	3,292
Regulatory Services	152	15	10
Directorate Costs	0	0	0
Closing Budget	**68,500**	**72,833**	**77,316**

Enabling & Support Services	2023/24 £000	2024/25 £000	2025/26 £000
Opening Budget	**38,035**	**36,102**	**35,536**
Finance & Accountancy	(1,778)	(10)	(10)
Customer & Governance	(129)	(217)	600
Transformation Customer Services & IT	(97)	(253)	100
Chief Executive	71	(86)	0
Closing Budget	**36,102**	**35,536**	**36,226**

Corporate	2023/24 £000	2024/25 £000	2025/26 £000
Opening Budget	**18,502**	**29,721**	**37,156**
Corporate	11,219	7,435	4,928
Closing Budget	**29,721**	**37,156**	**42,084**

Draft Budget Summary 2023/24 Appendix A

	2023/24 £000	2024/25 £000	2025/26 £000
Funding			
New Homes Bonus	(1,839)	(1,839)	0
Business Rates Funding Baseline	(98,316)	(98,735)	(85,796)
Business Rates Collection Fund	3,699	0	0
Council Tax	(189,419)	(191,314)	(193,226)
Council Tax Collection Fund	(1,971)	0	0
Revenue Support Grant	(5,740)	(5,741)	(6,267)
Social Care Grant	(11,427)	(11,427)	(11,427)
Social Care Funding - Other	(6,799)	(9,424)	(15,872)
Services Grant	(2,206)	(2,206)	0
Discharge Funding (Ring Fenced) - Renamed to Market Sustainability and Improvement Fund	(2,955)	(4,428)	(5,357)
Improved Better Care Fund	(13,138)	(14,002)	(15,490)
Rural Services Delivery Grant	(35)	(35)	(35)
Lower Tier Support Grant	0	0	0
Transfer to / (From) Reserves	(6,349)	(2,712)	(1,998)
Total Funding (Excluding DSG)	**(336,495)**	**(341,863)**	**(335,468)**
DSG Funding	**(354,963)**	**(354,963)**	**(354,963)**
Total Funding	**(691,458)**	**(696,826)**	**(690,431)**

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Adults, Communities & Wellbeing

Category	Proposal Title	Proposal Description	2023/24 £000	2024/25 £000	2025/26 £000
Commissioning & Performance		**Opening Budget**	**5,188**	**3,145**	**1,920**
Contract Changes & Other Inflation	Shaw PPP inflation	Contractual annual inflation obligations for Shaw Public Private Partnership (PPP) contract.	274	287	300
Service Change Development	Voluntary Sector Support	Additional Support to the Voluntary Sector end of three year additional funding occurs in 2024/25.	0	(200)	0
Service Change Development	Staffing	Disaggregation costs for the Personal Budgets Support Service (PBSS) Service	125	0	0
Total Pressures			**399**	**87**	**300**
Service Change Development	Shaw PPP	Reduction in number of residential placements made in the independent sector owing to increase utilisation beds in PPP properties.	(1,192)	(695)	0
Service Change Development	Shaw PPP	Increase utilisation of capacity within Discharge to Access	(1,058)	(617)	0
Service Change Development	Contract Rationalisation	Increasing utilisation of framework providers for homecare and reduction of more expensive spot contracts	(67)	0	0
Service Change Development	Staffing	Saving of wider staffing budget to fund PBSS	(125)	0	0
Total Savings			**(2,442)**	**(1,312)**	**0**
Commissioning & Performance		**Closing Budget**	**3,145**	**1,920**	**2,220**

Appendix B

Pressures / Savings by Directorate

Appendix B

Adults, Communities & Wellbeing					
Category	**Proposal Title**	**Proposal Description**	**2023/24 £000**	**2024/25 £000**	**2025/26 £000**
Adult Services		**Opening Budget**	**89,966**	**104,068**	**115,432**
Contract & Other Inflation	Contractual Inflation Adult Social Care	Contractual Inflation/fee increases for independent care placements incorporating National Living Wage pressures for social care providers.	8,319	5,784	9,988
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.	4,114	3,710	4,040
Demographic/service demand	Social Care Discharge Fund	Increase expenditure in line with additional ringfenced grant funding to meet Social Care related demand in respect of discharge and capacity funding	1,984	878	1,524
Demographic/service demand	Additional Improved Better Care Funding	Increase expenditure in line with additional grant funding to meet Social Care related demand	1,616	992	1,488
COVID Related	CCG Discharge Packages Covid 19	Reversal of one off Covid Pressure relating to 2021/22	(513)	0	0
Service Change Development	Staffing	Social Worker - Market Forces	100	0	0
Socail Care Grant Income	Independent Living Fund	Removal of grant budgets from services as item now funded through the Social Care Grant	358	0	0
Total Pressures			**15,978**	**11,364**	**17,040**
Full year effects of previous decisions	Strengths based working	Transformation of adult social care pathways and processes to ensure focus on client outcomes, independence, better decision making and best practice approaches to reduce delays and spend.	(587)	0	0
Service Change Development	Demographic and prevalence pressures adult social care	Reduction in demand due to Provider transformation Phase 1 - Specialist Care Centre	(1,189)	0	0
Service Change Development	Staffing	Savings from review of wider staffing budget to fund Social Worker Market Forces	(100)	0	0
Total Savings			**(1,876)**	**0**	**0**
Adult Services		**Closing Budget**	**104,068**	**115,432**	**132,472**

Pressures / Savings by Directorate **Appendix B**

Adults, Communities & Wellbeing					
Category	**Proposal Title**	**Proposal Description**	**2023/24 £000**	**2024/25 £000**	**2025/26 £000**
Safeguarding and Wellbeing		**Opening Budget**	**13,100**	**14,888**	**14,888**
Provider Service Transformation	Staffing	Provider Services Transformation - Phase1 - Specialist Care Centre	1,788	0	0
Service Change Development	Staffing	Disaggregation - Shared Lives	23	0	0
Total Pressures			**1,811**	**0**	**0**
Service Change Development	Staffing	Disaggregation of Shared Lives to be managed within the wider provider services staffing	(23)	0	0
Total Savings			**(23)**	**0**	**0**
Safeguarding and Wellbeing		**Closing Budget**	**14,888**	**14,888**	**14,888**

Pressures / Savings by Directorate

Appendix B

Adults, Communities & Wellbeing					
Category	**Proposal Title**	**Proposal Description**	**2023/24 £000**	**2024/25 £000**	**2025/26 £000**
Housing and Communities		**Opening Budget**	**10,838**	**10,541**	**11,041**
Leisure Fees & Charges	Reduction in Income	Lodge Parks Sports Centre - Reduction in Income	95	0	0
Contract Change & Other Inflation	Utility Costs	Increase in Utility Costs - Reflective of Market Conditions	1,270	500	500
Domestic Abuse	Domestic Abuse Duty Funding	Costs associated with providing support for victims of domestic abuse	679	13	(692)
Total Pressures			**2,044**	**513**	**(192)**
Service Change Development	Homelessness Policy Changes	Harmonisation of Homelessness Policies	(200)	0	0
Service Change Development	Maximisation of Grant	Capitalisation of posts for work relating to Disabled Facility Grants	(127)	0	0
Service Change Development	Income generation	Fees and Charges - Leisure	(195)	0	0
Service Change Development	Efficiencies	Legacy budgets no longer required	(42)	0	0
Service Change Development	Efficiencies	Review of Strategic Grants	(7)	0	0
Transformation	Staffing	Service Transformation	(360)	0	0
Service Change Development	Income Generation	External Funding for Events	(30)	0	0
Service Change Development	Efficiencies	Review of Neighbourhood Centres	(45)	0	0
Service Change Development	Income Generation	Introduce an E-Gym offer	(63)	0	0
Service Change Development	Income Generation	Repurposing of Public Health grant to fund wellbeing posts	(93)	0	0
Grant Income	Public Health Grant	Grant funding to support services in addressing Public Health needs	(500)	0	0
Grant Income	Domestic Abuse Duty Funding	Grant funding to provide support for victims of domestic abuse	(679)	(13)	692
Total Savings			**(2,341)**	**(13)**	**692**
Housing and Communities		**Closing Budget**	**10,541**	**11,041**	**11,541**

Pressures / Savings by Directorate

Appendix B

Adults, Communities & Wellbeing					
Category	**Proposal Title**	**Proposal Description**	**2023/24 £000**	**2024/25 £000**	**2025/26 £000**
Public Health		**Opening Budget**	**138**	**0**	**0**
Total Pressures			**0**	**0**	**0**
Technical Change	Realignment of Grant	Realignment of grant following disaggregation	(138)	0	0
Total Savings			**(138)**	**0**	**0**
Public Health		**Closing Budget**	**0**	**0**	**0**

Adults, Communities & Wellbeing	**Closing Budget**	**132,642**	**143,281**	**161,121**

Pressures / Savings by Directorate **Appendix B**

Children & Education

Category	Proposal Title	Proposal Description	2023/24 £000	2024/25 £000	2025/26 £000
Assistant Director Education		**Opening Budget**	**5,931**	**5,385**	**5,503**
Technical changes	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 are 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.	366	293	240
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. An additional amount of £700k was included in the 22/23 Budget.	(175)	(175)	0
Total Pressures			**191**	**118**	**240**
Technical changes	Teachers Pensions	Budget Realignment for historical contribution for the Teachers Pensions Fund	(275)	0	0
Technical changes	DSG Funding	Budget Realignment of the DSG contribution towards the historical contribution for the Teachers Pensions Fund	(462)	0	0
Total Savings			**(737)**	**0**	**0**
Assistant Director Education		**Closing Budget**	**5,385**	**5,503**	**5,743**

Pressures / Savings by Directorate

Appendix B

Category	Proposal Title	Proposal Description	2023/24 £000	2024/25 £000	2025/26 £000
Children & Education					
(Includes Client Role for Children's Trust)		**Opening Budget**	**57,764**	**64,145**	**64,654**
Technical changes	Contribution to Children's Trust	Investment for Children's Trust - Contract Sum	5,784	1,500	1,500
Technical changes	Contribution to Children's Trust	Investment for Children's Trust - One off Investments. In 22/23 there was one-off investment of £594k.	397	(991)	0
Technical changes	Reductions in Income	Budget assumptions for support services to NCT were split in line with the Contract Sum, rather than the actual level of provision.	685	0	0
Technical changes	DSG Funding	Reductions in DSG Funding.	618	0	0
Grant	Families Hub	Expenditure funded from the Families Hub Grant.	1,621	(307)	(1,314)
Total Pressures			**9,105**	**202**	**186**
Technical changes	Additional Demand - Payments to other Establishments	Disaggregated Additional Demand - Payments to other Establishments Budget for Children, Families and Education, budget not utilised	(691)	0	0
Technical changes	Disaggregated Budget not required	Disaggregated Budget - budget not utilised	(412)	0	0
Grant	Families Hub	Families Hub Grant to Fund the Expenditure	(1,621)	307	1,314
Total Savings			**(2,724)**	**307**	**1,314**
Commissioning & Partnerships (Includes Client Role for Children's		**Closing Budget**	**64,145**	**64,654**	**66,154**

Children & Education	**Closing Budget**	**69,530**	**70,157**	**71,897**

Place & Economy					
Category	**Proposal Title**	**Proposal Description**	**2023/24 £000**	**2024/25 £000**	**2025/26 £000**
Growth & Regeneration		**Opening Budget**	**4,192**	**3,932**	**3,932**
Service Change/Development	Climate Change	Delivery of a range of climate change initiatives to reduce NNC's carbon footprint towards net zero	(250)	0	(250)
Service Change/Development	High Street HAZ Project	Resources required for the Heritage Action Zone Scheme (HAZ) as previously approved in the funding bid	0	100	0
Total Pressures			**(250)**	**100**	**(250)**
Fees & Charges	Increase in Fees & Charges	Increase in Fees & Charges	(10)	0	0
Full year effects of previous decisions	High Street HAZ Project	One off funding for the Heritage Action Zone Project (HAZ) previously approved - Full year effects of previous decisions	0	(100)	0
Total Savings			**(10)**	**(100)**	**0**
Growth & Regeneration		**Closing Budget**	**3,932**	**3,932**	**3,682**

Place & Economy					
Category	**Proposal Title**	**Proposal Description**	**2023/24 £000**	**2024/25 £000**	**2025/26 £000**
Assets and Environment		**Opening Budget**	**1,203**	**3,922**	**4,486**
Contract & Other Inflation	Utilities Inflation	Inflationary pressure on utilities contracts.	1,300	500	500
Contract & Other Inflation	Place Contract Inflation	Contract Inflation	100	50	50
Service Change/Development	Knuston Hall	Assuming the sale of the property in 2023/24, this reflects ongoing costs prior to disposal	180	(180)	0
Business Rates	Car Parks	Business Rates for Corby Car Parks	63	0	0
Service Change/Development	Wellingborough Place Services	Loss of Commercial income and service delivery pressures	932	0	0
Contract Change & Other Inflation	Fleet fuel and running costs	Fleet Vehicles increase in leasing costs	90	0	0
Contract Change & Other Inflation	Fleet fuel and running costs	Fleet Vehicles increase in fuel costs	294	0	0
Car park income (Corby)	Car park income	Reduction in car parking income	108	0	0
Income Pressure	Traffic Flow Management	Reduction in income derived from dedicated routes to aid traffic flow across North Northamptonshire	48	0	0
Total Pressures			**3,115**	**370**	**550**
Covid pressures	Additional income	Garage Income	(10)	(10)	(10)
Transformation	Assets & Environment redesign	Assets & Environment Service Improvement and Redesign	(95)	0	0
Contract change	Grounds Maintenance	Operational changes to grounds maintenance costs & services	(57)	(127)	0
Supplies and Services	Grounds Maintenance	Purchase of equipment resulting in reduction in equipment hire charges	(15)	0	0
Supplies and Services	Grounds Maintenance	Purchase of equipment resulting in reduction in equipment hire charges	(30)	0	0
Additional income Mitchell Road	Rental Income	Rental Income for the Commercial Property Portfolio - one-off pressure to funded through reserves in accordance with the Strategy.	0	442	991
Transformation	Pay/Salaries	Operational changes to cleaning services	(14)	0	0
Transformation	Pay/Salaries	Operational changes to Council Buildings.	(31)	0	0
Rent reviews across portfolio	Rental Income	Additional income from rent reviews across the commercial portfolio.	(80)	(100)	(100)
Service Change/Development	Enterprise Centre Business Case - Full year effects of previous decisions	Increase in income based on appointed operators business case.	(64)	(11)	0
Total Savings			**(396)**	**194**	**881**
Assets and Environment		**Closing Budget**	**3,922**	**4,486**	**5,917**

Place & Economy					
Category	**Proposal Title**	**Proposal Description**	**2023/24 £000**	**2024/25 £000**	**2025/26 £000**
Highways & Waste		**Opening Budget**	**48,059**	**57,503**	**61,257**

Contract Change & Other Inflation	Place Contract Inflation	Contract inflation	120	120	120
Contract Change & Other Inflation	Home to School Transport Inflation	Contractual inflation and increased service demand	7,000	1,415	1,420
Contract Change & Other Inflation	Contract inflation - street lighting PFI	Increase in Contract costs.	321	566	311
Contract Change & Other Inflation	Energy inflation - street lighting PFI	Increase in Energy costs	640	130	130
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.	700	202	205
Service Change/Development	Highways Contract	Demobilisation costs for existing highways contract - reverses one-off pressure which was reflected in the 22/23 Budget	(201)	0	0
Transformation	Highways Service Team	Client Team to manage the Highways Contract for NNC	375	0	0
Contract Change & Other Inflation	Traffic Lighting	Contract and Energy Inflation	200	100	100
Service Change/Development	Refuse & Recycling	Reduction in trade waste income	145	0	0
Service Change/Development	Waste Management	Demobilisation of Household Waste Recycling Centre's (HWRC) Contract	0	100	(100)
Demographic/service demand	Waste Management	Disposal tonnage - Residual Waste	348	243	154
Demographic/service demand	Waste Management	Disposal tonnage - HWRC Residual Waste	(79)	13	9
Demographic/service demand	Waste Management	Disposal tonnage - HWRC Wood Waste	(27)	3	1
Contract Change & Other Inflation	Waste Management	Contractual inflation	1,547	1,311	744
Legislation change	Waste Management	Mandatory introduction of food waste collections	0	0	500
Legislation change	Waste Management	Changes to DIY waste charging at HWRCs	0	250	0
Legislation change	Waste Management	Affecting the collection and disposal of soft furnishing bulky items	100	0	0
Total Pressures			**11,189**	**4,453**	**3,594**

Pressures / Savings by Directorate

Place & Economy					
Category	**Proposal Title**	**Proposal Description**	**2023/24 £000**	**2024/25 £000**	**2025/26 £000**
Highways & Waste					
Demographics/service demand	Green Waste	Harmonisation of Green Waste Charges	(1,358)	(679)	(302)
Demographic/service demand	Promote food waste	Benefit of promoting the food waste service in the Corby and East Northants area	(50)	0	0
Fees & Charges	Refuse fees & charges	Increase refuse & recycling fees & charges	(135)	0	0
Fees & Charges	Highways fees & charges	Increase highways & transport fees and charges	(44)	0	0
Service Change/Development	Review Litter bin network	Reduction in street cleaning costs	(5)	0	0
Contract Change & Other Inflation	HWRC Income	Increase income from HWRCs	(153)	(20)	0
Total Savings			**(1,745)**	**(699)**	**(302)**
Highways & Waste		**Closing Budget**	**57,503**	**61,257**	**64,549**

Pressures / Savings by Directorate

Appendix B

Place & Economy

Category	Proposal Title	Proposal Description	2023/24 £000	2024/25 £000	2025/26 £000
Regulatory Services		**Opening Budget**	**2,343**	**2,495**	**2,510**
Contract & Other Inflation	Place Contract Inflation	Contract inflation Specialist Equipment Contract	6	6	0
Bereavement Services Income	Income	Bereavement Services - Reduction in Income	300	0	0
Street Lighting	Utilities	Energy increases on street lighting	40	0	0
Emergency Planning	Legacy Agreement	Service restructure costs following disaggregation	401	0	0
Utility costs for the crematorium	Utility costs for the Crematorium	Increased utility costs for Warren Hill Crematorium	90	9	10
Income Reduction	Food Safety Enforcement Grant	Removal of grant budgets from services as item now funded through RSG	7	0	0
Total Pressures			**844**	**15**	**10**
Transformation	Restructure	Rationalisation of service provision	(185)	0	0
Legacy Budget	Specialist Equipment For Service Delivery	Base budget allocation for incident response released	(280)	0	0
Fees & Charges	Increase in Fees & Charges	Increase in Fees & Charges	(227)	0	0
Total Savings			**(692)**	**0**	**0**
Regulatory Services		**Closing Budget**	**2,495**	**2,510**	**2,520**

Place & Economy					
Category	Proposal Title	Proposal Description	2023/24 £000	2024/25 £000	2025/26 £000
Directorate		**Opening Budget**	**648**	**648**	**648**
Total Pressures			**0**	**0**	**0**
Total Savings			**0**	**0**	**0**
Directorate		**Closing Budget**	**648**	**648**	**648**

Place & Economy	**Closing Budget**	**68,500**	**72,833**	**77,316**

Pressures / Savings by Directorate

Appendix B

Enabling Services

Category	Proposal Title	Proposal Description	2023/24 £000	2024/25 £000	2025/26 £000
Finance		**Opening Budget**	**13,575**	**11,797**	**11,787**
Contract Change & Other Inflation	Lead Authority Finance Operations	Lead Authority Finance Operations - NNC charge for shared Payment, Debt Collection and other exchequer services	107	0	0
Technical changes	Income Realignment	Disaggregated Income relating to Procurement - undeliverable	54	0	0
Technical changes	Audit Fees	Increase in External Audit Fees	500	0	0
Income Reduction	Business Rates Cost of Collection	Reduced Income in relation to costs of collection for business rates	59	0	0
Income Reduction	Local Council Tax Subsidy Grant	Removal of grant budgets from services as item now funded through RSG	79	0	0
Total Pressures			**799**	**0**	**0**
Technical Changes	Pensions	Pension - Historical Pension Fund Deficit	(232)	0	0
Technical Changes	Pensions	Reduction in Employer's Pension Contribution Rate	(1,890)	0	0
Technical Changes	Pensions	Disaggregation of Legacy Pensions	(450)	0	0
Additional Income	Housing Benefit Subsidy	Additional income relating to Housing Benefit Subsidy	(5)	(5)	(5)
Additional Income	Business Rates Cost of Collection	Additional income in relation to costs of collection for business rates	0	(5)	(5)
Total Savings			**(2,577)**	**(10)**	**(10)**
Finance		**Closing Budget**	**11,797**	**11,787**	**11,777**

Enabling Services

Category	Proposal Title	Proposal Description	2023/24 £000	2024/25 £000	2025/26 £000
HR & Governance		**Opening Budget**	**9,065**	**8,936**	**8,719**
Transformation/Service Change	Pay and Grading Review	Delivery of Pay and Grading Review	(120)	(100)	0
Contract Change & Other Inflation	Coroners	Coroners Storage Facility	100	0	0
Pay	Governance Establishment Changes	Salary adjustments due to restructures	160	0	0
Elections	Local Elections	Cost of Elections - funded via the Elections Reserve	0	0	600
Total Pressures			**140**	**(100)**	**600**
Service Change/Development	Fleet	Changes to the operational arrangements for the mayor	(19)	0	0
Additional Income	Legal Income	Increase in Legal Income target	(150)	0	0
Pay	Upper Tier Legal Services	Anticipated saving from bringing upper tier legal services in house	(100)	(117)	0
Total Savings			**(269)**	**(117)**	**0**
HR & Governance		**Closing Budget**	**8,936**	**8,719**	**9,319**

Pressures / Savings by Directorate

Appendix B

Enabling Services

Category	Proposal Title	Proposal Description	2023/24 £000	2024/25 £000	2025/26 £000
Transformation IT & Customer Services		**Opening Budget**	**13,008**	**12,911**	**12,658**
Contract Changes & Other Inflation	ICT Costs	Increased IT licencing costs.	253	(153)	100
Transformation	ICT Disaggregation	Upfront work needed for ICT disaggregation - one-off, reversal of 2022/23 pressure	(100)	0	0
Service Change/Development	Issuing of Blue Badges	Pressure from legacy budget	70	0	0
Total Pressures			**223**	**(153)**	**100**
Contract & Other Inflation	ICT Contract Rationalisation	Rationalisation of service contracts - largely mobile telephone contracts	(50)	(50)	0
Contract & Other Inflation	ICT application rationalisation	Rationalisation of service usage - largely Microsoft contract	(50)	(50)	0
Transformation	Customer Services Replacement of Case Management System & Telephone System	Case management system and telephony replacement	(106)	0	0
Supplies and Services	Uniforms	Reduction in Staff Uniforms	(8)	0	0
Pay	Staffing	Transformation Staff Savings	(106)	0	0
Total Savings			**(320)**	**(100)**	**0**
Transformation IT & Customer Services		**Closing Budget**	**12,911**	**12,658**	**12,758**

Pressures / Savings by Directorate

Appendix B

Enabling Services

Category	Proposal Title	Proposal Description	2023/24 £000	2024/25 £000	2025/26 £000
Chief Executives		**Opening Budget**	**2,387**	**2,458**	**2,372**
Contract & Other Inflation	Corporate Subscription Price Inflation	Increase in Subscription Prices & SEMLEP Subscription	12	0	0
Pay	Web Team Legacy Site Migration	Additional Resource for migration of legacy authority websites	44	(86)	0
Service Change/Development	Unachievable Income targets	Ex-LGSS income target	25	0	0
Total Pressures			**81**	**(86)**	**0**
Pay	Staffing	Staff Savings	(7)	0	0
Service Change/Development	Communications	Communications - Savings on professional services not utilised.	(3)	0	0
Total Savings			**(10)**	**0**	**0**
Chief Executives		**Closing Budget**	**2,458**	**2,372**	**2,372**
Enabling Services		**Closing Budget**	**36,102**	**35,536**	**36,226**

Pressures / Savings by Directorate

Appendix B

Corporate					
Category	**Proposal Title**	**Proposal Description**	**2023/24 £000**	**2024/25 £000**	**2025/26 £000**
Corporate		**Opening Budget**	**18,502**	**29,721**	**37,156**
Demographic/service demand	MRP	Increase in the Minimum Revenue Provision (MRP) budget reducing the Council's Capital Financing Requirement	1,538	1,535	1,500
Demographic/service demand	Contingency Budget	Changes to the Corporate Contingency Budget following use of the contingency budget in 2022/23 to support on-going pressures.	1,983	0	0
Pay	Forecast pay inflation	Pay Contingency and recurring funding for pay increases held centrally until allocation confirmed	4,820	4,299	3,457
Pay	Pay & Grading review	Anticipated increase in salaries following pay & grading review and pay protections	2,479	1,673	(129)
Covid Related	Treasury Management	Reversal of Covid Pressure from 2021/22 for £342k - based on interest recovery by 2023/24	(342)	0	0
Service Demand	Bad Debts Provision	Increase in the Bad Debts Provision	750	0	0
Contract & Other Inflation	Contract	This reflects the estimated increase in the premium and a review of the future policy requirements.	600	100	100
Total Pressures			**11,828**	**7,607**	**4,928**
Additional Income	Treasury Management	Additional Income generated from higher than anticipated interest rates	(500)	0	0
Technical Changes	Treasury Management	Reduced costs following the repayment of loans	(109)	(172)	0
Total Savings			**(609)**	**(172)**	**0**
Corporate		**Closing Budget**	**29,721**	**37,156**	**42,084**

Appendix C

Dedicated Schools Grant (DSG)

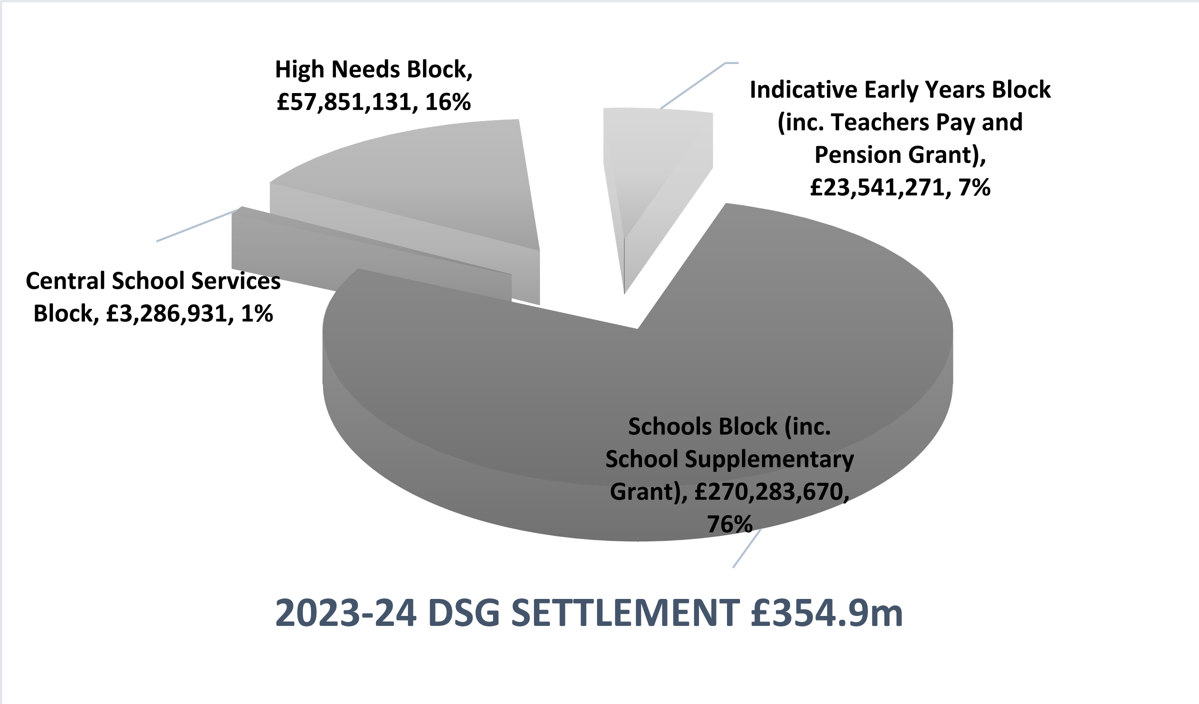
1. Background

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 schools individual school budgets (ISB) at their approval, and managed centrally by the LA for example school effectiveness and trade union facility time)
- funding for historic commitments and ongoing responsibilities.

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 operates 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**

- 98.72% of funding allocated to the LA is driven by pupil numbers and the Primary Unit of Funding (PUF) and Secondary Unit of Funding (SUF) and 0.61% is driven by growth numbers in schools. The remaining 0.67% 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.

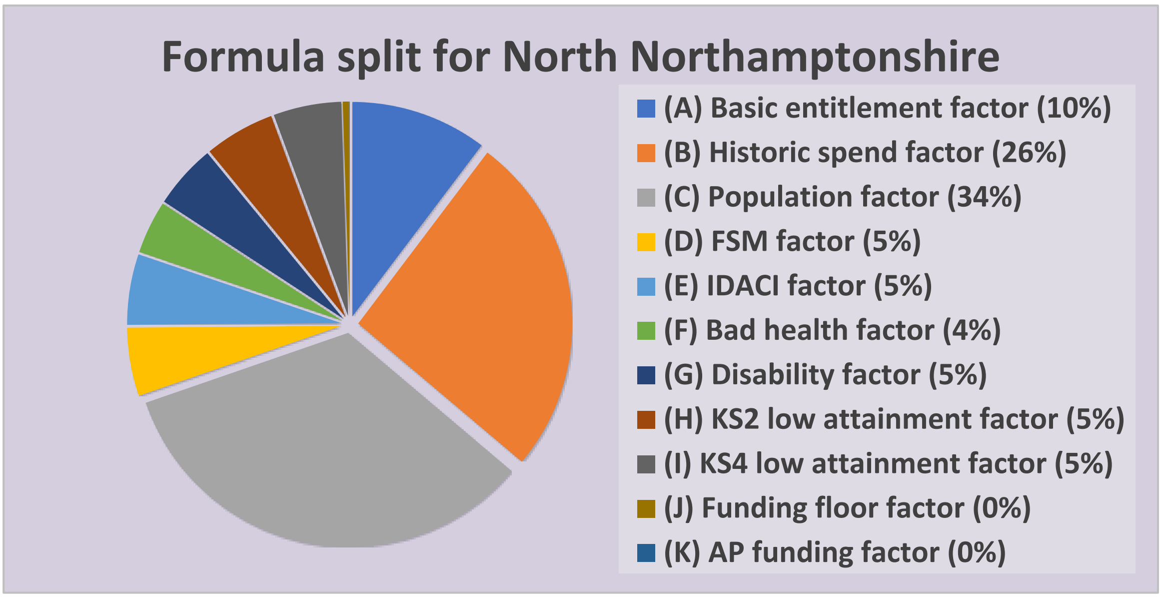
1.7 **Central Schools Services Block (CSSB)**

- 56.02% of CSSB is for funding ongoing responsibilities of the LA based on the schools Autumn 2022 census data at £36.91 per pupil and 43.80% 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.

.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**

- Indicative funding allocated to the LA is based on the last January School and Early Years Census applying the Early Years National Funding Formula (EYNFF). This is updated throughout the financial year.
- funds all early years' settings for 2, 3 & 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 3 & 4 year old funding to be used to fund LA central functions to manage and administer the early years' arrangements.

1.10 The DfE agency responsible for all school related funding is the Education and Skills Funding Agency (ESFA). 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 ESFA, reflecting the shift in responsibility for the funding of academies to the ESFA. 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 ESFA.

1.11 Within North Northamptonshire, there are currently 4 maintained nursery schools, 34 primary, 1 secondary and 1 special maintained school. There are also 78 primary, 18 secondary, 1 All-through and 7 special academies. An additional secondary academy will open in September 2023. There are also currently 9 SEN units with another 6 due to open in 2023-24.

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 July. 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. 2023-24 DSG Funding Summary

2.1 The Department for Education (DfE) published on 19 July 2022 an update on the policy paper of the National Funding Formula (NFF) 2023-24 for schools and high needs. Details can be found at National Funding Formula for Schools and High Needs.

2.2 The DfE subsequently confirmed the [2023-24 DSG Allocations] for the three DSG funding blocks on 16 December 2022. As Early Years funding is based on January pupil census, the published allocations are indicative at this stage as it will be revised to account for the January 2023 and January 2024 Schools and Early Years Census during 2023-24. The final 2023-24 DSG allocation will be determined in July 2024.

2.3 The latest DSG funding announcements for 2023-24 are the initial DSG allocations. The Schools, Central School Services and High Needs Block allocations have been updated with October 2022 census pupil numbers. Whilst there may be adjustments to DSG during the financial year to account for import and export adjustments to the High Needs Block, this is the point at which individual school budgets can be set through North Northamptonshire's schools' funding formula.

Schools Block DSG

2.4 Nationally core schools funding (including funding for mainstream schools and high needs) is increasing by £1.5 billion in 2023-24 compared to the previous year, on top of the £4 billion increase in 2022-23.

2.5 Funding through the schools NFF is increasing by 1.9% overall in 2023-24, and 1.9% per pupil, compared to 2022-23. For North Northamptonshire this average is 2.30% per pupil. This percentage varies from school to school as well as LA to LA National funding formula tables for schools and high needs: 2023 to 2024 - GOV.UK (www.gov.uk). Taken together with the funding increases seen in 2022-23, this means that funding through the schools NFF will be 7.9% higher per pupil in 2023-24, compared to 2021-22.

2.6 The schools national funding formula (NFF) continues to distribute this fairly, based on the needs of schools and their pupil cohorts. The key changes to the schools NFF in 2023-24 are:

a) rolling the 2022-23 schools supplementary grant into the NFF by:

- adding an amount representing what schools receive through the grant into their baselines
- adding the value of the lump sum, basic per pupil rates and free school meals Ever 6 (FSM6) parts of the grant onto the respective factors in the NFF
- uplifting the minimum per pupil values by the supplementary grant's basic per-pupil values, and an additional amount which represents the average amount of funding schools receive from the FSM6 and lump sum parts of the grants

b) increasing NFF factor values (on top of the amounts that have added for the schools supplementary grant) by:

- 4.3% to free school meals at any time in the last 6 years (FSM6) and income deprivation affecting children index (IDACI)

- 2.4% to the basic entitlement, low prior attainment (LPA), FSM, English as an additional language (EAL), mobility, and sparsity factors, and the lump sum.

- 0.5% to the floor and the minimum per pupil levels (MPPL)

- 0% on the premises factors, except for Private Finance Initiative (PFI) which has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 11.2% for the year to April 2022

2.7 2023-24 will also be the first year of transition to the direct schools NFF. All local authorities will be required to bring their own formulae closer to the schools NFF from 2023-24. In particular:

a) local authorities will only be allowed to use NFF factors in their local formulae. This means that **the looked after children (LAC) factor** will no longer be an allowable factor

b) local authorities **must use all NFF factors** – except for the locally determined premises factors which remain optional, and the fringe factor which is compulsory for the 5 local authorities that are partly in the fringe. This means that local authorities will have to use all 3 deprivation factors (FSM, FSM6 and IDACI), as well as LPA, EAL, mobility, sparsity and the lump sum

c) local authorities must **move their local formula factor values at least 10% closer to the NFF**, except where local formulae are already mirroring the NFF. These criteria do not apply to locally determined factors e.g. the premises factors. North Northamptonshire Council is classified as mirroring the National Funding Formula.

d) local authorities must use **the NFF definition for the EAL factor**, although flexibility over the sparsity factor methodology will remain in 2023 to 2024.

2.8 Local authorities have the freedom to set the MFG in their local formulae between +0.0% and +0.5% per pupil.

2.9 Local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval. A disapplication to the Secretary of State is required for any transfers above 0.5%, or any amount without schools forum approval; this applies to any transfers even if an amount had been agreed in previous years. Local authorities with safety valve agreements will have this handled as part of safety valve monitoring.

2.10 Local authorities currently receive the school improvement monitoring and brokering grant to support the delivery of school improvement functions in maintained schools. These are to monitor the performance of maintained schools, broker school improvement provision, and exercise their statutory intervention powers. In the January 2022 government response to the consultation on reforming how local authorities' school improvement functions are funded, the DfE confirmed that the grant was to be phased out and local authorities will be able to deduct funding from maintained school budgets to support the costs of this activity instead as a de-delegated services. The grant comes to an end in 2022-23 and will cease in 2023-24.

2.11 Local authorities are required to identify a notional budget for their mainstream schools which helps them comply with their duty to use their 'best endeavours' to meet the special educational needs (SEN) of their pupils. The notional SEN budget is not a separate budget but is identified within a maintained school's delegated budget share, or an academy's general annual grant, and is calculated by local authorities using their local mainstream schools funding formula factors.

2.12 Local authorities must engage in open and transparent consultation with all maintained schools and academies in their area, as well as with their schools forums, about any proposed changes to their local funding formulae, including the principles adopted and any movement of funds between blocks. The local authority is responsible for making the final decisions on their formula; each local authority's process should ensure that there is sufficient time to gain political approval before the APT deadline in January 2023.

2.13 Part of the additional funding allocated to the DfE following the 2022 Autumn Statement is being distributed in 2023-24 as a Mainstream Schools Additional Grant, separate from the DSG. The average increase that schools will receive through this grant is 3.4% of their NFF allocation. This is an additional grant because it was not possible for the department to include this money in the DSG or for local authorities to include it within their local funding formulae in time.

Central School Services block DSG

2.14 The CSSB continues to provide funding for local authorities to carry out central functions on behalf of maintained schools and academies, comprising 2 distinct elements:

- ongoing responsibilities
- historic commitments

2.15 Central school services funding funds local authorities for the ongoing responsibilities they continue to have for all schools, and some historic commitments entered into before 2013-14.

2.16 Local authorities will continue to be protected so that the maximum per-pupil year-on-year reduction in funding for ongoing responsibilities is -2.5%, while the year-on-year gains cap will be set at the highest affordable rate of 5.86%.

2.17 The DfE continues to reduced the historic commitments element of funding within CSSB that some local authorities receive for historic commitments made prior to 2013-14 by 20% year on year.

High Needs Block DSG

2.18 High needs funding supports provision for pupils and students with SEND who require additional resources to participate in education and learning, from their early years to age 25 in schools and colleges (excluding students aged 19 to 25 who do not have an EHC plan or students who are over the age of 25) and pre-16 pupils in AP who, because of exclusion, illness, or other reasons, cannot receive their education in mainstream schools.

2.19 High needs funding is provided to local authorities through the high needs block of the DSG, enabling them to meet their statutory duties under the Children and Families Act 2014.

2.20 The financial allocations from the high needs funding block provide local authorities with resources for place funding and top-up funding for schools and colleges, funding for high needs services delivered directly by the local authority, or under a separate funding agreement with a school or college (including funding devolved to schools and colleges), as permitted by regulations. Local authorities must spend that funding in line with the associated DSG: conditions of grant and Schools and Early Years Finance (England) Regulations.

2.21 High needs funding is also provided directly to some schools and colleges by ESFA, and the respective conditions of grant and funding agreements apply.

Local SEND responsibilities and accountability

2.22 Local authorities must ensure that children and young people and their parents/carers are involved in discussions and decisions about their individual support and local provision, in line with their statutory duties and the SEND Code of Practice.

2.23 Local authorities must ensure any changes to SEND provision and high needs funding arrangements are made in close consultation and co-production with the schools and colleges which will be affected. The local authority's schools forum is one way through, which partnership working across the education sector can be strengthened to ensure their spending decisions are most effective. However, to fulfil local authorities' statutory duties to keep the services and provision for children and young people with SEND under review, as required by the Children and Families Act 2014, local engagement should take place with all of those providing education to ensure good quality provision can be planned, developed and sustained in line with available resources. This includes early years settings and colleges, as well as parents of children and young people with SEND, and young people themselves.

2.24 The financial accountability will vary according to school or college type, for example, the governing body for a maintained school and the trust for an academy. Each of these operates with different levels of delegation according to their governance arrangements. In some cases, the relevant legislation, for example, the Children and Families Act 2014, refers to the proprietor (the trust in the case of an academy) as the person responsible, and specifies the headteacher or principal, as the person performing a particular role. In other cases, there are references only to the governing body/proprietor.

National Funding Formula 2023-24 for High Needs

2.25 High needs funding is increasing by a further £970 million, or 10.6%, in 2023-24, following the £1 billion increase in 2022-23 and £1.56 billion increase over the previous 2 years. The total high needs budget of £9.7 billion announced in July 2022 has been increased by £400 million, to £10.1 billion, as a result of additional schools funding included in HM Treasury's 2022 Autumn Statement. The vast majority of this total high needs funding of £10.1 billion is allocated through the high needs NFF and included in local authorities' DSG allocations.

2.26 The main changes to the 2023-24 NFF are set out in the NFF policy document, calculation tables and technical note.

2.27 The funding floor factor in the high needs NFF for 2023-24 is 5% per head of 2 to 18 population, which means that every local authority will receive through the NFF at least 5% per head more than they received in 2022-23. This with the additional funding referred to in additional funding for 2023 to 2024, guarantees an increase of at least 9.8% per head for all authorities.

2.28 This increase is not calculated on elements of the formula that are subject to later updates and is in proportion to estimated population changes (so a projected decrease in population will result in a lower overall cash percentage increase).

2.29 The limit on gains in the NFF is set at 7%, calculated based on per head of population and using the 2022-23 funding baseline. That funding baseline includes the extra supplementary funding allocations announced in December 2021. Full details of the NFF for 2023-24 can be found in the schools operational guide: 2023 to 2024 and provisional allocations to local authorities were published in July 2022.

2.30 The basic structure of the high needs NFF for 2023-24 has not changed from the 2022-23 NFF. However, due to the coronavirus (COVID-19) pandemic there is no appropriate 2020-21 attainment data to use for the 2 low attainment factors; therefore, 2019 data has been used in place of 2020-21 data for the 2023-24 high needs allocations. This aligns with the approach taken in the schools NFF.

2.31 The high needs funding allocated to local authorities for 2023-24 takes into account that colleges offering extra hours of study to students with high needs may require additional funding. Local authorities and colleges need to work together in deciding what constitutes as an equivalent of additional time for a student with high needs, and/or with an EHC plan to discuss the level of top-up funding to ensure that it is sufficient.

Additional High Needs Funding for 2023-24

2.32 The additional £400 million allocated following the 2022 Autumn Statement is intended to reflect likely cost increases local authorities and schools will face in the provision for children and young people with high needs. The distribution methodology used in allocating additional high needs funding to local authorities in 2022-23 is again being used for the allocations of this 2023-24 additional funding, i.e. a percentage increase (4.6% in 2023-24) to the funding floor and proxy factors in the formula which, in 2023-24, guarantees an increase of at least 9.8% for all authorities. Further information about each local authority's additional allocation in the pupil referral unit (PRU) and alternative provision (AP) academy additional funding allocations for 2023 to 2024 document.

2.33 In the financial year 2023-24 maintained special schools and pupil referral units, special and alternative provision (AP) academies (including free schools), and maintained and academy hospital schools, will also receive a separate allocation amounting to 3.4% of their total place and top-up funding income, similar to the mainstream schools additional grant. This will be paid directly by the local authority which maintains the school or (in the case of academies) previously maintained the school, or (in the case of special and AP free schools) in whose area the school is located. Local authorities are required, by further conditions of grant attached to their additional high needs funding, to pass on to these schools the allocations of additional funding using a proportion of their additional high needs funding.

2.34 The remainder of local authorities' allocations of additional high needs funding can be used for other purposes, such as top-up funding for mainstream schools (including those with special units or resourced provision) as well as funding for non-maintained and independent special school placements and SEND services.

Funding increases for schools and colleges

2.35 Special schools' minimum funding guarantee (MFG) for 2023-24 has been set at 3% compared to 2021-22 funding levels. This is to reflect that a proportion of the increased funding received by local authorities over the 2 years, (2022-23 and 2023-24) must be passed on to schools in 2023-24, if it has not already been passed on in 2022-23. The additional funding allocations referred to above must be excluded from the MFG calculations, so that schools receive both the 3% MFG increase over 2 years and the additional 3.4% in 2023 to 2024.

SEND and alternative provision green paper

2.36 The SEND Review: Right Support, Right place, Right time (SEND and alternative provision) green paper identifies 3 key symptoms of a system under pressure: poor outcomes for children and young people with SEND and in AP, low parental and provider confidence, and financial unsustainability. The government's vision is for an effective and sustainable high needs system that works for children, young people, and their families.

2.37 The SEND and alternative provision green paper proposes to create a more inclusive education system where well-supported local mainstream provision will improve the experience and outcomes for children and young people with SEND and those who need AP. This should be supported by appropriate specialist provision for children and young people who require it, close to home where possible, reducing the need for long journeys and associated school transport costs.

2.38 The changes proposed will take thorough and careful work to be implemented. Local authorities should do more to use resources effectively for children and young people with SEND and those in AP. The DfE has published guidance on creating sustainable high needs systems to show how local authorities can improve and manage their high needs systems and associated spending in a sustainable way.

DSG management plans

2.39 A significant number of local authorities have been incurring a deficit on their overall DSG account, largely because of overspends within their high needs block. The DSG: conditions of grant set out that any local authority with an overall deficit on its DSG account at the end of the financial year, or whose DSG surplus has substantially reduced during the year, must be able to present a plan to the DfE and cooperate in handling that situation by:

- providing information, as and when requested by the department about its plans for managing its DSG account in the 2023-24 financial year and subsequently

- providing information, as and when requested by the department about pressures and potential savings on its high needs budget

- meeting with department officials, as and when they request to discuss the local authority's plans and financial situation

- keeping the schools forum updated regularly about the local authority's DSG account and plans for handling it, including high needs pressures and potential savings

2.40 DfE have developed a DSG deficit management plan template and accompanying guidance for local authorities to use to develop evidence-based and strategic plans covering the provision available for children and young people with SEND. Local authorities' management plans are expected to focus on how they will bring in-year spending in line with in-year resources.

2.41 The high needs benchmarking tool helps to facilitate a better understanding of how a local authority's high needs expenditure and use of provision compares with that of other authorities and to prompt local discussion of how current spending patterns might need to change. In addition, we have published research and guidance on managing special educational needs provision and the high needs budget effectively.

2.42 The Provisional 2023-24 NFF funding is based on the provisional settlement on 19 July 2022. The Early Years Block was estimated based on January 2022 census using the indicative rates used in the Early Years National Funding Formula Consultation in July 2022.

2.43 The table below compares the 2023-24 DSG Settlement against the current 2022-23 DSG allocation. It has been adjusted to include the School Supplementary Grant in the Schools Block and Teachers Pay and Pension Grant in the Early Years Block in 2022-23 as the DFE have incorporated these grants into the respective DSG blocks in 2023-24.

Dedicated Schools Grant	2022-23 DSG Allocation	Schools Supplementary Grant	Teachers Pay Grant	Teachers Pension Employers Contribution Grant	Adjusted 2022-23 DSG Allocation	Provisional 2023-24 NFF Allocation	Provisional 2023-24 NFF Allocation change from 2022-23	% change	2023-24 DSG Settlement	2023-24 DSG Settlement change from 2022-23	% change
Schools Block (inc. School Supplementary Grant of £7.28m in 2022-23)	£254,876,162	£7,288,715	£0	£0	£262,164,877	£266,083,106	£3,918,229	1.49%	£270,283,670	£8,118,793	3.10%
Central School Services Block	£3,567,298	£0	£0	£0	£3,567,298	£3,272,723	-£294,575	-8.26%	£3,286,931	-£280,367	-7.86%
High Needs Block	£52,370,722	£0	£0	£0	£52,370,722	£55,147,981	£2,777,259	5.30%	£57,851,131	£5,480,409	10.46%
Indicative Early Years Block (inc. Teachers Pay and Pension Grant)	£22,271,483	£0	£73,682	£208,200	£22,553,365	£23,466,827	£913,462	4.05%	£23,541,271	£987,906	4.38%
Total DSG	**£333,085,665**	**£7,288,715**	**£73,682**	**£208,200**	**£340,656,262**	**£347,970,637**	**£7,314,375**	**2.15%**	**£354,963,003**	**£14,306,741**	**4.20%**

2.44 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).

2.45 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. DSG Budgetary Pressures

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 are being taken to address this structural issue and to prevent further escalation of the deficit. These issues have been further compounded by the COVID pandemic leading to an increase in number of 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 North Northamptonshire Schools Forum considered and agreed the following for proposals in setting the 2023-24 DSG budget following consultation with schools and other education providers.

a) The adoption of the 2023-24 ACA adjusted National Funding Formula values in setting the 2023-24 mainstream funding formula for schools and academies.

b) The mainstream formula will continue to use the current local factors for split sites.

c) The Minimum Funding Guarantee is set at 0.5% for mainstream funding formula.

d) That there will be no transfer to the High Needs Block in 2023-24 due to the difficult and challenging financial circumstances schools are currently facing.

e) All remaining funding in Schools Block will be allocated to the Growth Fund.

f) Split Site Policy and Rates remain the same as 2022-23.

g) Growth Fund Policy and Rates remain the same as 2022-23.

h) Permanent Exclusion Clawback Policy remain the same as 2022-23 with updated factor rates.

i) Continuation of Children's central services to be partly funded by Dedicated Schools Grant Central School Services Block.

j) Continuation of the De-delegation for Trade Union Facility Time at the rate of £3.56 proposed at the December 2022 Schools Forum.

k) Continuation of the De-delegation for School Effectiveness at the rate of £12 per pupil.

l) Continuation of retaining 5% of the 3 & 4 year old funding for Central Expenditure from Early Years Block.

m) Amendment to North Northamptonshire's Early Years National Funding Formula for 3 & 4 year olds to include a Quality Supplement for schools and academies to address the incorporation of Teachers Pay and Pension Grant into the 3 & 4 year old funding rate.

n) Set aside a budget for SEN Inclusion Fund (SENIF) and acknowledge the reduction of Notional SEND by 5p to support settings to receive a swift response and access to funds ensuring children with low and emerging needs are supported quickly and that more children can be supported appropriately. The remaining 3p Notional SEND to be monitored over the coming year to ascertain the number of children with SEND in each Early Years setting.

o) Approve the following funding rates and levels of funding for 2023-24 Early Years Block

NNC's 2023-24 Early Years Funding Rates	2023-24 Rate
Disadvantaged 2YO Entitlement Base Rate – up to 15 hrs	**£5.75 per hour**
Universal Entitlement (3/4YO) Base Rate – up to 15 hrs	**£4.22 per hour**
Extended Entitlement (3/4YO) Base Rate – up to an extra 15 hrs	**£4.22 per hour**
Notional SEN (Reduction is reflected in increase in SENIF funding)	**£0.03 per hour**
EYNFF (3 & 4 year olds) Deprivation Supplement for eligible pupils	**£0.31 per hour**
EYNFF (3 & 4 year olds) Quality Supplement for Schools and Academies TPPG – up to 15 hrs	**£0.05 per hour**
SENIF Funding for Low and Emerging Needs	**£300,000**
5% Centrally Retained	**£991,385.01**
Early Years Pupil Premium (3/4YO) Base Rate – up to 15 hrs	**£0.62 per hour**
Disability Access Fund (3/4YO)	**£828.00 per Child per year**
Maintained Nursery Supplement (3/4YO) including TPPG – up to 15 hrs	**£1,016,850.13 to be split between the 4 Nursery Schools as recommended by Executive**

p) NNC's Executive will meet following the conclusions of the Scrutiny Review of the four maintained nursery schools and delegate to members/officers who will allocate budgets to the four maintained nursery schools for 2023-24 based on NNC's Executive recommendations and in line with DfE regulations and mindful of Schools Forum's view held in March 2022.

q) Special School budgets are set at both the 3% MFG increase over 2 years and the additional 3.4% in 2023 to 2024.

3.8 Although the local authority may transfer 0.5% of the Schools Block allocation to the High Needs Block with Schools Forum consent North Northamptonshire Council will not be requesting a transfer to High Needs Block from Schools Block DSG in 2023-24. This is in support of schools facing difficult and challenging financial circumstances in 2023-24. In doing so it also protects schools future funding a 100% instead of 95% should a transfer be made.

3.9 The local authority also needs to decide the value at which the Minimum Funding Guarantee should be set for 2023-24 - this can be set between 0% and 0.5% which means that the per pupil funding must increase by between 0% and 0.5% from the 2022-23 level. It is proposed that North Northamptonshire Council set the Schools' Minimum Funding Guarantee at 0.5% which is the maximum the LA can set without submitting a disapplication request to the Secretary of State. This is supported by Schools Forum.

3.10 The continuous 20% annual reduction in historical commitments funding by the DFE in the Central School Services Block (CSSB) of the DSG means the continued use of the Central School Services Block must kept under review annually.

3.11 The results of the consultations have been presented to and voted on at the Schools Forum meeting on the 14 December 2022 and 19 January 2023. North Northamptonshire Schools Forum has made the following recommendations to Executive and Council.

a) The adoption of the 2023-24 ACA adjusted National Funding Formula values in setting the 2023-24 mainstream funding formula for schools and academies.

b) The mainstream formula will continue to use the current local factors for split sites.

c) The Minimum Funding Guarantee is set at 0.5% for mainstream funding formula.

d) That there will be no transfer to the High Needs Block in 2023-24 due to the difficult and challenging financial circumstances schools are currently facing.

e) All remaining funding in Schools Block will be allocated to the Growth Fund.

f) Split Site Policy and Rates remain the same as 2022-23.

g) Growth Fund Policy and Rates remain the same as 2022-23.

h) Permanent Exclusion Clawback Policy remain the same as 2022-23 with updated factor rates.

i) Continuation of Children's central services to be partly funded by Dedicated Schools Grant Central School Services Block.

j) Continuation of the De-delegation for Trade Union Facility Time at the rate of £3.56 proposed at the December 2022 Schools Forum.

k) Continuation of the De-delegation for School Effectiveness at the rate of £12 per pupil.

l) Continuation of retaining 5% of the 3 & 4 year old funding for Central Expenditure from Early Years Block.

m) Amendment to North Northamptonshire's Early Years National Funding Formula for 3 & 4 year olds to include a Quality Supplement for schools and academies to address the incorporation of Teachers Pay and Pension Grant into the 3 & 4 year old funding rate.

n) A SEN Inclusion Fund (SENIF) is set up and acknowledge the reduction of Notional SEND by 5p to support settings to receive a swift response and access to funds ensuring children with low and emerging needs are supported quickly and that more children can be supported appropriately. The remaining 3p Notional SEND to be monitored over the coming year to ascertain the number of children with SEND in each Early Years setting.

o) Approve the following funding rates and levels of funding for 2023-24 Early Years Block

NNC's 2023-24 Early Years Funding Rates	**2023-24 Rate**
Disadvantaged 2YO Entitlement Base Rate – up to 15 hrs	**£5.75 per hour**
Universal Entitlement (3/4YO) Base Rate – up to 15 hrs	**£4.22 per hour**
Extended Entitlement (3/4YO) Base Rate – up to an extra 15 hrs	**£4.22 per hour**
Notional SEN (Reduction is reflected in increase in SENIF funding)	**£0.03 per hour**
EYNFF (3 & 4 year olds) Deprivation Supplement for eligible pupils	**£0.31 per hour**
EYNFF (3 & 4 year olds) Quality Supplement for Schools and Academies TPPG – up to 15 hrs	**£0.05 per hour**

SENIF Funding for Low and Emerging Needs	**£300,000**
5% Centrally Retained	**£991,385.01**
Early Years Pupil Premium (3/4YO) Base Rate – up to 15 hrs	**£0.62 per hour**
Disability Access Fund (3/4YO)	**£828.00 per Child per year**
Maintained Nursery Supplement (3/4YO) including TPPG – up to 15 hrs	**£1,016,850.13 to be split between the 4 Nursery Schools as recommended by Executive**

p) NNC's Executive will meet following the conclusions of the Scrutiny Review of the four maintained nursery schools and delegate to members/officers who will allocate budgets to the four maintained nursery schools for 2023-24 based on NNC's Executive recommendations and in line with DfE regulations and mindful of Schools Forum's view held in March 2022.

q) Special School budgets are set at both the 3% MFG increase over 2 years and the additional 3.4% in 2023 to 2024 from High Needs Block.

3.14 The final schools funding formula ultimately remains a local authority decision having consulted with schools and the Schools Forum. As the time between the final DSG settlement from Government on 16 December 2022 and the submission deadline for the individual schools' budgets on 20 January 2023 is tight to allow for adequate budget calculation, presentation to Schools Forum on the 19 January 2023 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 2023-24 school funding formula for Northamptonshire to enable the required submission to the Education and Skills Funding Agency on 20 January 2023;

b) North Northamptonshire Council's funding arrangements for 2023-24 for pupils with high needs in line with Department for Education guidance; and

c) North Northamptonshire Council's funding arrangements for 2023-24 for the Early Years National Funding Formula in line with Department for Education guidance.

APPENDIX D

Reserves Strategy 2023-24

Background

The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Act require Precepting Authorities (and Billing Authorities) in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

In England and Wales, earmarked reserves remain legally part of the General Fund, although they are accounted for separately.

There are other safeguards in place that help to prevent local authorities over committing themselves financially. These include:

- The balanced budget requirement (Local Government Act 1992 s32 and s43).
- Chief Finance Officers duty to report on the robustness of estimates and adequacy of reserves (Local Government Act 2003 s25) when the Council is considering the budget requirement.
- Legislative requirement for each council to make arrangements for the proper administration of their financial affairs and that the Chief Finance Officer has responsibility for the administration of those affairs (section 151 of the Local Government Act 1972).
- The requirements of the Prudential Code.
- External Auditors will consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based.

These requirements are reinforced by section 114 of the Local Government Finance Act 1988, which requires the Chief Finance Officer to report to the Council if there is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the Council will not have the resources to meet its expenditure in a particular financial year. The issue of a section 114 notice cannot be taken lightly and has serious operational implications. Indeed, the Council must consider the s114 notice within 21 days and during that period the Council is prohibited from entering into new agreements involving the incurring of expenditure.

Whilst it is primarily the responsibility of the Council and its Chief Finance Officer to maintain a sound financial position, external auditors will, as part of their wider responsibilities, consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual authorities in general.

CIPFA's Prudential Code requires the Chief Finance Officers to have full regard to affordability when making recommendations about the Council's future capital programme. Such consideration includes the level of long-term revenue commitments.

Indeed, in considering the affordability of its capital plans, the Council is required to consider all of the resources available to it and estimated for the future, together with the totality of its capital plans and revenue forecasts for the forthcoming year and the following two years. There is a requirement for three-year revenue forecasts across the public sector and this is achieved through the Medium-Term Financial Plan (MTFP).

CIPFA and the Local Authority Accounting Panel do not accept that there is a case for introducing a generally acceptable minimum level of reserves. Councils, on the advice of their Chief Finance Officers, should make their own judgements on such matters considering all relevant local circumstances. Such circumstances will vary between local areas. A well-managed organisation, for example, with a prudent approach to budgeting should be able to operate with a level of general reserves appropriate for the risks (both internal and external) to which it is exposed. In assessing the appropriate level of reserves, a well-managed organisation will ensure that the reserves are not only adequate, but also are necessary.

Section 26 of the Local Government Act 2003 gives Ministers in England and Wales a general power to set a minimum level of reserves for authorities.

However, the government has undertaken to apply this only to individual authorities in the circumstances where the authority does not act prudently, disregards the advice of its Chief Finance Officer and is heading for serious financial difficulty.

National Context

The UK's economy still faces several uncertainties, risks and challenges as a result of significant increases in inflation and overall cost of living.

The Autumn Statement on 17th November 2022 set out the provisional policy statement regarding local government funding for 2023-24 and 2024-25. There is still uncertainty over the total funding available for the local government sector from 2025/26, but the Government have signalled fundamental changes in Local Government finance going forward. These changes could be significant, and it will make forecasting for 2024/25 and beyond difficult.

Local Context

North Northamptonshire Council is a new Council, it commenced its services from 1st April 2021. It has been created by amalgamating the former council areas of Corby, East Northamptonshire, Kettering, and Wellingborough together with the proportion of Northamptonshire County Council covering the North of Northamptonshire.

The new Council will continue to face financial pressures. As noted above it is recognised nationally that there are significant budget challenges for local government in relation to Social Care demand and other cost pressures due to cost of living crisis.

APPENDIX D

Whilst the creation of the Unitary Council creates several opportunities to benefit the region, it is also recognised that there are some risks and costs. Specific risks for the 2023-24 budget include the challenges brought about significant inflationary increase and continued increase in demand for services, such as social care and children services. Whilst the Council has prepared a balanced financial position for 2023/24 it faces forecast funding shortfalls over the period of the medium term which must be addressed.

Types of Reserve

The Council holds reserves for specific reasons that are included within the Medium-Term Financial Plan. These include a working balance to cover unexpected events and to meet forthcoming events where the precise event, date and amount required cannot accurately be predicted. In addition, the Council is required to hold non-cash backed reserves to adhere to proper accounting requirements when preparing its annual Statement of Accounts. There are four types of reserves, each of which are explored in more detail below:

- General Reserves and Minimum Level of Reserves
- Earmarked Reserves
- Earmarked Reserves – Capital
- Non-Cash Backed Reserves for Statement of Accounts

General Reserves & Minimum Level of Reserves

The Council will hold a general reserve which sets out the minimum amount of reserves the council is required to hold for the following purposes:

- To meet forthcoming events where the precise date and amount required cannot be accurately predicted.
- A contingency to cushion the impact of unexpected events or emergencies.
- A reasonable amount to meet peaks and troughs in revenue and capital expenditure requirements.
- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
- The general reserves which include a minimum level of reserves will be based on a risk assessment.

Earmarked Reserves

The Council will hold earmarked reserves for the following purposes:

- A means of building up funds often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately but remain legally part of the General Fund.
- To mitigate specific risks in relation to the economic climate and the safety of the Council's financial assets. This would link closely with the Treasury Management and Prudential Code Strategy.
- To meet forthcoming capital expenditure needs where major capital schemes are being planned and the reserve will be utilised to reduce the cost of borrowing and capital charges to the revenue account.
- To meet smaller projects where expenditure is only met from this reserve, and which meets specific policy requirements.

Earmarked Reserve – Capital

The Council will hold a Capital Receipts Reserve. This reserve holds the proceeds from the sale of assets and can only be used for capital purposes in accordance with the regulations.

Protocols for Establishing and Reviewing Earmarked Reserves

For each earmarked reserve held by the Council there is a clear protocol set out, as follows:

- The reason for/purpose of the reserve.
- How and when the reserve can be used.
- Procedures for the reserves management and control.
- A process and timescale for review of the reserve to ensure continuing relevance and adequacy.

When establishing reserves, the Council needs to ensure compliance with the Code of Practice on Local Authority Accounting and in particular the need to distinguish between reserves and provisions. It will also need to pay due regard to the Council's Constitution and Financial Regulations.

When reviewing the Medium-Term Financial Plan, preparing the annual budgets and during the end of year accounts process the Council should consider the establishment and maintenance of reserves.

Non-Cash Backed Reserves for Statement of Accounts

The Council also holds other reserves that arise out of the interaction of legislation and proper accounting practice. These reserves are technical in nature and are not cash-backed and cannot be used for any other purpose, there are detailed below:

- The **Pensions Reserve** – this is a specific accounting mechanism used to reconcile the payments made for the year to various statutory pension schemes.
- The **Revaluation Reserve** – this is a reserve that records unrealised gains in the value of fixed assets. The reserve increases when assets are revalued upwards and decreases as assets are depreciated or revalued downwards or disposed of.
- The **Capital Adjustment Account** – this is a specific accounting mechanism used to reconcile the different rates at which assets are depreciated under proper accounting practice and are financed through the capital controls system.
- The **Available-for-Sale Financial Instruments Reserve** – this is a reserve that records unrealised revaluation gains arising from holding available-for-sale investments, plus any unrealised losses that have not arisen from impairment of the assets.
- The **Financial Instruments Adjustment Reserve** – this is a specific accounting mechanism used to reconcile the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under proper accounting practice and are required by statute to be met from the General Fund.
- The **Unequal Pay Back Pay Account** – this is a specific accounting mechanism used to reconcile the different rates at which payments in relation to compensation for previous unequal pay are recognised under proper accounting practice and are required by statute to be met from the general fund. Currently none.
- **Collection Fund Adjustment account** – this is specific to the changes in accounting entries relating to the Collection Fund Accounts held by Billing Authorities.
- **Accumulated Absences Account** – this account represents the value of outstanding annual leave and time off in lieu as at 31st March each year.

Other such reserves may be created in future where developments in local authority accounting result in timing differences between the recognition of income and expenditure under proper accounting practice and under statute or regulation, such as the Capital Grants Unapplied where grants have been received but have not yet been set against relevant spend.

North Northamptonshire Council's Reserves

This document aims to provide an over-arching strategy that defines the boundaries within which the approved budget and Medium-Term Financial Plan (MTFP) operate.

The General Reserve & Minimum Level of Reserves It has previously been established that General Reserves will be maintained at a level above the minimum of 5.0% of the total net revenue budget for the General Fund and 4% for the Housing Revenue Account. The minimum balance for the Corby Neighbourhood Account remains unchanged at £800k but the Kettering Neighbourhood Account has been increased from £300k to £650k.

The purpose of this reserve is to provide for any unexpected expenditure that cannot be managed within existing budgets. Such expenditure would be one-off and resulting from an extraordinary event.

Similarly, the General Reserve should be set at a prudent and not excessive level, as holding a high level of reserves can impact on resources and performance. As such the maximum level of General Reserves is set at 10.0% of the total net revenue budget.

Authorisation to finance such expenditure must be obtained in advance from the Council's Chief Finance Officer, in accordance with the scheme of delegation.

The request should be supported by a business case unless there is clear and necessary reason for urgency.

As the net budget position changes and risks are reviewed the level of General Reserve must be monitored to ensure that a minimum level is maintained.

Appendix A provides a comparison of North Northamptonshire's general and earmarked reserves to other similar sized unitary councils based on the latest publicly available data.

Earmarked Reserves

Unlike General Reserves earmarked reserves have been identified for specific areas of expenditure where there are anticipated costs that can only be estimated. It is therefore prudent for the Council to identify such areas of expenditure and set aside amounts that limit future risk exposure.

Such expenditure usually arises out of changes in policy or where the organisation is working in collaboration with others to provide a specific service.

Expenditure relating to earmarked reserves has to specifically relate to the purpose of the reserve. There is no set limit to an earmarked reserve as it is to reflect the level of need required.

Appendix B details for each of the earmarked reserves the forecast balances for North Northamptonshire Council in 2023/24 financial year and estimated commitments against these reserves over the medium term.

Procedure for Use of Reserves

The use of reserves requires approval of the Council's Chief Finance Officer. All requests should be supported by a business case unless there is an approved process for use. On occasion where an urgent request is being made this should comply with the Council's Constitution and Financial Regulations.

Monitoring

The level of reserves is kept under continuous review. The Chief Finance Officer reports on the levels of reserves as part of the Medium-Term Financial Strategy updates together with the Reserves Strategy as part of the budget setting and outturn reports.

The current level of forecast reserves is not significant and if called upon will impact negatively on the financial viability and resilience of the Council. Reserves and their usage are carefully planned for and monitored throughout the year.

Risk Analysis

Any recommendations that change the planned use of reserves reported within the Annual Budget and Outturn Reports will take account of the need for operational service delivery of the Council balanced against the need to retain prudent levels of reserves.

However, there are significant risks, which affect the level of reserves to be maintained, and it is for this reason that a minimum level of 5% of total net revenue budget has been set for the General Reserve.

The significant risks that have been considered, but which will also be kept under review and are outlined in the main budget report in section 15.8.

STRATEGY REVIEW

This strategy will be reviewed annually as part of the budget process. During the year changes may occur in the MTFS, which affect this strategy. Such changes will be monitored by the Chief Finance Officer and reported through the financial reporting process.

Janice Gotts

Executive Director Finance and Performance (S151 Officer)

North Northamptonshire Council

APPENDIX D

North Northamptonshire Council

APPENDIX A

Comparison of North Northamptonshire's general and earmarked reserves to other similar sized councils and groups of councils

	Population	Net Revenue Budget	Unallocated Reserves	Earmarked Reserves	% Unallocated Reserves as proportion of Net Revenue Budget	% Earmarked Reserves as proportion of Net Revenue Budget
		£000	£000	£000		
Total England		62,378,802	4,534,159	20,588,807	7.3%	33.0%
Total Unitary		11,505,525	857,478	4,068,714	7.5%	35.4%
Selected Unitary Councils						
Bournemouth, Christchurch and Poole	396,389	267,040	16,050	23,075	6.0%	8.6%
Cheshire East	386,667	308,448	11,516	61,021	3.7%	19.8%
Dorset	379,791	348,857	31,515	154,793	9.1%	44.4%
Cheshire West and Chester	343,823	270,251	24,726	71,941	9.1%	26.6%
East Riding of Yorkshire	343,201	295,949	17,775	86,817	6.0%	29.3%
Northumberland	323,820	305,246	51,404	103,746	16.8%	33.9%
North Northamptonshire	350,448	336,495	24,170	111,094	7.2%	33.0%

Source: https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2021-to-2022-budget-individual-local-authority-data

Appendix B

General Fund Reserves	Forecast Balance 31/03/2023 £'000	Transfer to Reserve 2023-24 £'000	Transfer from Reserve 2023-24 £'000	Forecast Balance 31/03/2024 £'000	PURPOSE OF RESERVE
GENERAL FUND BALANCE	**(24,170)**	**0**	**0**	**(24,170)**	To meet forthcoming events where the precise date and amount required cannot be accurately predicted, including sufficient contingency to cushion the impact of unexpected events or emergencies, a reasonable amount to meet peaks and troughs in revenue and capital expenditure requirements and a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
EARMARKED RESERVES					
Smoothing Reserves					
Regeneration and Economic Investments	**(2,500)**	0	0	**(2,500)**	To provide protection in relation to fluctuations in income or other costs relating to regeneration and economic investments.
Investment Income	**(5,920)**	0	0	**(5,920)**	To provide protection in relation to fluctuations in income from the Council's investment portfolio due to market uncertainty or uncertain future events and protect against investment income losses.
Recycling Commodities	**(2,000)**	0	0	**(2,000)**	To provide protection in relation to fluctuations in market prices for recycling commodities.
Homelessness	**(1,768)**	0	0	**(1,768)**	To provide protection in relation to uncertain demand for the service following legislative changes.

North Northamptonshire Council

General Fund Reserves	Forecast Balance 31/03/2023 £'000	Transfer to Reserve 2023-24 £'000	Transfer from Reserve 2023-24 £'000	Forecast Balance 31/03/2024 £'000	PURPOSE OF RESERVE
Budget Delivery	**(9,944)**	0	250	**(9,694)**	Smoothing reserve to assist in medium term delivery of budget plans.
General Risk Reserve	**(9,326)**	0	0	**(9,326)**	Reserve established to recognise the significant risk and uncertainty around the cost of future pressures arising from the continuing impact of Covid and economic changes.
Legal Reserve	**(1,135)**	0	0	**(1,135)**	
Elections Reserve	**(150)**	(150)	0	**(300)**	
Business Rates Retention Reserves					
Business Rates Retention Risks	**(32,232)**	0	3,879	**(28,353)**	To manage smoothing and timing effects of business rates. Includes grants under s.31 of the Local Government Finance Act 2003. Section 31 grants are awarded to offset the reduction in business rates yield due to the changes announced by the government.
Transformation Reserves					
Transformation Reserves	**(6,720)**	0	2,170	**(4,550)**	Disaggregated transformation reserve to support continued delivery of transformation activities.
Local Government Reorganisation	**(6,650)**	0	0	**(6,650)**	Reserve to Fund Costs associated with Local Government Reorganisation
Building Maintenance Reserves					
Building Repairs and Investment	**(1,603)**	0	0	**(1,603)**	To manage property repairs and maintenance issues.

North Northamptonshire Council

General Fund Reserves	Forecast Balance 31/03/2023 £'000	Transfer to Reserve 2023-24 £'000	Transfer from Reserve 2023-24 £'000	Forecast Balance 31/03/2024 £'000	PURPOSE OF RESERVE
Planning Reserves					
Planning Risks	**(571)**	0	0	**(571)**	To provide resources for revenue costs of the planning service to meet items such as legal costs, specialist advisors or consultants and other costs required to meet statutory guidelines or regulations.
Regeneration Reserves					
Economic Development and Regeneration	**(1,880)**	0	0	**(1,880)**	To provide resources for the Council's planning service, assist with the Council's economic development strategy, provide funding for other one-off projects and to assist with the operation of the Council's asset management plan.
Community Projects	**(5,166)**	0	0	**(5,166)**	Funding for community projects.
Specific Reserves					
Burton Wold	**(120)**	0	0	**(120)**	The reserve has been created from contributions from the developers of the Burton Wold Wind Farm Project. The Council uses this contribution to award grants for energy efficiency and education works.
Capacity Fund	**(1,200)**	0	0	**(1,200)**	To provide resources to fund future expenditure associated with the Joint Delivery Unit, funded by external capacity funding.

General Fund Reserves	Forecast Balance 31/03/2023 £'000	Transfer to Reserve 2023-24 £'000	Transfer from Reserve 2023-24 £'000	Forecast Balance 31/03/2024 £'000	PURPOSE OF RESERVE
Public Health Reserve	**(8,220)**	0	0	**(8,220)**	General Reserve comprising unspent Public Health grant to be to utilise in future years.
Adult Social Care Reserve	**(6,000)**	0	0	**(6,000)**	To mitigate risks related to the delivery of Adult Social Care.
Local Council Tax Support Reserve	**(500)**	0	0	**(500)**	To mitigate risks related to increases in Local Council tax Support claims.
Waste Management	**(2,450)**	0	0	**(2,450)**	To mitigate waste management risks.
Other Earmarked Reserves	**(624)**	0	0	**(624)**	Various other earmarked reserves.
Highways Maintenance	**(1,500)**	0	0	**(1,500)**	To provide resources to fund future expenditure for highways maintenance
Voluntary Community and Social Enterprise	**(200)**	0	200	**0**	To provide resources to support the Voluntary Community and Social Enterprise sector.
Capital Reserves - General Fund					
Capital General Fund	**(6,374)**	0	0	**(6,374)**	To provide resources in support of capital programme development.
Insurance Reserves					
Insurance Risk Reserve	**(2,690)**	0	0	**(2,690)**	Reserve based on actuarial assessment of Insurance Fund.
TOTAL EARMARKED RESERVES	**(117,443)**	**(150)**	**6,499**	**(111,094)**	
TOTAL GENERAL FUND RESERVES AND BALANCES	**(141,613)**	**(150)**	**6,499**	**(135,264)**	

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North Northamptonshire Council Draft Budget 2023/24 – Consultation Analysis Report

Introduction

1. The purpose of this report is to set out the Draft Budget consultation process, and key consultation findings (including an understanding of who participated in the consultation), the results of which will be used to help inform decisions on the North Northamptonshire Council's Budget for 2023/24.

Executive decisions and formal consultation

2. The Draft Budget 2023-24 and Medium-Term Financial Plan was approved by Executive on 22 December 2022 and consultation on the budget proposals began later that day. The consultation concluded on 27 January 2023.

3. The public consultation was conducted by the Council's Consultation and Engagement Team. The structure and design of the consultation set out the budget proposals and enabled both online and non-digital means of participation, in accordance with nationally recognised good practice.

How was the consultation promoted?

4. The consultation was hosted on the Council's Consultation Hub website. Councillors, local MPs, town and parish Councils, partner organisations, voluntary and community sector organisations, representatives of protected characteristic groups, local business groups including Chamber of Commerce and Federation of Small Businesses, and members of both the North Northamptonshire Residents' Panel (circa 600 members) and the Council's Consultation Register were invited to give their views and asked to promote the consultation to their members, or within their local area where appropriate.

5. Opportunities to take part in the consultation were also promoted in the local media via press releases. The press release went to 38 newsrooms (local and national, print and broadcast including the Northants Telegraph and BBC Radio Northampton), plus individual reporters and other local news sites. It was promoted through the Council's website, e-newsletters and social media channels, enabling both internal (e.g. staff) as well as external consultees to get involved in the process. The Facebook Reach (i.e. the number of people who saw any content from or about the consultation web page) was 19,100; the Twitter Impressions (i.e. the number of times any content from or about the consultation webpage entered a person's screen) was 3,956; and LinkedIn impressions were 1,823.

How did consultees have their say?

6. Local people, organisations and other interested parties were able to have their say about the Draft Budget proposals in a range of ways, by:
    - Visiting the Draft Budget Consultation webpage and completing the questionnaire or requesting a paper questionnaire. Access to the online questionnaire was also made available free of charge at any North Northamptonshire Council library
    - Emailing CET@northnorthants.gov.uk
    - Writing to Budget Consultation Response, North Northamptonshire Council, Sheerness House, Meadow Road, Kettering, NN16 8TL

- Using social media by Tweeting (@NNorthantsC) or posting comments on the Council's Facebook page
- Contacting us by telephone to give verbal feedback
- A toolkit was developed to enable user groups/forums to hold their own discussions and provide their feedback as a collective group.

Number and type of responses received

7. During the draft budget consultation period, using the various means available to consultees, local people and organisations contributed to the consultation 453 times. Nearly all of the feedback received was via the questionnaire, with 449 respondents participating via the questionnaire, two respondents submitted a written response, and two responded via social media.

8. Within the questionnaire, respondents could choose which questions they responded to, and so there are lower response numbers to each question when compared with the overall number of participants, depending on whether participants had a particular interest in the subject matter.

9. During the consultation period, regular summaries of consultation responses received were circulated to senior Finance officers and all responses received were circulated to decision makers upon conclusion of the consultation to enable them to see each response in full.

What did people say?

10. This report is a summary of the feedback received. It is recommended that it is read in conjunction with the full consultation results, including the detail and suggestions contained within some of the written comments. The full consultation results have been made available to Members and are available to view on the consultation webpage.

11. The questionnaire was structured so that respondents could give their views on any of the individual proposals if they chose to do so. This means we were able to summarise views by proposal and collate the views from the different consultation channels.

12. An equality screening assessment for the budget proposals was published alongside the Executive papers and made available via the questionnaire. The equality screening assessment found the proposals would have either a positive or neutral impact on the protected groups outlined within the Equality Act 2010.

Draft Budget 2023/24 Consultation Questionnaire

13. In total, 449 respondents filled out a questionnaire on the draft Budget proposals, either partially or fully. Respondents did not have to answer every question and so the total number of responses for each question differs and is shown in relation to each question.

14. Respondents were asked in what capacity they were responding to the consultation. There were 444 responses to this question, with respondents being able to select more than one option if applicable. Nearly all the respondents said they were local residents (88.3%). The second highest respondents were North Northamptonshire Council employees (19.6%), followed by service users (7.0%). The following table details the various respondent types to the consultation questionnaire.

	Response number	Percentage (%)
A local resident	392	88.3%
A service user	31	7.0%
A North Northamptonshire Council employee	87	19.6%
A North Northamptonshire Council Councillor	4	0.9%
A representative of a Town/Parish Council	3	0.7%
A Town or Parish Councillor	8	1.8%
A representative of the voluntary sector or a community organisation	8	1.8%
A representative of the local business community	3	0.7%
A representative of a health partner organisation	0	0.0%
A representative of a user group	6	1.4%
Other	5	1.1%

Proposed Council Tax rate increase

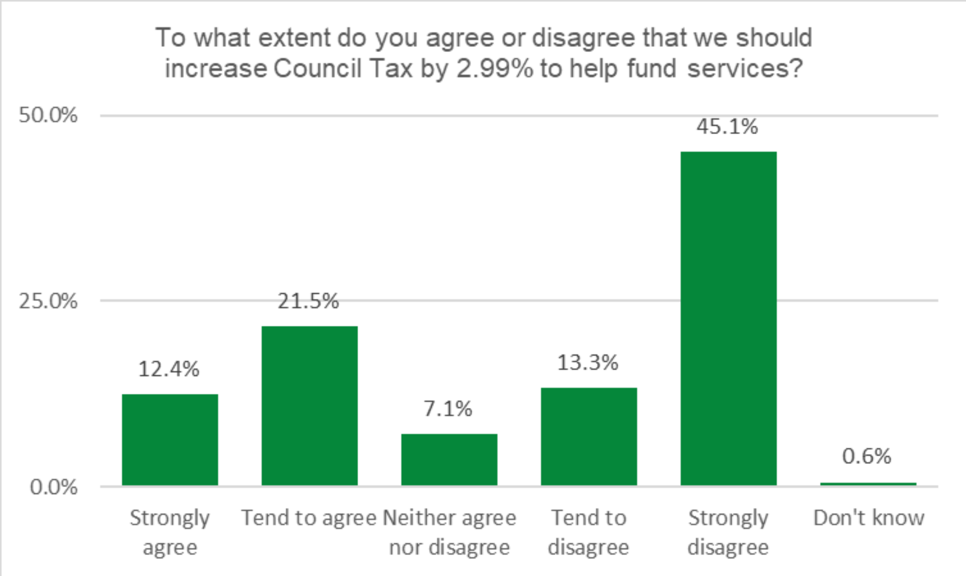
15. The Council is proposing to increase Council Tax up to the level currently allowed by the government, without triggering a referendum – 4.99%. This increased rate includes a general increase of 2.99% and the allowable Adult Social Care precept increase, which is 2%.

16. This 4.99% increase would result in a 2023/24 Band D Council Tax increase for North Northamptonshire Council of £78.78 per year, which is £1.52p per week.

17. It should be noted that these figures do 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. These are not within the scope of this consultation and these amounts are added afterwards before people receive their final bills.

18. The Council's proposal to increase the core Council tax rate by 2.99% in 2023/24 means an average (Band D) Council Tax payer's rate would increase £47.21 per year (£0.91p per week) for the North Northamptonshire Council precept.

19. Respondents were asked to what extent they agree or disagree with the proposal to increase Council Tax by 2.99% to help fund services. There were 339 responses to this question. Approximately a third of respondents (33.9%) said they strongly agree or tend to agree with the proposal, while over half (58.4%) said they strongly disagree or tend to disagree with the proposal.



20. Respondents were then asked why they answered the previous question in the way that they did. There were 211 comments made in relation to this question.

21. A total of 50 respondents who agreed with the proposal provided comments. By far the most frequent comment made by respondents was their agreement that funds for services were needed and accepted that a Council Tax increase was necessary to ensure sustainability of services, especially in light of current inflationary pressures. Comments included recognition that residents had a responsibility to contribute to the cost of services and that the Council has a responsibility to ensure the funds are appropriately spent. There was also acknowledgement of the additional pressures and demand of services being placed on the Council at this time.

22. The next most frequent comment respondents made was recognition of the challenges of the current economic climate and the additional pressure on some households that the potential Council Tax increase is likely to add. Although these respondents agreed with the proposed increase there was concern over how this may impact households who are struggling financially.

23. A few comments indicated that the Council needs to show that any additional funds are being used effectively to improve service provision, with some specifically requesting extra funding for local communities, social care, and highways. Comments also referenced the historic reputation of the unitary authority legacy Councils and the perceived continuation of reduction of services that were previously made, while others indicated that services required this increase, alongside additional Central Government funding.

24. A small number of comments put forward alternative suggestions, these included a proposal to make efficiency savings by reducing staff and therefore salary costs, including senior management and Councillor expenses. It was also suggested that there should be a smaller Council Tax increase, to ease the current financial pressures on residents.

25. Other comments made by those respondents who supported the proposal detailed recognition of Council staff for their continued work and commitment during the pandemic, which they felt should be rewarded. There was additional concern that there would be a disproportionate impact on children both at school and home due to current pressure on some household’s finances.

26. A total of 13 respondents who neither agreed nor disagreed with the proposal made a comment. Just under half of these respondents indicated their general dissatisfaction with the Council and some felt that the decision to increase Council Tax had already been made and was inevitable and referenced their disagreement with the recent Green Waste subscription charge decision and its consultation findings. There was again reference to the current cost of living challenges on families, and the additional financial pressures a Council Tax increase may bring.

27. A small number of respondents made various suggestions including that any increase in Council Tax should be used to build social housing for the younger generation so that rental revenue could be used for further development and therefore generate additional revenue, offering a longer-term solution; and that manager roles, and structures should be reviewed, with performance being benchmarked with other local authorities, with efficiency benefits being published.

28. There were 147 respondents that commented as to why they disagreed with the proposed increase. The most frequent comment made by respondents, which was made by approximately half of these respondents, was recognition of the challenges of the current economic climate and the additional strain that the potential Council Tax increase would place on households, while some also referenced that a lot of households had seen little or no increase to their income.

29. Many respondents expressed their dissatisfaction with the Council indicating an unequal allocation of resources across services and different areas within the region. It was also felt there is a lack of understanding from Executive members on financial management. Comments referenced recruitment challenges, and a perceived lack of senior manager support in understanding what is needed to deliver the service, with concerns that profit is coming before people.

30. A similar number of respondents commented that current funds should be allocated differently with queries as to what extra services would be provided for the additional income, and a perception that current service levels have diminished. There were several comments that there could be more Court cases/debt collection costs due to non-payment of Council Tax. There was also a perception that it's not the true increase due to the Police, Fire and Crime Commission precept and the additional Town and Parish Council's precepts.

31. There were several references that the Green Waste subscription charge would add an additional financial burden on top of the proposed Council Tax increase, along with general dissatisfaction at the newly implemented subscription charge for the service within some localities.

32. A small number of respondents commented that they felt the decision to increase Council Tax had already been made and the Council is unlikely to listen to feedback. Other comments included a feeling that historical financial mismanagement from Northamptonshire County Council is still having a continued impact on finances and services; and that anyone who is in the receipt of benefits should not have to pay Council Tax.

33. A few respondents shared ideas for alternatives to increasing Council Tax including an independent review of services and how they are provided, with charges according to use, in consultation with the public; using fewer private consultants; reduction in top salaries; a reduction in non-core services; and higher increases for residents in higher Council Tax bands being deemed a fairer distribution.

34. The one respondent who said, ‘Don’t know’ and commented expressed difficulty in their decision, recognising the increase in costs and the potential detrimental effect on family finances.

35. Any respondents who felt the proposal would have a negative impact were then asked to tell us what they thought the impact would be, along with any suggestions on how any potential negative impacts could be mitigated. A total of 167 respondents provided comment.

36. The most frequent comment made by these respondents, with nearly two thirds of responses to this question mentioning it, was once again a feeling that the current financial crisis and additional pressure on households would be the most common impact. There was concern that some households will be having to carefully prioritise where they need to spend their money and adding further financial pressure would likely increase debt and could push families into poverty. However, a small number of respondents said they acknowledged the need for additional funds to help maintain services.

37. Several respondents made comments regarding their frustration as they felt there is a lack of detail of what the additional funds would be used for and whether there would be any improvement to services. It was felt local and community needs should be prioritised and residents wanted reassurance that the funds will be properly and proportionately spent. There was concern that pressures on people’s finances are likely to lead to a rise in pressures on all services and in homelessness and business closures.

38. There were a small number of comments indicating that more should be done by Central Government, via the taxation system, and an expectation that there would be more funding for the Council via the Levelling Up fund, and a better funding deal and more support for middle earners who are unable to access the benefits system.

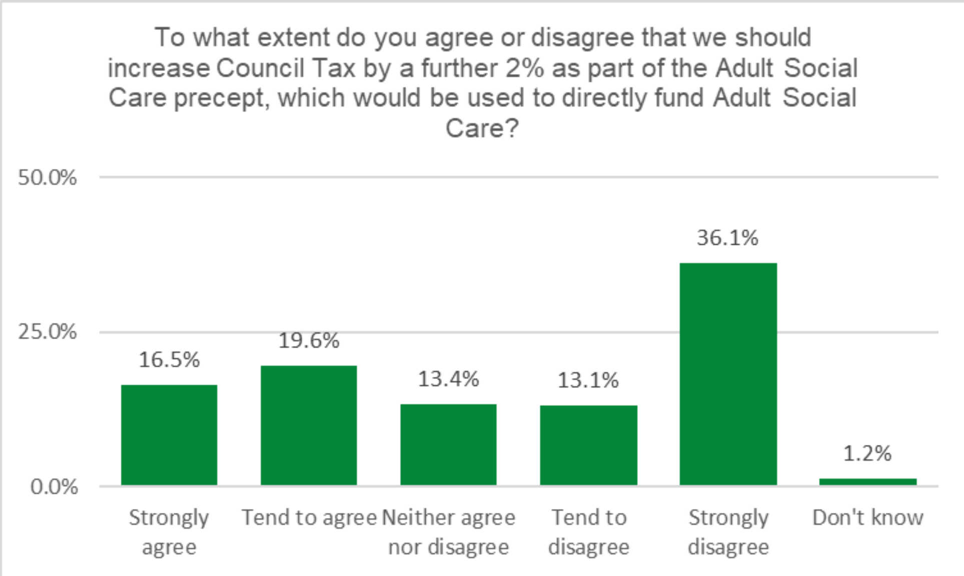
39. Other comments included a perception that service levels may decrease with a potential for an increase in crime, including fly-tipping; and that Council staff working from home is not productive.

40. There were several suggestions made on how to mitigate the impact of a potential Council Tax increase, these included having a lower increase in Council Tax or no increase at all, a lower increase for lower income families; ensure that owners of multiple houses are paying the full amount of Council Tax; withdrawal of the green waste subscription charge; and to only provide the statutory services and projects. It was suggested that additional business levies should be considered, as well as charging for car parking in Wellingborough and Rushden. Along with building low-cost houses for rental income and revenue creating and/or revenue releasing projects; to hold a lottery; offering advice to residents on releasing capital and downsizing; and working with budget support services.

41. The questionnaire then outlined the Council’s proposal to increase the Council Tax rate by a further 2% in 2023/24 as part of the Adult Social Care precept, which would be used to directly fund Adult Social Care, meaning an average (Band D) Council Tax payer’s rate would increase £31.57 per year (£0.61p per week) for the North Northamptonshire Council precept.

42. Respondents were asked to what extent they agree or disagree with the proposal to increase Council Tax by a further 2% as part of the Adult Social Care precept, which would be used to directly fund Adult Social Care. There were 321 responses to this question. Similar to the core council increase proposal many respondents opposed the increase, although disagreement was not as high for the Adult Social Care precept increase as it was for the core increase. Approximately just over a third of respondents (36.1%) said they

strongly agree or tend to agree with the proposal, whilst half (49.2%) said they strongly disagree or tend to disagree with the proposal.



43. Respondents were then asked why they answered the previous question in the way that they did. There were 162 comments made in relation to this question.

44. A total of 47 respondents who agreed with the proposal provided comments. By far the most frequent comment made by respondents who agreed with the additional 2% Adult Social Care precept said they agreed that funds for Adult Social Care services were needed to provide an appropriate level of care and accepted that an Adult Social Care precept was necessary. There was acknowledgement that service demand is high, that North Northamptonshire has a rapidly ageing population and that the service needs investment. It was also commented that these services being insufficiently funded has a direct impact on the NHS and a detrimental impact, including possible closure, of private care homes.

45. There were a few comments seeking clarity on where the additional funds would be spent and the perception that there is currently no plan as to how the funds would be spent.

46. Some ideas for alternative funding streams were shared including the Council owning rehabilitation homes as respondents felt the Council could potentially run these more cost effectively than the private sector, and an insistence that the funds aren't utilised to support general hospitals unless there was reciprocal access to their funding streams. It was felt that investment in early years and education was also needed to mitigate dependence on services in later years.

47. A total of 21 respondents who neither agreed nor disagreed with the proposal made comment. These respondents provided a variety of feedback with no single common theme emerging. Some respondents wanted clarity on where the funds would be allocated. There was an indication from a few respondents that a review of services and/or staff structure should be undertaken to support the allocation of funds and to ensure extra funding went to services and not salaries, which are felt to be high for management but low for care workers.

48. A similar number of respondents expressed their general acceptance that funds are needed to support Adult Social Care services, with an acknowledgement of the additional pressure this Council Tax precept may put on some families in the current economic climate.

49. There were a small number of comments that there would be more agreement to the increase in the Council Tax element if the Green Waste subscription charge hadn't been approved, or if the proposed increase was a lower percentage than 2%.

50. A total of 90 respondents who disagreed with the proposal provided comments. The most frequent comments were regarding the concern over the cost-of-living challenges and concerns over the Council putting further financial pressure on households, especially as the Adult Social Care precept is on top of the proposed Council Tax increase of 2.99%.

51. The next most common comments were regarding a general dissatisfaction with the current perceived spending allocation and/or process of allocation, and the level of support received from people who use the service. There were requests for a complete overhaul of the service and a belief that the Adult Social Care precept is being disproportionately used for Adult Social Care in comparison to the number of users of the service. There was also a reference to the historical challenges of the previous County Council and perceived history of mismanagement of funds and services.

52. There were a few comments concluding that the expectation is that more support and higher priority should be given to Adult Social Care by Central Government, including greater funding.

53. A few respondents felt there is an over reliance on agency staff and/or consultants and a full review of services should be undertaken with a view of bringing services in-house. It was felt a further review of the discretionary parts of the service with closer partnership working is needed to promote household sustainability and independence. There were additional comments with a view that the cost of care should be paid for by the people who use the service and their families.

54. There were two respondents who said, 'Don't know' and made comment. There was recognition that Adult Social Care is underfunded but that maybe this wasn't the right time, or the proposed increase should be lower. There was also recognition that it was a challenge to retain social workers due to competitive salaries elsewhere.

55. There were two respondents who had not indicated if they agreed or disagreed with the proposal but still made comment. There was acknowledgement of the current economic challenges to residents and that any increase could put them in a vulnerable position, thus needing the Adult Care Service themselves. Equally there was acknowledgement that the service needs the additional financial support.

56. Any respondents who felt the proposal would have a negative impact were then asked to say what they thought the impact would be, along with any suggestions on how any potential negative impacts could be mitigated. A total of 93 respondents commented and made a range of comments.

57. The most frequent comments made by respondents were regarding concerns about the current cost-of-living crisis and the impact that any increase would have on households, with many respondents repeating their concerns given in previous answers and mentioned earlier this in report. A small number added their concern over potential impact on people's mental wellbeing and additional strain a Council Tax increase may put on other services, for example food banks and debt collection.

58. Several respondents felt they already pay for the service through National Insurance and that it was disproportionate for those who work to pay more than those who don't, with some respondents saying they shouldn't have to pay for the service if they don't use it.

Some comments also indicated a perception that the decision to increase Council Tax had already been made.

59. A small number of comments queried how the additional funds would be spent and felt more transparency and clear auditing is needed.

60. Other comments included an opinion that there is no long-term financial sustainability, just continued cuts in central funding and the increase in Council Tax; that central government should tax the “super-rich” more; that decisions made by central government have adversely impacted local government finances; and the perception that there are finances available in a Brexit fund to help pay for Adult Social Care services.

61. Other comments included that statistics should be shared to indicate how many people use the Adult Social Care service; that there should be a return to towns having their own Councils; and that the precept increment should be used exclusively for service delivery.

62. Several respondents offered suggestions of how any negative impact may be best mitigated. The most frequent suggestion was that Council Tax should not be increased at this time. It was commented that a lump sum rather than a percentage increase could be fairer. Other ideas included commissioning a full spending review, to reduce overall spending and/or smarter spending, with community needs being prioritised; that residents should pay for their own care; identify services which could generate commercial income and offer services to other authorities or the private sector; place levies on businesses; that reserves should be used to build more Council owned housing; and that there should be greater integration with the NHS, with shared roles and a single estate strategy. It was also suggested that care staff pay should be reviewed alongside a request for reducing the staffing budget.

Draft Capital Programme 2023-26

63. The Draft Capital Programme and its appendices 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.

64. 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 priorities.

65. The Draft Capital Programme has been developed to ensure a robust mechanism to deliver our priorities within the finances available.

66. Respondents were given the above explanation and provided with the draft Capital Programme 2023-26 and its appendices, and were invited to contact the Council if they would like further details about any of the schemes.

67. Respondents were asked if they had any comments on any of these schemes. A total of 46 comments were received about these schemes, covering a range of different services.

68. Approximately a quarter of these respondents did not comment about specific aspects of the programme but made more general comments about the programme as a whole. Several of these respondents felt activities were not being fairly distributed across North Northamptonshire and that some areas appear to be receiving a disproportionate amount of investment compared to other towns and villages, with Corby in particular being cited

as one of the towns that appears to benefit more than others. It was also commented that some of these schemes were not essential, whilst others mentioned schemes which they felt should be included but could not see, for example youth provision. It was also questioned if the programme would be delivered within the set time and budget.

69. The next most frequently mentioned subject was regarding highways and footpaths. Several respondents said they felt many roads are in need of repair, with potholes being cited as a concern. Individual comments were received mentioning highway projects which they oppose. It was also commented that the cost of new road junctions and train station links should be paid by either the developers, train companies, or central government and not by the council.

70. A few respondents mentioned the Housing Revenue Account. They felt there is an inequality between council tenants compared to other tenants when it comes to receiving funding and support for adaptations and that this area is being underfunded. Housing and homelessness were also mentioned by a couple of respondents. It is commented that the Council needs to provide more housing, especially social housing; that social housing is too focused to Corby and Kettering; and the Council should work with partners to help provide a more holistic service and support people into employment and accommodation.

71. A few respondents specifically mentioned the Hazelwood Neighbourhood Centre in Corby and expressed strong views on how important they felt this centre is for the local area, especially the elderly and their mental health. They feel the centre is well used and that it should not be subjected to any decreased funding.

72. A small number of respondents mentioned the flexible and remote working of council staff. This raised mixed opinions amongst respondents. It was commented that staff should not be working remotely but from offices. However, it was also commented that staff should continue to work remotely to enable the council to make savings by reducing its estate and energy bills.

73. A couple of respondents specifically mentioned the development pool. One respondent felt more should be done to improve the countryside, whilst the other felt the cost of street lighting was high.

74. A couple of respondents mentioned the Northamptonshire Superfast Broadband. It was commented it was not sufficient, especially in rural areas.

75. Other comments included general dissatisfaction with the Council and some of its previous decisions; that the information presented within the appendices was not clear; the need to ensure investments are sufficiently monitored; request for more youth and special educational needs provision; that council salaries should be reduced along with a reliance on consultants. It was also suggested the Council should introduce dog licencing; maximum fines for all fly-tipping; library subscription charges; and a reduction in grants for gypsy/travellers, in an attempt to save money and increase income.

Alternative suggestions and other comments

76. Respondents were then reminded that the budget report sets out the latest estimated funding position, service budget pressures, key financial risks and challenges influencing the development of North Northamptonshire Council's financial plans for 2023/24 and the ongoing financial impact of those plans, together with the medium-term estimates of funding and spending requirements.

77. Respondents were reminded that the consultation questionnaire focusses on the new proposals for the draft budget 2023/24 that will likely affect residents and service users. However, respondents were welcome to comment on anything within the Draft Budget.

78. Respondents were asked if they had any other comments they would like to make, including any alternative ideas about how the Council could save the same amount of money or generate the same amount of income as outlined in the proposals. There were 50 comments made in relation to this question and respondents made a variety of comments.

79. The most frequent comment made to this question were expressions of dissatisfaction of the Council and its decision making, with approximately a fifth of these respondents mentioning comments along this theme. Some of these respondents felt the consultation was not open for enough time and that the consultation feedback would not influence the council's decisions. It was also requested that the Council publishes the details of what it spends its money on to enable respondents to be better informed when feeding back on budget proposals. There were also criticisms about the quality of Council services.

80. A few respondents took this opportunity to express their criticism of the garden waste subscription charge. It was also suggested that there should be mandatory introduction of food waste collections; review of public waste bins; and to encourage more recycling and composting.

81. A similar number of respondents took this opportunity to comment about Council Tax. It was suggested that there should be a complete tax reform with a wealth tax system to replace the current Council Tax band system. There was also objection to paying for a social care precept increase; and support for the building of new houses that help add to the total Council Tax revenue.

82. A small number of respondents commented about the council's property assets. These respondents made a variety of comments including a perception of lack of capital funding for rural areas; disagreement with allocation of funds to refurbish offices; and request for more funding to be available to help maintain local leisure services, libraries, and social housing. It was also commented that the Council has moved some assets to parish councils and that this should result in lower maintenance cost for the Council.

83. A small number of respondents commented on the state of some public roads and felt they needed repair and more investment should be provided for ongoing maintenance. It was also commented that plans for a local cycle lane should not go ahead and that the monies would be better used elsewhere.

84. A similar number of respondents felt too much money was being paid to local politicians, consultants, and senior management. It was suggested there be a reduction in either the quantity of these roles or their salaries.

85. A few comments were received that regarding the importance of the Hazelwood Neighbourhood Centre in Corby and should not be subjected to any reduction in funding. It was commented that the centre is within an area of deprivation and provides vital multi-generational services. It was commented that the onsite day nursery is dependent on the partnership of the centre and the facilities it provides, for example the use of the kitchen for meal provision. Without this partnership it was felt the nursery would be unable to maintain its current level of service and would likely need to cease the provision of government subsidised childcare as it would become unaffordable and would need to reduce its staff.

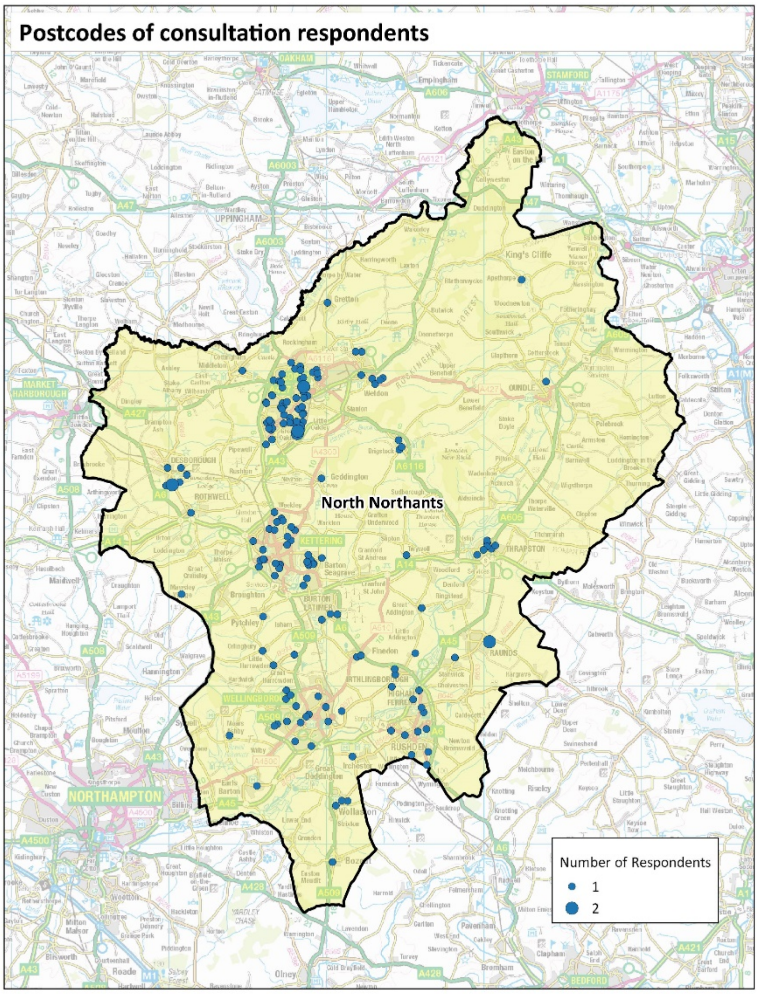
86. Other comments included a request to secure more funding from housing developers to help fund local amenities and ease the pressures new house estates may place on local services and infrastructure; for more funding and information on how the Council is tackling climate change; for more transparency on any proposed changes to fees and charges; that the council should receive more funding from central government and not be penalised for past successes; for the Council to have increased partnership working and scrutiny of lower tier councils; a feeling of inequity of service provision between rural and urban areas; and general dissatisfaction of council services.

87. A small number of comments were received regarding services which fall outside of the council's remit, for example the police and the Northamptonshire Police, Fire and Crime Commissioner office.

Demographic information

88. Within the demographic section of the questionnaire organisational respondents were asked to provide more detail about their organisation by providing their organisations name and their job title/ role. The five respondents who provided this information identified themselves as parish councils; bowls club; and a day nursery. We have not listed the job titles/ roles of respondents within this report to ensure respondents' anonymity is retained.

89. Individual respondents were asked to provide their postcode to give us an understanding of where respondents live. There were 173 valid postcodes provided for North Northamptonshire. The below map broadly shows where these respondents reside. A total of 32 postcodes were incomplete and two were from outside of the area.



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North Northamptonshire Council

90. Respondents who were not responding on behalf of an organisation were asked to complete the Council's equality monitoring form to help us understand the characteristics of people who have taken part in the consultation.

91. The vast majority of respondents chose not to provide their demographic information. Full statistical data of the responses is available within the Appendix. The following is a brief summary of the data received.

92. The majority of respondents who completed the equality monitoring form identified themselves as female (53.3%), with 40.0% being male, and 6.7% saying 'Prefer not to say'. The most frequent age given by respondents were those aged between 35 to 49 years (28.6%) and 50 to 64 (28.6%).

93. A total of 66.7% of respondents who completed the equality monitoring form were married, with 20.0% being single (never married); 6.7% divorced; and 6.7% saying 'Prefer not to say'.

94. Other identified demographic information provided by these forms demonstrated that 14.3% were disabled; nearly all respondents who completed the equalities form identified themselves as White British (93.3%); and the most frequent religion identified was Christian (14.3%) with 64.3% saying they have no religion.

95. The final question within the questionnaire asked respondents how they found out about the consultation. A total of 244 respondents answered this question. The majority of respondents said they were made aware of the consultation via social media (45.1%). Other awareness raising channels included via the local media i.e. newspaper/ radio (23.8%); an email from the Council (19.3%); from the Council website (14.8%); and via a voluntary sector organisation (0.8%). Most of the 11.5% respondents that said 'Other' appear to be from council staff who explained they found out about the consultation via internal communication channels; other responses included hearing about the consultation via family or friends.

Other responses

96. There were two written responses received in relation to the draft budget consultation.

97. A written response was received on behalf of three community centres and one community library in Corby. The response focused on the harmonisation of grants and community centres. The author expressed their concerns over a potential loss of funding and stated if the grant was no longer available the following issues would occur:

- Volunteers would withdraw from the centres
- Hard to find grants to support with running costs and salaries
- Community centres close after a year if there is no council support with funding
- Rising costs of utility bills is making it putting pressure on budgets along with limited income
- If based in an area of deprivation, then centre is not able to increase hall hire
- Loss of local amenities, for example community library; neighbourhood centres; community café, drop-in centre for services, food bank; warm space; children's centre; nursery.
- Partner services in regular attendance and working in the community will no longer be able to attend at these venues
- There will be a cost to the Council of mothballing buildings and potential loss of business rates
- There will be a loss of external funding medium term projects including up-grading of facilities

98. The author strongly expressed the importance of the facilities and the services they provide within their role of supporting the local community, and the potential impact should grant funding be lost. They also criticised the consultation timeframe and said they felt three months' notice of potential devolved grant reduction is not an adequate timeframe for these facilities.

99. The second written response was from an individual regarding the devolved community centre grants harmonisation saving of £112k. The author said they only received notice of this on 19 January, which gave them and others like them little time to respond.

100. They requested further details of what financial support the Council provides to other non-devolved community centres and questioned the financial fairness of the harmonisation. Whilst they did not name any specific community centres, they said the funding provided by the Council is critical in the continuation of the centres, and the centres provide good value for money. They added that the Council would incur a greater cost should community centres close, for example the cost of maintaining the building.

101. If the funding were reduced the respondent felt this would mean future job losses and an impact on the wellbeing of the centre's users. They said as an alternative to grant

harmonisation the removal of a senior council officer post would provide an equivalent saving. The added should funding be reduced that it be deferred for a year and funded from reserves to allow time for a managed exit and for the community centres affected to seek alternative funding.

102. A copy of these two letters is available to view along with the full consultation results on the consultation webpage. Unredacted copies of the feedback received has been shared with senior officers.

103. There were two comments made directly to our social media channels regarding the consultation. Both respondents expressed their dissatisfaction with the Council, with one commenting that their Council Tax has increased by 13% over the past two years.

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North Northamptonshire Council

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 results in a negative impact must have a full Equality Impact Assessment completed before approval is sought.

1: Proposal

Requirement	Detail
Title of proposal	Draft Budget Proposals for North Northamptonshire Council 2023/24.
Type of proposal: new policy / change to policy / new service / change to service / removal of service / project / event/ budget	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 2023/24 onwards. The budget is designed to support the priorities of the Council as set out within the Council's Corporate Plan. The budget proposals: • Seek to protect service levels • continue the Local Council Tax Support Scheme at 25% which is the same as the previous year.

Appendix F

Requirement	Detail
	• support a core council tax increase of 2.99% and an adult social care precept of 2% • 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 alongside support to enhance the specialist care provision. • Improve income through proactive risk-based treasury management investment • Review the fees and charges in a number of areas to recognise inflationary impact and other changes. • Include a charge for Green Waste collection which has previously been approved. This decision has already been undertaken as part of a separate consultation and assessment and the budget recognises the outcome of this. • Include a number of technical budget proposals which do not require an equality impact assessment. • Some efficiencies will not require a full impact assessment.
What is the objective of this proposal?	To set the budget for 2023/24 which, by statute, must be balanced financially. This requires the Council accounting for pressures on services that require investment as well as

Requirement	Detail
	identifying savings and efficiencies in order to balance the budget. 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: • Eliminating discrimination; • Promoting equality; • Fostering good relations. 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. 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:

Requirement	Detail
	• Age • Disability • Gender reassignment • Marriage and civil partnership • Pregnancy and maternity • Race • Religion and belief (including no belief) • Sex • Sexual orientation
Has there been/when will there be consultation on this proposal? (List all the groups / communities, including dates)	Consultation on the budget will commence as soon as practical after the draft budget has been approved (Executive meet on 22nd December 2022 to consider the proposals) and end on 27th January 2023, covering a five-week period.
Did the consultation on this proposal highlight any positive or negative impact on protected groups? (If yes, give details)	The Equality Screening Assessment will be reviewed when the consultation has concluded.
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

Consider in turn each protected group to ensure we meet our legal obligations of the Equality Act (2010).

Protected Groups	General Equality Duty Considerations • Include factual evidence of how some people in this group may be affected. • Consider the outcomes and processes. • Does this seek to **eliminate discrimination?** • Does this promote **fostering good relations?**	Changes • What changes can be made to mitigate any negative impact? • Are there opportunities to **remove possible barriers or disadvantages** that a group may face?	Impact Delete as appropriate. There can be more than one answer per protected group.
Age Different age groups that may be affected by the proposal in different ways.	Proposal: Strength Based Working Transformation of adult social care pathways and processes to ensure focus on client outcomes, independence, better decision making and best practice approaches to reduce delays and spend.	No negative impacts	Positive
	Reduction in Demand Costs from Provider Transformation – phase 1 Elements of support previously met through external care market would be met through the enhanced model within the PFI setting.	No negative impacts	Positive
	Proposal: Increased Utilisation of Capacity within the PPP Contract This is a continuation and expansion of savings approved in 2022/23 from reviewing the capacity	No negative impacts	Neutral

Protected Groups	General Equality Duty Considerations • Include factual evidence of how some people in this group may be affected. • Consider the outcomes and processes. • Does this seek to **eliminate discrimination?** • Does this promote **fostering good relations?**	Changes • What changes can be made to mitigate any negative impact? • Are there opportunities to **remove possible barriers or disadvantages** that a group may face?	Impact Delete as appropriate. There can be more than one answer per protected group.
	within the PPP arrangements to maximise the use of the facilities and reduce the cost of placements compared to other independent providers. <u>Proposals: Use of Framework Contract and Reductions in spend on Spot Contract</u> Effective commissioning to maximise the use of the care providers on the framework contract, which is more cost effective than one-off spot contracts.	No negative impacts	Neutral
Sex Is one sex affected more than another or are they affected the same?	Neutral. The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Sex.	Any concerns regarding the impact in relation to this protected group will be highlighted through the consultation.	Neutral
Disability It is likely to have an effect on a particular type of disability? Why?	Neutral. The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Disability.	Any concerns regarding the impact in relation to this protected group will be highlighted through the consultation.	Neutral
Gender Reassignment Will there be an impact on trans males and/or trans females?	Neutral. The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Gender Reassignment.	Any concerns regarding the impact in relation to this protected group will be highlighted through the consultation.	Neutral

Protected Groups	General Equality Duty Considerations • Include factual evidence of how some people in this group may be affected. • Consider the outcomes and processes. • Does this seek to **eliminate discrimination?** • Does this promote **fostering good relations?**	Changes • What changes can be made to mitigate any negative impact? • Are there opportunities to **remove possible barriers or disadvantages** that a group may face?	Impact Delete as appropriate. There can be more than one answer per protected group.
Race Are people from one ethnic group affected more than people from another ethnic group?	Neutral. The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Race.	Any concerns regarding the impact in relation to this protected group will be highlighted through the consultation.	Neutral
Sexual Orientation Are people of one sexual orientation affected differently to people of another sexual orientation?	Neutral. The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Sexual Orientation.	Any concerns regarding the impact in relation to this protected group will be highlighted through the consultation	Neutral
Marriage & Civil Partnership Are people in a Marriage or Civil Partnership treated less favourably?	Neutral. The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Marriage and Civil Partnerships.	Any concerns regarding the impact in relation to this protected group will be highlighted through the consultation	Neutral
Pregnancy & Maternity Are people who are pregnant, or have a baby of 6 months old or younger, affected by this proposal?	Closure of Creche at Lodge Park Leisure Centre	Equality Screening undertaken and a very small number of parents are affected. An alternative offer will be made for them at Corby Pool.	Neutral
Religion or Belief Does the proposal affect people differently depending on whether they have or do not have a religion or a belief?	Neutral. The initial impact assessment has not highlighted any negative or positive impacts on individuals in relation to Religion or Belief	Any concerns regarding the impact in relation to this protected group will be highlighted through the consultation	Neutral

Protected Groups	General Equality Duty Considerations • Include factual evidence of how some people in this group may be affected. • Consider the outcomes and processes. • Does this seek to **eliminate discrimination?** • Does this promote **fostering good relations?**	Changes • What changes can be made to mitigate any negative impact? • Are there opportunities to **remove possible barriers or disadvantages** that a group may face?	Impact Delete as appropriate. There can be more than one answer per protected group.
Health & Wellbeing 1. Health behaviours (Eg: diet, exercise, alcohol, smoking) 2. Support (Eg: community cohesion, rural isolation) 3. Socio economic (eg: income, education). 4. Environment (Eg: green spaces, fuel poverty, housing standards).	Overall, the proposals within Adult Social Care have a positive impact on Health and Wellbeing, by supporting the independence of individuals looking for support in a community setting. Further developments aim to improve the support to individuals through an enhanced model of care within the Specialist Care Centre.	Positive	Positive

3: Equality Impact

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 Committee Report?	Yes
Copy attached to Options Appraisal?	No
Copy attached to proposal document/report/policy?	Yes – Committee Report

4: Ownership

Question	Response
Department	Finance and Performance
Section	Finance
Lead Officer's Name	Janice Gotts
Lead Officer's Title	Executive Director of Finance and Performance (S151 Officer)
Lead Officer's Contact Details	Janice.gotts@northnorthants.gov.uk
Lead Officer's Signature	
Date completed	08.12.22

Completed forms must be sent to NNC Equalities

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Children's Services 06/01/23

An overview of the service area was provided. The service area employed 291 FTE and had a General Fund budget of £69.530m.

The directorate is split into three areas –

- Education Services
- Commissioning & Partnerships
- Intelligent Client Function/Children's Trust

Pressures identified over the previous 12 months (2022/23) included: -

- Children in Care population increase by 52.
- In year school applications increase of 600+ in year
- EHCP caseloads increase average 360-380/worker (recommendation 150-180)
- Elective home education; Children Missing Education increase.
- Removal of non-statutory Psychology function
- Increase in School Population 3%
- Increase in SEND Population 7.2%
- Increase in SEND Support 3%
- Increase in EHCP 28.9%

Pressures Identified for 2023/24

- Continued increase children in care (virtual school)
- Increase school age population (admissions)
- Increase SEND at all stages and ages (Education Inclusion/Ed Psychology/Educational Health and Care)
- Reduction in SENDIASS
- Reduction in Admissions Service
- No strategic Leader Early Years; SEND.
- No brokerage or contract management functions for SEN; Ed Psych and alternative provision
- No participation/engagement function for SEN

Members queried why demand for post-16 SEND places had increased.

Due to the COVID-19 pandemic, students with special educational needs had not been identified, as they were not attending school. As a result, since students had returned to schools, an increased need for post-16 SEND provision had arisen. In addition to this, there also existed long waiting lists for children to receive assessments and diagnoses for neurodivergent conditions.

General Fund Budget Summary

Draft Budget Summary for Children and Education –

2023/24 - £69.530m

2024/25 - £70.157m

205/26 - £71.897m

Education

The service area includes –

- Standards and Achievement
    - School Effectiveness
    - Safeguarding in Education
    - Governance
- SEND and Vulnerable Groups
    - Education, Health and Care Plans
    - Education Psychology
    - Attendance and Early Help
- Access and Sufficiency
    - School Admissions
    - Pupil Place Planning
    - Capital Investment
- Virtual School

One member acknowledged that the local authority had inherited some costs of new academies, such as students' travel to remote areas. They queried whether anything could be done to ensure that new academies were established in more convenient locations, to better serve the local population.

The DfE and ESFA would assess appropriate sites for schools. Pressures against schools' transport budgets existed when academies were established in isolated areas however, it was not simple for the local authority to make location demands of academies.

Members queried whether pension rates were likely to change.

Pensions rates did not fluctuate much, except for adjustments for cost of living and cohort of pensioners. If schools were to make redundancies for efficiency, they would pick up the cost.

Commissioning and Partnerships

The service area includes -

- Partnerships
  - Integrated Care Northamptonshire
  - Northamptonshire Safeguarding Children Partnership
  - SEND Independent Advisory Service
  - Northamptonshire Safeguarding Children Partnership
- Commissioning
  - Education Commissioning
  - SEND and Alternative Provision Commissioning
  - Joint Commissioning
- Service Development
  - SEND Improvement
  - Family Hubs
  - Early Years
- Intelligent Client Function
  - Contract Performance
  - Contractual Governance
  - Financial Management

Capital

Details regarding the proposed Capital Programme for 2023/24 were provided.

Rowan Gate Special School – Mobile Unit Replacement £1,661,000

Schools Minor Works Programme £1,947,000

Children's Trust £600,000

Total - £4,208,000

Dedicated Schools Grant (DSG)

Information was provided regarding the DSG.

2023/24 Dedicated Schools Grant Settlement

Schools Block

The DFE have rolled in the School Supplementary Funding in 2022-23 into the National Funding Formula which is why Schools Block needs to be rebased to make an accurate comparison.

Following the 2022 Autumn Statement the DFE will also be paying a new one-off grant in 2023-24 called Mainstream Schools Additional Grant to mainstream schools only. This grant will be rolled into Schools Block from 2024-25.

Central School Services Block

The DFE continues to reduce Historic Commitments by 20% year on year.

High Needs Block

The DFE have rolled in the additional high needs funding into High Needs Block. They have also included the mandatory requirements of ensuring 3% MFG above 2021-22 funding is paid to Special Schools, PRUS and APs as well as 3.4% additional high needs funding in 2023-24 in the terms and conditions of DSG Grant Funding.

Early Years Block

The DFE have rolled in the Teacher Pay and Pension Grant (which previously was only paid to schools and academies) into the 3 and 4 year old funding rate as well as the Maintained Nursery School Supplement rate.

One member queried whether other local authorities had misallocated Dedicated Schools Grant (DSG), leading to deficit positions.

Some local authorities held deficits on the DSG, which sat against Council reserves. This strategy was not ideal due to the fact that Council reserves then could not fall below this position, as they would need to be aligned with the deficit position.

Members queried whether North Northamptonshire Council had inherited a DSG deficit from the legacy County Council authority.

Much of the DSG deficit inherited from Northamptonshire County Council had been ‘clawed back’ from alternative service provision. This spend continued to be closely monitored.

Conclusion

Members thanked officers for their presentation. Members recognised the continued challenges faced by the service regarding financial constraints and increasing demand for services. Members congratulated officers for being able

to address many of these challenges and for the dedication of the directorate's staff.

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Place and Economy 17/01/23

Overview

Four key functional areas:

• Assets and Environment
• Growth and Regeneration
• Highways and Waste
• Regulatory Services

Five Executive Members covering the areas across the Directorate. A draft Net Budget of £68.5m in 2023/24 – around 20% of the overall budget. A draft Capital Programme 2023/26 over £27m. A draft Development Pool 2023/26 around £137m.

Growth & Regeneration

Service area covering – Planning management, Planning policy, Minerals & waste planning, Planning enforcement, Developer contributions, Street naming & numbering, Economic Growth, Digital infrastructure, Regeneration, External funding & investment, Climate change, Flood & water management.

Key Objectives

- Ensure successful operation of 'lead authority' service provision for Minerals & Waste Planning and Digital Infrastructure.
- Complete review/restructure of planning, economic development and regeneration services.
- Develop an aggregated and upscaled Planning Enforcement team.
- Create Climate Change and Flood & Water teams.
- Complete Action Plan from the PAS Review which will include harmonisation of procedures for backoffice processes across the planning service.
- Continue development of new Strategic Plan, Gypsy & Traveller site provision, Economic Strategy for North Northants.
- Progress delivery of key regeneration projects (i.e. Corby Town Plan and Kettering Heritage Action Zone).
- Lead on the implementation of the corporate Carbon Management Plan and work towards carbon neutrality.
- Increase gigabit and full fibre broadband availability across North Northants.
- Attract external funding to the area to support corporate priorities.

MTFP

Members queried whether there would be sufficient staffing capacity to deal with the outcomes of the East Northamptonshire Local Plan once adopted, together with other development control work associated with major applications e.g. Kettering Energy Park.

Officers confirmed that the planning service was currently undergoing review. Although the retention and recruitment of staff was difficult, it was hoped that capacity would be included following any staffing restructure to deal with the projected workload in a timely and comprehensive manner.

Regulatory Services

Service area covering – Bereavement Services, Building Control, Business Continuity Planning, Emergency Planning, Environmental Health, Licensing, Local Land Charges, Private Sector Housing, Trading Standards, Traveller Unit.

Key Objectives

- Complete restructure of Regulatory Services functions linking to Future Ways of Working and Asset rationalisation programmes
- Produce and consult on NNC Street Trading, Sex Establishments and Animal Welfare Policies
- Produce and consult on new Fees and Charges model for Hire Vehicle Licensing and Future Options for Zoning/Dezoning for Hackney Carriage Licensing.
- Develop a new Air Quality Strategy and Action Plan to deliver Improvements in Local Air Quality linked to Public Health Air Quality Project Officer funding.
- Review Regulatory Services Business Support Offer (Better Business for All)
- Conclude procurement and implementation of new Trading Standards Civica CX Database and Metrology Lab relocation.
- Review and Update the Northants Traveller Unit Policy, Operation and Governance arrangements with reference to the new Police, Crime, Sentencing and Courts Act 2022.
- Implement LLC Data Migration Strategy and supporting action plan to meet HMLR requirements.
- Review and Implement new competency validation and training requirements for BCS's to comply with Building Act 2022.
- Embed and validate Business Continuity arrangements across NNC and agree revised Business Continuity Strategy which identifies NNC's critical functions and priorities following BIA process.
- Review Community Risk Register and response plans with LRF partners to support an effective local incident response.

Members queried in the absence of a new NNC Empty Homes Strategy what policy were officers working against.

Officers confirmed that the previously approved local plans were being utilised until such time as an NNC plan was adopted.

Members queried that in former councils, Members were able to obtain data regarding air quality e.g. Kettering, Rothwell. Were readings still being taken and could Members receive this information.

Officers confirmed that readings were still being taken in various areas and this data could be shared with Members upon request.

Members requested clarification in relation what support was available to local business.

Officers confirmed that officers provided statutory services and provision of guidance where required to do so at no additional charge. Anything outside legal requirements e.g. training was chargeable.

Members queried in relation to the new Police, Crime, Sentencing and Courts Act 2022 whether this would make it easier to move on travellers on unauthorised sites.

Officers confirmed that further discussions with Police as a consequence of the new powers in the Act were required, however in certain cases the Act was likely to provide additional powers for the Police and/or Council to take action more efficiently and effectively.

With regard to Fees & Charges concern was expressed that these had not been made available for scrutiny as part of the budget scrutiny process. Fees & Charges were a vital income stream and Members felt that these should be available for perusal, whilst recognising that any increase/reduction to these was a delegated Executive responsibility.

Officers agreed to provide a directory of fees & charges to Members.

In addition, there was concern that figures presented across the budget presentations gave no indication of the 2022/23 base figures, or an indication of the % increase over 2022/23, thus making it difficult for Members to assess the robustness of the proposals or the indication of trends.

Members noted the proposed reduction in income from Bereavement Services of £300k in 2023/24. Members wondered whether there were likely to be any other legacy income targets that had been set which would require adjustment.

Officers confirmed that there had been some legacy targets which needed to be reviewed and reset, however these were manageable. The Bereavement Services target from the former BCW was not manageable so needed to be brought forward as part of the budget setting process.

Members noted that it was desirable that the two crematoria within NNC were not placed in a competitive situation with each other, and there was a harmonisation of fees. Members also raised concern that there seemed to be a lack of scrutiny of the Board of Directors of the Wellingborough crematorium.

Officers confirmed that it was desirable that neither site was in competition with each other and fees should be harmonised. In relation to the Board, officers confirmed that governance arrangements were currently under review.

Highways and Waste

Service area covering – Highways maintenance, Home to school transport, Strategic transport planning, Highways street-lighting (Balfour Beatty PFI), Active Travel, Highways Development Management, Recycling and waste collection and disposal, Street cleaning, Bulky waste collections, Enviro-crime, Housing waste and recycling centres (joint contract until 2025), Closed landfills.

Key Objectives

- Embed the new Highways contract with Kier.
- Complete recruitment to the new highways and transport team.
- Implement and establish the restructured waste and recycling team.
- Implement new harmonised garden waste arrangements across North Northants.
- Commence procurement of the waste disposal contract.
- Review options for the future delivery of Household Waste and Recycling Centres.
- Implement Bus Service Improvement Plan and Enhanced Partnership.
- Progress Active Travel schemes and Local Cycling and Walking Infrastructure Plans.
- Support the development and delivery of the Climate Change Management Plan.
- Progress the Business Case and planning application for the Isham Bypass.

It was noted that the new Highways contract with Kier had commenced in September 2022. Executive had made the decision to harmonise the collection of green waste across NNC and arrangements for this were now being rolled-out. For the implementation of the Bus Service Improvement Plan and Enhanced Partnership, Government funding was being sought.

MTFP

Members queried whether there was any budget allocation for the replacing/resurfacing of roads. Members recognised that potholes and cracks were addressed but wondered whether there was budget for replacement.

Officers confirmed that an investment programme would be required, as there were currently no funds to undertake significant work of that nature.

Members requested information regarding the Isham by pass project. How much had been requested and how much had been received to date.

NB. Later in the presentation it was confirmed that £50m had been requested and awaiting confirmation, with £1.8m received towards the cost of development of a business plan.

Members noted the additional £7m required in 2023/24 for the Home to School Transport scheme.

Officers confirmed that this was a result of contract inflation and increasing demand for the service. This was likely to be a significant growth area for future years. The current budget was £11m. Officers were working to minimise the cost of the scheme within the parameters set.

Members noted that due to changes in regulations affecting the collection and disposal of soft furnishing bulky items there was a £100k pressure. The new regulations came into force on 1st January 2023.

In relation to the harmonisation of green waste charges it was noted that it would result in a reduction in expenditure of £1.358m in 2023/24. NNC would not be able to cover the total cost of the scheme from the charges but it would reduce the cost to NNC of rolling the scheme out. NNC would not make a profit from the scheme but it would reduce the cost of the service to the Council.

In relation to the £5k saving on the review of the litter bin network, officers stressed that this would not result in an impact to the service provided to the public or the removal of existing bins.

Members noted a £50k saving following the promotion of the food waste service in Corby and East Northamptonshire and enquired how this figure had been reached.

Officers confirmed that a reduction in food waste going into general waste would reduce landfill charges. It was an estimated figure.

Assets & Environment

Service area covering – Facilities Management, Asset Management, Energy Management, Capital Projects (Property), Fleet Vehicles, Grounds Maintenance, Parks & Open Spaces, Country Parks, Public Car Parks, Parking Enforcement.

Key Objectives

- Complete Restructure of the Asset & Environment Service across all teams.
- Deliver a new Parking Enforcement Service team as part of service disaggregation by April 2023.
- Implement the adopted Tree Care Policy and Pollinator Strategy across North Northamptonshire to provide a consistent land management service across Grounds and Woodlands teams.
- Deliver Environmental Schemes for which external grant funding has been secured for, such as Woodland Accelerator Programme, Treescape funding, and Active Parks project.
- Develop a Car Parking Strategy to review public car parking arrangements, including Electric Vehicle charging infrastructure.
- Implement the Asset Disposal Policy to support our office and wider asset rationalisation programme (linked to Future Way of Working).
- Implement the Building & Fleet elements of the Corporate Carbon Management Plan to support the Council's carbon neutral commitments for its assets.
- Deliver a Local Nature Recovery Strategy for North Northants.

MTFP

Members queried what plans were there for the Council's estate, as the Council owned a lot of buildings, some of which may be underused. Was repurposing of buildings being considered.

Officers confirmed that work was being undertaken to identify the best use of the Council's estate or where appropriate, consideration of disposal opportunities.

It was noted that some rationalisation of assets was an important part of the transformation process, as well as ensuring services were provided to residents in an efficient and effective manner.

Members queried whether the Council achieved economies of scale in relation to the purchase of vehicles.

Officers confirmed that they worked closely with procurement colleagues to ensure the most appropriate and economical purchase or lease options available.

Members noted that the income from Corby car parks were estimated to be reduced by £108k in 2023/24.

Officers confirmed that currently income was lower within the Corby car parks as usage had yet to recover to pre-lockdown figures. The reassessment of income was considered prudent.

Capital

In relation to Capital schemes a sum of £15,902,266 was being proposed for 2023/24.

In relation to the East Kettering scheme, it was confirmed that this included income from developer contributions.

The £19.9m from the Corby Town Fund had been allocated.

Details of schemes within the draft Development Pool were also circulated. These currently totalled over £38.7m for 2023/24. It was noted that the schemes listed LTP Maintenance, LTP Integrated Transport and Incentive Fund had now been included in the Capital Programme following confirmation of funding from the DfT.

END

Enabling Services 18/01/23

Officers provided an overview of the service which included Finance & Performance, Chief Executives, Human Resources & Governance, Transformation Customer Services & IT.

A General Budget Summary was provided –

Draft Budget Summary 2023/24

Summary by Directorate	2023/24 £000	2024/25 £000	2025/26 £000
Adults, Wellbeing and Communities	132,530	141,696	158,607
Children and Education	69,530	70,157	71,897
Place & Economy	68,500	72,833	77,316
Enabling Services	36,102	35,536	36,226
Corporate	29,833	37,268	42,196
Base Budget Gross Budget (Excluding DSG Funding)	**336,495**	**357,490**	**386,242**
Total Base Gross Budget	**336,495**	**357,490**	**386,242**
Total Funding	**(336,495)**	**(339,200)**	**(332,274)**
Budget Gap	**0**	**18,290**	**53,968**

Finance & Corporate

Finance Service Objectives

Delivery of Exchequer Services

Provision of accurate and timely payment and Income collection services; payroll services and insurance arrangements

Procurement

Ensure effective procurement processes in place to meet statutory requirements, while achieving Value for Money (VFM) for the Authority. The development of a procurement strategy to ensure compliance with the carbon neutral agenda and empowering Local Suppliers and implementing Social Values for the residents of North Northamptonshire e.g. local jobs, apprenticeships, training etc.

Internal Audit

Internal Audit delivers a plan of work for the year, which seeks to inform the annual assurance opinion over the Council's governance, risk and control framework. We focus on the Council's key risks and seek to provide assurance over the controls in place to manage these. In the year to date, we have issued 13 audit reports and certified spend on 8 grants – which is demonstrating good progress against the agreed plan.

In times where services are facing increasing risks and are reviewing processes to deliver efficiencies, the role of internal audit becomes even more vital in ensuring the Council is not exposed to intolerable or unmanaged levels of risk and that value for money is sought in every process. Internal Audit provides assurance over management of risk but also seeks to support services in maximising value for money.

Revenue and Benefits

- Robust and efficient income collection for the Council through Council Tax and NNDR
- Timely and accurate payment of grants to businesses/individuals as required.
- Timely and accurate payment of benefits e.g. Housing Benefit, Council Tax Support and Discretionary Housing Payments
- Provide money, debt and budgeting advice to our customers via our Social Inclusion Team.

MFTP – Finance

Members raised concern about the Audit Fee increase of £500k as they were under the impression that fees would reduce not increase. There was also concern that Auditors were stepping back from some unitary councils citing this was due to the complexity of the audits.

It was clarified that fees were set at a national level and this was being looked at by the sector. It was noted that in the early years of NNC that the work involved with audit was very resource intensive. It was also clarified that there had been changes in provision under the PSSA agreement and confirmed that the cost had been queried.

One member did comment that historically fees had been low and that this was probably a more realistic figure for Audit fees.

MTFP - Corporate

The Treasury performance had been better than expected due to the increase in interest rates.

Reference was made to bad debt provision and a member asked if a breakdown of this could be provided and asked for clarification that this did not relate to any Covid payments.

It was confirmed that separate pre-payment fraud checks had been undertaken to ensure that payments were made correctly, and this did not relate to Covid payments. It was confirmed that an analysis could be provided.

Chief Executive's Office

The presentation detailed the services that fell under the Chief Executive's budget which included:

- Chief Executives Office
- Chief Executive
- Executive Support
- Assistant Chief Executive
- Communications
- Consultation, Engagement and Corporate Equalities
- Web Team (content)
- Performance & Business Intelligence

Reference was made to the medium-term financial plan and closing budgets and reference to the increase in subscriptions and the cost of the website migrations.

Members questioned if access to the former websites would be available as many found this particularly useful, particularly in relation to planning issues.

It was clarified that the functionality would remain. If councillors wished to contact the Assistant Chief Executive about what they particularly would like to be able to access that would be helpful.

Human Resources & Governance

The Executive Director reported on the service area of Human Resources & Governance, including:

- HR Advisory, Workforce Planning & Development, Learning and Development and Health and Safety and
- Legal & Governance, including Legal Services, Democratic & Election Services, FOI & Data Governance and Registration and Coroners Services.

The Executive Director referred to the pay and grading review that was a very complex and time intensive project, which was ongoing. In relation to the Coroner's Office, there was a need to provide a cold storage and that had been costed in.

Within the service area there were ongoing restructures which would result in changes to pay structures. Legal Services, which was now in-house, were predicting an increase in legal fees for the coming year.

There had been some reductions to costings in the Civic office and this had resulted in savings.

Members asked what the total income had been for legal previously and what it was proposed to be.

It was confirmed that previous income had been £50k and it was expected that there would be an increase to £200k.

Members also asked about the Coroners Storage and asked why this could not be covered within the Crematoria.

The Executive Director clarified that this was a statutory service and had to be delivered and provided as part of death management.

Transformation, Customer Service & IT

The meeting considered the Customer Services area which also fell under this remit.

- **Business Transformation**
- Service Transformation
- **Customer Services**
- Customer Services
- Blue Badges
- Complaints
- **IT**
- Applications
- Security
- Technical Services
- Service Delivery
- IT Projects
- Services delivered by WNC – Programme Team, Business Systems, Digital Services, IT Leadership, IT Managed Service, IT Service Delivery, IT Operations

There was a new telephony system being introduced and it was referenced the savings this would achieve. The system would be in place by 1 April 2023.

Members asked if the time it took to get through to the required service could be improved rather than the three minutes it currently took pressing options which, particularly for the elderly, was very frustrating and time consuming.

It was confirmed that this was being looked at with a view to improving the customer journey and experience. There would be an improved case management system, with a reduction in costs and increased productivity.

The costings for ICT and the increases in licensing costs were also highlighted. There was an ongoing programme to rationalise the cost of the mobile phone contracts and Office 365 migration costs. There was work ongoing in relation to the infrastructure and remote working and there would be additional costs for the ongoing replacement of IT hardware, such as laptops. The IT Strategy was being reviewed along with the infrastructure, including the design of new networks and service areas with a focus on security. Generally, the service would become more agile and suited to the current and future methods of working.

Conclusion

Councillor Smithers, as Leader, addressed the meeting and commended the work of the finance team and senior officers in setting a balanced budget, which was not an easy task in the current climate particularly with world events having an impact.

A member asked what the three main concerns were in relation to the budget and the future finances of the council.

The Leader considered that his biggest concern was uncertainty around global conflicts, the cost of Petrol and Diesel and general utility costs which would affect everyone including the Council.

Members considered that it would be useful to have notification of a four-year settlement.

Members thanked officers and members for the improvements made to the reporting and scrutiny process implemented this year.

General Point

With regard to Fees & Charges concern was expressed that these had not been made available for scrutiny as part of the budget scrutiny process. Fees & Charges were a vital income stream and Members felt that these should be available for perusal, whilst recognising that any increase/reduction to these was a delegated Executive responsibility.

In addition, there was concern that figures presented across the budget presentations gave no indication of the 2022/23 base figures, or an indication of the % increase over 2022/23, thus making it difficult for Members to assess the robustness of the proposals or the indication of trends.

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Adults, Health Partnerships and Housing 23/01/23

Officers provided an overview of the service. It was noted that from 2023/24 Public Health & Communities would form a separate directorate for budgetary purposes.

Housing & Communities
- Council Housing stock in Corby and Kettering, Temporary Accommodation, Homelessness prevention services
- Community Safety, Voluntary Sector, Community Development, Asylum Seeker Dispersal, Afghan Resettlement Scheme, Homes for Ukraine programme*
- Leisure services including running of council leisure services and contract management of external leisure services outsourced from previous sovereign councils contracts*
- Town and Parish Council liaison*

Adult Social Care
- Adult social care assessments and provision of care and reablement services
- Safeguarding, Wellbeing and Provider Services including delivery of in-house provider services (regulated and non-regulated), coordination of safeguarding activity, and auditing of delivery of safeguarding activity
- Commissioning and Performance, contact commissioning, market oversight and market management. This department has also taken on the coordination of the transformation functions that transferred into the Directorate following structural changes implemented in Autumn 2022

Public Health*
- Health protection, Lifestyle services, Joint Strategic Needs Assessment
- Adult Learning

*subject to changes and development of Public Health and Wellbeing Directorate in 2023/2024 – current reporting lines maintained pending recruitment of DPH

Housing & Communities

Members received a presentation detailing the service objectives for both Housing & Communities. These included: -

Housing

- Stabilise frontline services by recruitment to staffing vacancies & reduce agency spend.

- Engage with new ICS Place Delivery model with a greater focus on community asset and strengths-based practice and prevention and early intervention and requisite learning & development and cultural change for staff.

- Complete the comprehensive review of our use of Temporary Accommodation to drive down costs and improve consistency of best practice, including new DPS procurement framework.

- Demonstrate how we can meet the need for affordable housing and which provide homes for the future for our tenants.

- Develop an overarching Housing Strategy; a Homelessness and Rough Sleeping Strategy to ensure we meet the requirements of the Homelessness Reduction Act and provide more preventative solutions; and an approach to providing Housing for Care which will enable older people and vulnerable residents to retain independence for longer in their own homes.

Members were keen to know what future plans for building more NNC council houses would be. There had been a good record of accomplishment by former councils of building new houses, and members were keen for this to continue. Ensuring that RTB receipts were spent before deadline was imperative, otherwise receipts would be lost.

Future plans for new build were currently being explored. This was subject to reprofiling as both increases in cost of construction and increase in interest rates were having a negative impact. Any future capital programme needed to be sustainable.

It was noted that temporary accommodation was still being used, and members recognised that this facility would be required in the future given increasing demands on the service. Members were keen to have assurances that NNC was maximising its stock and any individual's residency in temporary accommodation was minimised.

It was confirmed that a review of the Council's use of temporary accommodation was currently subject to review to drive down costs and improve consistency of good practise. NCC was seeking to achieve a £200k reduction in costs for 2023/24.

Members asked when the review of temporary accommodation would be completed.

Likely to be the early part of the new financial year.

Members recognised the work that had been commenced on integrating the two former housing services into one service. Whilst recognising this was a process that needed to be appropriately planned and managed the creation of a single service was key to the Council's transformation agenda and ensuring that costs were minimised and savings reinvested. Given that trades at the DSOs were a particularly high-level of agency spend this needed to be prioritised.

There was one HRA however there were still two separate trading accounts. The intention was to amalgamate these two accounts, though no deadline for this was in place. It was a complicated issue that needed to be addressed in a step-by-step approach ensuring that all appropriate checks and balances were in place.

Work on amalgamating frontline services to customers was well underway and ensuring both former housing services were working in unison and at a consistent level.

The corporate work being undertaken on Pay & Grading would hopefully assist in the retention and recruitment of staff. Where necessary following this exercise, the use of market supplements may be considered.

Members queried regarding the placement of residents outside of the NNC area. Was this still the case and could it be minimised.

Placement outside of the NNC area was a last resort. Currently there were two households in this situation. Numbers had been successfully driven down, as had the length of placement outside of the NNC area. There was increasing demand but the service was attempting to mitigate any negative impact on residents.

Communities

- Development of a Communities Strategy, framed within the context of the emerging Place model, to include Devolution Framework, VCSE infrastructure proposals and approaches to strategic investment in the VCSE
- Plan and implement alignment and refresh of Playing Pitch and Sports Facilities strategies; review and progress current capital programmes for leisure. Scope and deliver a new Healthy Active Lifestyles Strategy as a wider Leisure Strategy
- Develop a refreshed Community Safety Plan, a Domestic Abuse and Sexual Violence Commissioning framework and a strategic response to the requirements of the new Serious Violence and Victims Bill agendas.
- Successfully mobilise Cornerstone as a cultural hub for NN and bring all culture, heritage and tourism services and venues under one business plan and Profit and Loss account to maximise resources and income opportunities.
- Develop the refugee Resettlement programme to find innovative solutions which will help to successfully resettle those coming to the UK under the Afghan, Homes for Ukraine or Full Asylum Dispersal programme.

Members queried the "one business plan and Profit and Loss account."

Currently all of the Council's community and leisure facilities operated under different plans and strategies. It was intended to amalgamate these so there was one clear business plan. There were likely to be some facilities that would require subsidy, or may break even, whilst others were able to maximise income and make a profit. An assessment could then be made as to what facilities or services required subsidy and where new income streams could be generated. This exercise would result in a robust, sustainable delivery of service to residents covering both sporting, community and cultural facilities and programmes.

Members queried how easy it would be to scrutinise this account.

Members were assured that the amalgamation would still allow Members to scrutinise individual facilities or service areas, but it would ensure that data was more easily accessible and business planning simplified.

Members queried whether trading data for Chester House could be made available as soon as possible. There were now several months figures available and access to these figures would be helpful in assessing the 2023/24 budget proposals.

Housing & Communities

Members received a presentation detailing the service risks for both Housing & Communities. These included: -

- Income targets remain challenging across Communities, Leisure and Cultural services
- Potential risks of increase in housing need due to Homes for Ukraine sponsor placements reaching their initial expiry periods.
- Budget not identified for pathways, highways, street lighting maintenance on NN housing stock land but not related to our stock.
- Kettering Library – Existing roof requiring urgent work – capital cost .
- Wellingborough library – Existing roof requiring urgent work – capital cost.
- Kettering swimming pool – Existing roof requiring urgent work – capital cost
- Increasing energy costs remains a risk within leisure.
- Refresh of leisure /sports facilities and PPS strategies could require future capital investment.
- Exec ambition to extend the Greenway across the whole of NN area will require further capital investment.

Members recognised that the increase in energy costs would have a significant impact on many facilities and an impact on council house residents. There was also an objective on reducing the Council's own carbon footprint. Members sought assurances that every opportunity was being taken to both reduce costs and reduce the Council's carbon footprint.

Rising utility costs was a corporate issue and colleagues from all service areas were seeking measures to minimise the impact on Council finances. Measures had been implemented and further measures would be considered to reduce the Council's carbon footprint during repairs or maintenance of facilities, including switching to LED lighting etc.

MTFP

It was noted that the increase in utility costs were a major pressure.

Councils were lobbying Government, together with the wider leisure sector, for further assistance in relation to rising utility prices.

The increase of £679k in Domestic Abuse Duty Funding was noted. It was felt important that victims were supported appropriately.

This increase would be covered by Government funding.

It was noted that the income targets for Lodge Park Sports Centre required reprofiling and resulted in a reduction in the income target by £95k.

Whilst this was obviously impacted by Covid, with attendance numbers not recovering after lockdown, it was also due to unachievable income targets being set. The new income target was more robust.

With regard to Fees & Charges concern was expressed that these had not been made available for scrutiny as part of the budget scrutiny process. Fees & Charges were a vital income stream and Members felt that these should be available for perusal, whilst recognising that any increase/reduction to these was a delegated Executive responsibility.

In addition, there was concern that figures presented across the budget presentations gave no indication of the 2022/23 base figures, or an indication of the % increase over 2022/23, thus making it difficult for Members to assess the robustness of the proposals or the indication of trends.

Concern was expressed by several Members regarding a proposal to reduce funding to devolved community centres. This concern regarded both the proposal generally but also the lack of notice provided to these centres. Members noted that these centres were generally managed by volunteers and that the continued operation of these centres, which were important community hubs, was dependant upon the goodwill of local residents.

Devolved centres had only been contacted the previous week regarding this proposal, which greatly restricted their ability to constructively respond as part of the consultation process.

Members were reminded that other devolved centres did not have the same level of financial support and were able to function appropriately for the benefit of local residents. Consultation responses from devolved centres would be presented as part of the report to the Executive.

There was debate regarding the continuing NNC subsidy to Chester House and the lack of parking charges.

It was noted that the subsidy to Chester House was reducing in 2023/24. Income generation from the facility was ahead of target. There were significant income streams from events and facilities at the site. It was noted that NNC were bound by funding agreements, and that the cost of closure of the site in full or part would result in significant claw back from funders. The aim was to maximise public usage of the site for organised events and for casual usage.

<u>Neighbourhood Accounts Budget Changes 2022/23 to 2023/24</u>

Members noted the 7% rental increase proposed for 2023/24, whilst recognising that this would still leave the HRA with significant financial pressures. It was noted that the current estimate for future years was 4%.

Members queried debt repayment for the HRA and whether payments were on schedule.

It was confirmed that both former CBC & KBC debt repayments were on schedule. The two repayment strategies were slightly different but neither were currently causing any concern.

With regard to the proposed move of reserves to cover increased investment in Repairs and Maintenance clarity was requested.

Primarily as a result of lockdown there was a backlog in repairs to Council properties. Whilst new repair requests could be met there was a need to invest further funds in reducing this backlog. It was being proposed that there was a one-off increase in funding in 2023/24 to achieve this. The availability of trades to complete this work was also a factor.

It was noted that the stock valuation was going to result in an increase of Revenue Contribution to Capital of £999k Corby & £540k Kettering. This was positive and resulted as a consequence of the increase in house prices. Members recognised that should house prices fall in the future this may need to be reviewed.

It was confirmed that this was a technical adjustment to comply with Government accountancy rules.

Members were keen to ensure that the two DSOs shared best practise and that economies of scale could be achieved.

It was noted that the DSOs were working towards a single supplier contract which should result in both savings and efficiencies.

Members again expressed a desire to see the unification of the two accounts into one.

This was being worked on and officers had started to map out the process for achieving this. It would not be a simple task but it was stressed that NNC does have a single HRA with two neighbourhood accounts. There was no deadline for this work to be completed however progress was being made and could be monitored by Members.

Members queried reference made during the presentation to the Tenant Advisory Panel and queried the composition of this.

It was stated that there were 8 representatives from each neighbourhood (Corby & Kettering) and the composition of this and membership would be provided.

It was noted that in 2023/24 there were increases in Repairs & Maintenance proposed of £500k Corby & £400k Kettering, then a reduction in growth bid to £100k for each.

It was confirmed that this was to address the backlog in both areas during 2023/24 then reduce in subsequent years to a more sustainable increase in budget.

Capital Programme

There was a brief discussion regarding the Capital Programme. It was recognised that there was a planned programme of maintenance and replacement. This was based on an assessment of housing stock. The service was seeking to standardise equipment and stock, although the variety of house types etc would need to be assessed. Items that required immediate replacement would be actioned under the repairs budget outside of the pre-planned maintenance budget.

Members queried the number of boiler replacements in a year and the cost of these. In addition Members sought assurance that other energy efficient and "greener" boilers were being considered.

The data on boiler replacements would be provided. Confirmation was given that where suitable "greener" options were explored and any replacement equipment future-proofed, although this was dependent upon the type and construction of the property in question.

Adult Services

Commissioning & Performance

Service Objectives

Members received a presentation detailing the service objectives for Commissioning & Performance. These included: -

- Increase collaboration within the 4 localities for population outcomes and less transactional commissioning, working with the VCS for embedding enabling and diversion services
- Complete homecare re-tender moving to dynamic purchasing system and tiered funding to support rural communities.
- Develop the micro provider and PA market to meet needs in hard-to-reach rural locations
- Recommission the advocacy contract to ensure there is a North Northamptonshire dedicated service.
- Mobilise contracts that use 'Individual Service Funds' for individuals with complex needs –supporting greater flexibility and allowing for fluctuation in need, achieving better outcomes
- Improve the utilisation of the Shaw PPP beds.
- Disaggregate Personal Budget Support Service (cost £125k)
- Support our CQC registered services to achieve a minimum of 'Good' in their CQC ratings
- Embed place-based model of commissioning and contract oversight within 4 key localities in North Northants supporting better community links and enhancing the quality of our commissioned services

Members requested clarification regarding the term dynamic purchasing system, particularly in relation to rural areas.

It was confirmed that the rates applying to customers in rural areas were higher, to cover higher travel/mileage costs. This was to ensure that customers in rural areas were able to receive a comparable level of service to customers in urban areas.

Members queried the saving of £125k with regard to the Personal Budget Support Service.

It was confirmed that this would be hosted by NNC and there would be a consequential staffing budget saving to the Council.

Service Risks

Members received a presentation detailing the service risks for Commissioning & Performance. These included: -

- Increasing difficulties sourcing home care availability – competition with other industries for recruitment and retention of staff is high. This impacts on individuals awaiting care in their own home and needing support on discharge from hospital.

- Risk of provider failure as costs of running continue to increase due to cost of living rises – particularly if the fair cost of care is not possible to implement due to new burdens not being adequately funded.
- Social Care reform – care cap delayed but still an expectation to move towards Fair Cost of Care and to develop sustainable social care markets.
- Social Care reform – fair cost of care: grant funding for implementation but unclear whether new burdens funding to support implementation.

<u>Safeguarding, Wellbeing & Provider</u>

<u>Service Objectives</u>

Members received a presentation detailing the service objectives for Safeguarding, Wellbeing & Provider. These included: -

- Provider Services Transformation – Review consultation feedback, decision and implementation.
- Linked to Provider services Transformation - Recruitment to staffing vacancies – reduce agency spend.
- Shared Lives Disaggregation, development and growth of service
- Preparation for Liberty Protection Safeguards.
- Finalise negotiations for running of Thackley Green Specialist Care Centre.
- Strengthen Safeguarding practice - further improve response for vulnerable adults and promote safety of local residents.
- Regulated service improvement plans (KLOEs) and fully embed self-audit programme.
- Further develop the assistive technology offer to provide greater independence.
- Develop ongoing Emergency Duty Team proposals alongside Children's Trust.

In relation to the consultation outcomes regarding Provider Services Transformation this was delegated to the Executive Member to implement.

Members would be kept updated.

It was recognised that there was a high dependency on agency staff.

The service would be seeking to reduce spend on agency staff, and retain and recruit permanent staff. This was a corporate issue and the outcome of the current Pay & Grading exercise was awaited.

It was noted that there was a backlog of Deprivation of Liberty Safeguard cases.

The number had reduced from 1800 to 900 and this was commended, however further work was required ahead of the introduction of Liberty Protection Safeguards.

Service Risks

Members received a presentation detailing the service risks for Safeguarding, Wellbeing & Provider. These included: -

- High number of Deprivation of Liberty Safeguard assessments and authorisations remain with no clear date for implementation of Liberty Protection Standards (LPS)
- Provider services – facilities upgrading/service offers – may require investment in the short term to maintain service/reduce health and safety risks.
- Provider services, staffing and quality challenges – improvements set out in transformation consultation concluded on 15 January 2023
- Approved Mental Health Practitioner (AMHP) recruitment challenges.
- Thackley Green Specialist Care Centre – ongoing negotiations, contractual agreements and services development requirements may delay implementation further in to 23/24

Members requested an update with regard to Thackley Green.

Discussions were underway regarding NNC taking over the facility from WNC. Currently negotiations were being conducted with the NHS regarding their potential usage of the site. It was hoped that mobilisation on site would commence from 1st April 2023, however it was important that NNC conducted full due diligence and so if this target date slipped into early 2023/24 that decision would be taken. Members would be kept updated.

There was a general discussion regarding the assumption often cited by hospitals that “bed blocking” was caused due to deficiencies in local Adult Services.

The numbers awaiting transfer from local hospitals into Adult Services care were relatively low. There were a number of factors that could cause over stay in hospitals. Adult Services monitored the situation on a daily basis and action taken to minimise delays.

Members requested a breakdown of data in relation to the transfer of residents from NHS to Adult Services care.

MTFP

It was noted that the £1,788m cost under Specialist Care Centre, was largely off-set by a saving under Adult Services MTFP.

Adult Services

Service Objectives

Members received a presentation detailing the service objectives for Adult Services. These included: -

- Undertake statutory assessments of need in line with the Care Act 2014.

- To fully embed the practice and quality improvements focussing on strengths-based practice associated with the "Three Conversations model.
- To review the first year implementation of the Target Operating Model and develop the next phase implementation and embedding of the approach, including whether the team and staffing structures are appropriate to the delivery of the model.
- To continue to consider and deliver the benefits associated with integrated working with health, in particular in relation to the Integrated Care Across Northamptonshire (iCAN) programme and place based working arrangements (Community Wellbeing Forums and Local Area Partnerships.
- Promote and enable people to regain independence or become more independent
- Assess and support the needs of informal carers in their caring roles.
- Continue to develop the performance management approach to provide assurance to the council of the efficacy of the services' approach to supporting people that have or may have social care support needs.

Members queried whether performance on adaptations to properties had improved. That often resulted in delays of patients being discharged from hospital.

It was noted that significant adaptations were conducted under DFG, the responsibility of Place & Economy. There were not significant delays for minor adaptations or equipment.

<u>Service Risks</u>

Members received a presentation detailing the service risks for Adult Services. These included: -

- Availability of external social care provision continues to impact on the ability of adult services teams to support people in a timely way.
- Key roles such as social workers remain difficult to recruit to.
- Social care reform – additional demand for assessments of need may require further staffing to implement - delayed but still need to plan.
- Ordinary Residence whilst believed to be resolved has resurfaced related to disaggregation – intensive activity required to minimise risks of transfers of cases from WNC.
- Hospital pressures remain and require intensive support to ensure costs are appropriate for NNC. Flu season has exacerbated this in 2022/2023 winter.

It was noted that there was currently a 50% vacancy figure for social workers.

Work on seeking to recruit to vacancies was ongoing, and benchmarking of pay rates undertaken. Increases in the National Living Wage may also impact on future years' budgets.

Public Health

An overview of existing Public Health services was provided.

Core services	Current status
Substance Misuse	Commissioned
Sexual Health	Commissioned
Management & Admin	NNC Staff
Health Protection	West Lead (CWA)
Health Improvement	NNC Staff
Health Promotion	NNC Staff
Falls Service	NNC Staff
Commissioned Health	Commissioned
Mental Health	NNC Staff
0-19 Services	Commissioned
Adult Learning Fund	NNC Staff

It was noted by Members that the service was seeking to disaggregate from contracts over time.

An overview of key areas of activity was provided. It was noted that the service had disaggregated in October 2022.

- Core public health services delivered in line with grant funding, strategy and statutory requirements.
- Supporting the re-shaping of NNC PH Team post disaggregation e.g. interim capacity; service equity.
- Service gaps to be identified and addressed.
- Services with exit plans (includes CWAs, identified realignment opportunities etc)
- Project related activity (funded through Reserves, linking to other grant activity and delivering public health outcomes in line with ambitions).

- Working with Finance colleagues to establish PH budget position post disaggregation.

Overview

An overview of Public Health funding and income was provided.

- All ALS funding allocations are ringfenced, funding from the ESFA and actual funding received is dependent on delivery up to the maximum allocation. ALS is a hosted service for West. The current make up of funding allocations are as follows:
- Community Learning grant allocation of circa £2.05m
- Currently spending and drawing down full allocation within funding rules
- Accredited 'Skills' funding grant allocation of circa £450,000.
- Currently spending approximately £120,000 of allocation resulting in circa £330,000 claw back per year
- This has been the profile for the past 3 years.
- Study Programme grant allocation.
- Reduced funding allocation of circa £19,000 for 2022/23. Previous profile of circa £100,000. Reduction is due to lagged funding following lower delivery during and post covid-19. Ongoing inherited operational deficit of £50-£100,000 per annum
- Multiply grant of circa £1.9m across three years
- Year one allocation (circa £580,000); grant awards being made to deliver projects meeting the vision of the council.
- Year two and three allocation (circa £670,000 p.a.)

Actions and next steps

- Launch new 'skills' courses – March 2023.
- Appoint Multiply and "Skills" posts to enable delivery: Nov 2023 – Jan 2024.
- Roll out revised Curriculum Planning process – Dec 22, planning for 2023/24 to commence March 2023.
- Improved marketing of courses to increase learner numbers and start to develop growth of income and capacity – March 2023.
- Formal proposal and review of Study Programme approach and staffing –roll out August 2023.
- Review accommodation strategy for Study Programme – Jan 2023.
- Develop and launch commissioning model for L2B courses – launched by March 2023.
- Review staffing and consider restructure for ALS to deal with potential funding change – Feb 2023 (subject to formal completion of public consultation).

Members asked for confirmation that the Public Health (PH) grant would be used in line with the requirements.

It was confirmed that part of the NNC PH Strategy included a paper setting out the financial framework for the service including how the PH funds can be used.

END

North Northamptonshire Council

Treasury Management Strategy Statement
Minimum Revenue Provision Statement
Annual Investment Strategy
(2023/24)

1. Introduction

1.1. Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

1.2. Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

1.3. Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

2. External Context

2.1. **Economic background:**

2.1.1. The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Authority's treasury management strategy for 2023/24.

2.1.2. The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Authority's treasury management strategy for 2023/24.

2.1.3. The Bank of England (BoE) increased Bank Rate by 0.5% to 3.5% in December 2022. This followed a 0.75% rise in November which was the largest single rate hike since 1989 and the ninth successive rise since December 2021. The December decision was voted for by a 6-3 majority of the Monetary Policy Committee (MPC), with two dissenters voting for a no-change at 3% and one for a larger rise of 0.75%.

2.1.4. The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.

2.1.5. The UK economy contracted by 0.3% between July and September 2022 according to the Office for National Statistics, and the BoE forecasts Gross Domestic Product (GDP) will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.

2.1.6. CPI inflation is expected to have peaked at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets at the time of the November MPR (a peak of 5.25%). However, the BoE stated it considered this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target. Market rates have fallen since the time of the November MPR.

2.1.7. The labour market remains tight for now, with the most recent statistics showing the unemployment rate was 3.7%. Earnings were up strongly in nominal terms by 6.1% for both total pay and for regular pay but factoring in inflation means real pay for both measures was -2.7%. Looking forward, the November MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.

2.1.8. Interest rates have also been rising sharply in the US, with the Federal Reserve increasing the range on its key interest rate by 0.5% in December 2022 to 4.25%-4.5%. This rise follows four successive 0.75% rises in a pace of tightening that has seen rates increase from 0.25%-0.50% in March 2022. Annual inflation has been slowing in the US but remains above 7%. GDP grew at an annualised rate of 3.2% (revised up from 2.9%) between July and September 2022, but with official interest rates expected to rise even further in the coming months, a recession in the region is widely expected at some point during 2023.

2.1.9. Inflation rose consistently in the Euro Zone since the start of the year, hitting a peak annual rate of 10.6% in October 2022, before declining to 10.1% in November. Economic growth has been weakening with an upwardly revised expansion of 0.3% (from 0.2%) in the three months to September 2022. As with the UK and US, the European Central Bank has been on an interest rate tightening cycle, pushing up its three key interest rates by 0.50% in December, following two consecutive 0.75% rises, taking its main refinancing rate to 2.5% and deposit facility rate to 2.0%.

2.2. **Credit outlook:**

2.2.1. Credit default swap (CDS) prices have followed an upward trend throughout the year, indicating higher credit risk. They have been boosted by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook, but remain well below the levels seen at the beginning of the Covid-19 pandemic.

2.2.2. CDS price volatility has been higher in 2022 compared to 2021 and this year has seen a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.

2.2.3. The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local authorities and financial institutions, revising them from to negative from stable.

2.2.4. There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability.

2.2.5. However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

2.3. **Interest rate forecast (November 2022):**

2.3.1. The Authority's treasury management adviser Arlingclose forecasts that Bank Rate will continue to rise in 2022 and 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target.

2.3.2. While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023 under its central case, with the risks in the near- and medium-term to the upside should inflation not evolve as the Bank forecasts and remains persistently higher.

2.3.3. Yields are expected to remain broadly at current levels over the medium-term, with 5-, 10- and 20-year gilt yields expected to average around 3.5%, 3.5%, and 3.85% respectively over the 3-year period to December 2025. The risks for short, medium and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

2.3.4. For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 1.91%, and that new long-term loans will be borrowed at an average rate of 4.75%.

3. <u>Local Context</u>

3.1. On 31st December 2022, the Authority held £452.98m of borrowing and £215.98m of treasury investments. This is set out in further detail at ***Appendix B***. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.22 Estimate £m	**31.3.23 Estimate £m**	**31.3.24 Forecast £m**	**31.3.25 Forecast £m**	**31.3.26 Forecast £m**
Capital financing requirement	769.702	767.928	734.935	771.051	762.405
Less: Other debt liabilities *	113.962	109.043	75.332	98.868	93.033
Loans CFR	**655.740**	**658.885**	**659.602**	**672.183**	**669.372**
Less: External borrowing **	479.144	445.918	440.742	431.413	426.809
Internal borrowing	**176.596**	**212.967**	**218.860**	**240.770**	**242.563**
Less: Balance sheet resources	429.469	429.469	429.469	429.469	429.469
Treasury investments	**252.873**	**216.502**	**210.609**	**188.699**	**186.906**

* Leases and PFI liabilities that form part of the Authority's total debt

** shows only loans to which the Authority is committed and excludes optional refinancing

3.2. The underlying need to borrow for capital purposes is measured by the Loans Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

3.3. The Authority has a slightly reducing loans CFR due to the net effect of a larger MRP charge than forecast additional borrowing requirement from approved capital programme. Investments are forecast to fall to £216.5m as capital receipts are used to finance capital expenditure and reserves are used to finance the revenue budget.

3.4. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2023/24 and the remainder of the medium term financial term period.

4. Liability benchmark:

4.1. To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £253m at each year-end to maintain sufficient liquidity but minimise credit risk.

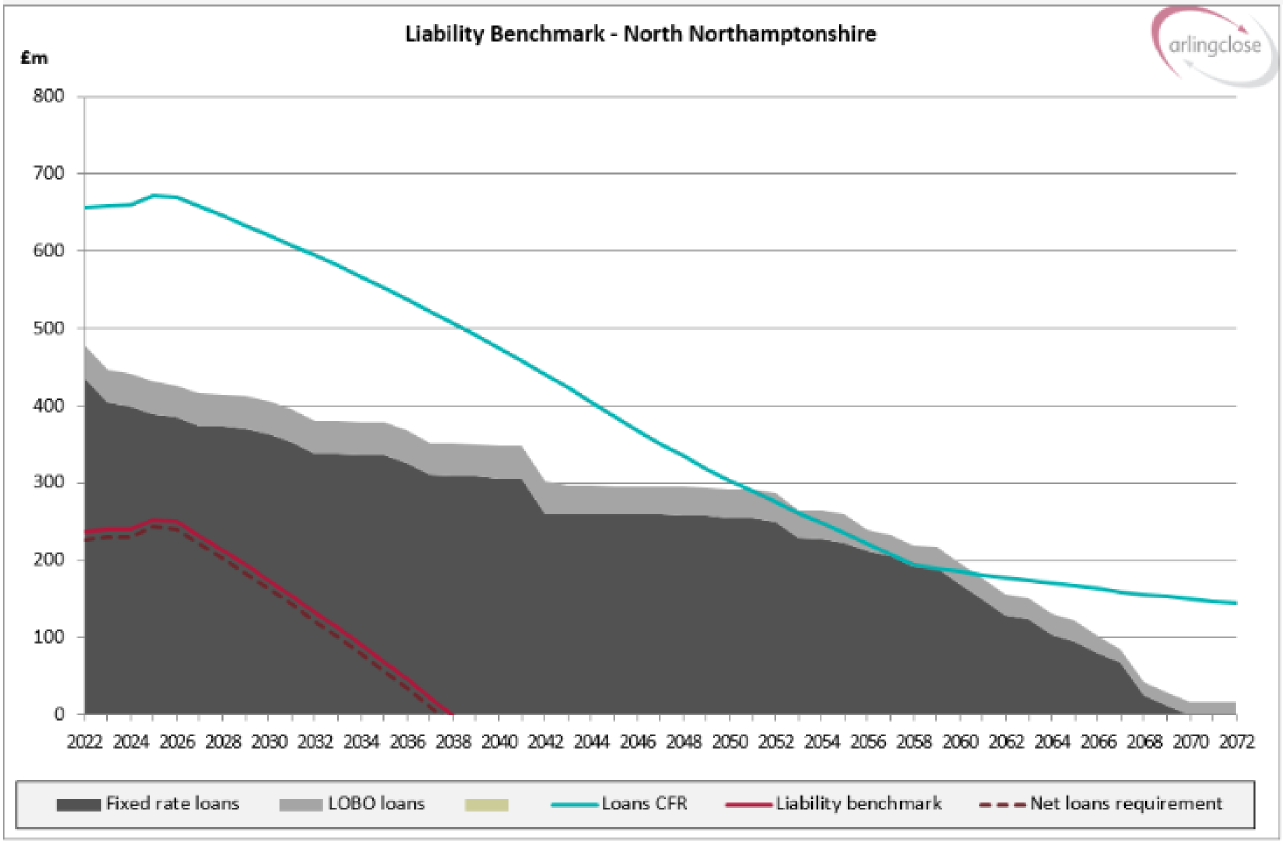
4.2. The liability benchmark measures the Council's projected net debt requirement plus a short-term liquidity allowance in the form of minimum cash and investment balances. The purpose of the benchmark is to set the level of risk which the Council regards as its balanced or normal position.

4.3. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 2: Prudential Indicator: Liability benchmark

	31.3.22 Estimate £m	**31.3.23 Estimate £m**	**31.3.24 Forecast £m**	**31.3.25 Forecast £m**	**31.3.26 Forecast £m**
Loans CFR	655.740	658.885	659.602	672.183	669.372
Less: Balance sheet resources	429.469	429.469	429.469	429.469	429.469
Net loans requirement	**226.271**	**229.416**	**230.133**	**242.714**	**239.903**
Plus: Liquidity allowance	10.000	10.000	10.000	10.000	10.000
Liability benchmark	**236.271**	**239.416**	**240.133**	**252.714**	**249.903**

4.4. Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes some capital expenditure will be funded by borrowing annually, minimum revenue provision on new capital expenditure based on average 25 year asset life and income, expenditure and reserves all increasing by inflation of 2% a year. This is shown in the chart below together with the maturity profile of the Authority's existing borrowing:



4.5. The forecast liability benchmark, or level of debt estimated for 31 March 2023 is £236.271 million, which is lower than the estimate within the Treasury Management Strategy. The current level of long-term borrowing is £479.144 million. As the Council has available reserves it can use them to fund capital expenditure in the short term, which is a prudent approach to managing its cash resources. The liability benchmark assumes that cash and investment balances are kept to a minimum level of £10 million to maintain sufficient liquidity to manage day-to day cashflow needs of the Council but minimise credit risk.

4.6. The above chart indicates that the Council will need to borrow for the next 15 years. Although, the Council's borrowing need is on a downward trend for the entire period of the forecast. This reflects the capital expenditure activities in the Council's medium term financial plan.

4.7. CIPFA recommends that the optimum external borrowing position for an Authority should be at the level of the liability benchmark. This requires that all of an Authority's balance sheet resources should be used to maximise internal borrowing.

4.8. Any years where actual loans are less than the benchmark indicate a future borrowing requirement. Whereas where actual loans outstanding exceed the benchmark represents an overborrowed position which will result in excess cash requiring investment.

4.9. The Council is projected to be in an overborrowed position for the duration of the forecast due to the level of balance sheet resources, which includes it's revenue and capital reserves being more than its liability benchmark. The Council will need to manage the overborrowed position to ensure that funds are invested in line with the Council's approved Treasury Management and Investment Strategies.

Borrowing Strategy

4.10. The Authority currently holds £445.9m of long term loans, a decrease of £33m on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority does not expect to need to borrow in 2023/24. The Authority may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £798.3m.

4.11. **Objectives:** The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

4.12. **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

4.13. By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2023/24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

4.14. The Authority has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and may investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

4.15. Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

4.16. In addition, the Authority may borrow short-term loans to cover unplanned cash flow shortages.

4.17. **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Northamptonshire Pension Fund)
- capital market bond investors

- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

4.18. **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

4.19. **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to the Executive Committee.

4.20. **LOBOs:** The Authority holds £42m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. £32m of these LOBOs have options during 2023/24, and with interest rates having risen recently, there is now a reasonable chance that lenders will exercise their options. If they do, the Authority will take the option to repay LOBO loans to reduce refinancing risk in later years. Total borrowing via LOBO loans will be limited to £42m.

4.21. **Short-term and variable rate loans**: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

4.22. **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

5. Treasury Investment Strategy

5.1. The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's treasury investment balance has ranged between £217.2m and £298.9m, and similar levels are expected to be maintained in the forthcoming year.

5.2. **Objectives:** The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

5.3. **Strategy:** As demonstrated by the liability benchmark above, the Authority expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income. The Council's Investment Strategy report is attached at Schedule 2 of this report.

5.4. **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

5.5. **Business models:** Under the IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

5.6. **Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the limits shown.

5.7. *Table 3: Treasury investment counterparties and limits*

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£15m	Unlimited
Secured investments *	25 years	£20m	Unlimited
Banks (unsecured) *	13 months	£20m	Unlimited
Building societies (unsecured) *	13 months	£20m	£20m
Registered providers (unsecured) *	5 years	£10m	£10m
Money market funds *	n/a	£20m	Unlimited
Strategic pooled funds	n/a	£20m	£20m
Real estate investment trusts	n/a	£20m	£50m
Other investments *	5 years	£20m	Unlimited

5.8. *** Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

5.9. For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £5m per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

5.10. **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

5.11. **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

5.12. **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

5.13. **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

5.14. **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

5.15. **Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

5.16. **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

5.17. **Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

5.18. **Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £2m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

5.19. **Risk assessment and credit ratings**: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

5.20. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

5.21. **Other information on the security of investments**: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

5.22. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

5.23. **Investment limits**: The maximum that will be lent to any one organisation (other than the UK Government) will be £20m. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

5.24. Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £2m in operational bank accounts count against the relevant investment limits.

5.25. Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Additional investment limits

	Cash limit
Any group of pooled funds under the same management	£20m
Negotiable instruments held in a broker's nominee account	£20m
Foreign countries	£10m

5.26. **Liquidity management**: The Authority uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

5.27. The Authority will spread its liquid cash over at least two providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

6. Treasury Management Prudential Indicators

6.1. The Authority measures and manages its exposures to treasury management risks using the following indicators.

Capital Expenditure and Financing

6.2. This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Table 5 – Capital Expenditure

Capital expenditure	**2022/23 Estimate £000**	**2023/24 Budget £000**	**2024/25 Forecast £000**	**2025/26 Forecast £000**
Non-HRA				
Adults, Wellbeing and Communities	7,067	4,011	4,030	4,830
Children's	8,666	5,184	3,719	0
Place and Economy	29,091	28,534	9,396	1,482
Enabling Services	1,105	1,079	1,810	1,362
Development Pool	22,070	39,335	71,290	79,598
HRA	5,463	14,627	15,220	13,950
Total	**73,462**	**92,770**	**105,465**	**101,222**

6.3. **Other long-term liabilities** - the above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.

6.4. The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Table 6 – Capital Programme Financing

Financing of capital expenditure (£'000)	2022/23 Estimate £000	2023/24 Budget £000	2024/25 Forecast £000	2025/26 Forecast £000
Capital receipts	4,215	4,755	5,706	4,427
Capital grants and external contributions	50,662	69,645	68,170	79,049
Capital reserves	202	150	0	0
Revenue Contribution	6,604	8,142	8,735	9,369
Net financing need for the year	**11,779**	**10,078**	**22,853**	**8,378**

6.5. **Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating / credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit [rating / score]	*AA- / 4.2*

6.6. **Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount it could borrow each quarter without giving prior notice in relation to timing issues for operational cashflow purposes.

Liquidity risk indicator	Target
Total sum borrowed in past 3 months without prior notice	£25m

6.7. **Interest rate exposures**: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	£374,882
Upper limit on one-year revenue impact of a 1% fall in interest rates	(£374,882)

6.8. The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

6.9. **The Operational Boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

6.10. **The authorised limit for external debt.** This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

6.11. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

6.12. The Council is asked to approve the following authorised limit

Table 7 – Authorised Limit

	31.3.22 Estimate £m	31.3.23 Estimate £m	31.3.24 Forecast £m	31.3.25 Forecast £m	31.3.26 Forecast £m
Operational Boundary	721.31	724.77	725.56	739.40	736.31
Authorised Limit	793.45	797.25	798.12	813.34	809.94

6.13. **Maturity structure of borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Table 8 – Maturity Structure

Maturity structure of fixed interest rate borrowing 2023/24		
	Lower	**Upper**
Under 12 months	0%	30%
12 months to 2 years	0%	30%
2 years to 5 years	0%	30%
5 years to 10 years	0%	35%
10 years to 20 years	0%	40%
20 years to 30 years	0%	40%
30 years to 40 years	0%	45%
40 years to 50 years	0%	50%
Over 50 years	0%	20%

6.14. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

6.15. **Long-term treasury management investments:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price risk indicator	2023/24	2024/25	2025/26
Limit on principal invested for more than 12 months	£60m	£55m	£55m

6.16. Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Related Matters

6.17. The CIPFA Code requires the Authority to include the following in its treasury management strategy.

6.18. **Financial derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

6.19. The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

6.20. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

6.21. In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

6.22. **Housing Revenue Account:** On 1st April 2012, the Authority notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured annually and interest transferred between the General Fund and HRA at the Authority's average interest rate on investments, adjusted for credit risk.

6.23. **Markets in Financial Instruments Directive**: The Authority has opted up to professional client status with its providers of financial services, including [advisers, banks, brokers and fund managers], allowing it access to a greater range of services but [without/with] the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

7. Financial Implications

7.1. The budget for investment income in 2023/24 is £3.48m, based on an average investment portfolio of £182m at an forecast average interest rate of 1.91%. The budget for General Fund debt interest paid in 2023/24 is £10.7m, based on an average debt portfolio of £348.5m at an average interest rate of 3.07%. The budget for the Housing Revenue Account debt interest paid in 2023/24 is £3.42m, based on an average debt portfolio of £98.153m at an average interest rate of 3.48%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecasts, performance against budget will be correspondingly different.

8. Other Options Considered

8.1. The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the Cabinet Member for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix A – Arlingclose Economic & Interest Rate Forecast – December 2022

Underlying assumptions:

- The influence of the mini-budget on rates and yields continues to wane following the more responsible approach shown by the new incumbents of Downing Street.
- Volatility in global markets continues, however, as investors seek the extent to which central banks are willing to tighten policy, as evidence of recessionary conditions builds. Investors have been more willing to price in the downturn in growth, easing financial conditions, to the displeasure of policymakers. This raises the risk that central banks will incur a policy error by tightening too much.
- The UK economy is already experiencing recessionary conditions and recent GDP and PMI data suggests the economy entered a technical recession in Q3 2022. The resilience shown by the economy has been surprising, despite the downturn in business activity and household spending. Lower demand should bear down on business pricing power – recent data suggests the UK has passed peak inflation.
- The lagged effect of the sharp tightening of monetary policy, and the lingering effects of the mini-budget on the housing market, widespread strike action, alongside high inflation, will continue to put pressure on household disposable income and wealth. The short- to medium-term outlook for the UK economy remains bleak.
- Demand for labour appears to be ebbing, but not quickly enough in the official data for most MPC policymakers. The labour market remains the bright spot in the economy and persisting employment strength may support activity, although there is a feeling of borrowed time. The MPC focus is on nominal wage growth, despite the huge real term pay cuts being experienced by the vast majority. Bank Rate will remain relatively high(er) until both inflation and wage growth declines.
- Global bond yields remain volatile as investors price in recessions even as central bankers push back on expectations for rate cuts in 2023. The US labour market remains tight and the Fed wants to see persistently higher policy rates, but the lagged effects of past hikes will depress activity more significantly to test the Fed's resolve.
- While the BoE appears to be somewhat more dovish given the weak outlook for the UK economy, the ECB seems to harbour (worryingly) few doubts about the short term direction of policy. Gilt yields will be broadly supported by both significant new bond supply and global rates expectations due to hawkish central bankers, offsetting the effects of declining inflation and growth.

Forecast:

- The MPC raised Bank Rate by 50bps to 3.5% in December as expected, with signs that some members believe that 3% is restrictive enough. However, a majority of members think further increases in Bank Rate might be required. Arlingclose continues to expect Bank Rate to peak at 4.25%, with further 25bps rises February, March and May 2023.
- The MPC will cut rates in the medium term to stimulate a stuttering UK economy, but will be reluctant to do so until wage growth eases. We see rate cuts in the first half of 2024.
- Arlingclose expects gilt yields to remain broadly steady over the medium term, although with continued volatility across shorter time periods.
- Gilt yields face pressures to both sides from hawkish US/EZ central bank policy on one hand to the weak global economic outlook on the other. BoE bond sales and high government borrowing will provide further underlying support for yields.

	Current	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Official Bank Rate													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.50	4.00	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.25	3.25	3.25	3.25
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
3-month money market rate													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.00	4.40	4.40	4.40	4.35	4.30	4.25	4.00	3.75	3.50	3.40	3.40	3.40
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
5yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.43	3.60	3.80	3.80	3.80	3.70	3.60	3.50	3.40	3.30	3.30	3.30	3.30
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
10yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.47	3.50	3.60	3.60	3.60	3.60	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
20yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.86	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
50yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.46	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%
PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
UKIB Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix B – Existing Investment & Debt Portfolio Position

	31/12/22 Actual portfolio £m	31/12/22 Average rate %
External borrowing:		
Public Works Loan Board	399.480	3.00
Local authorities	1.500	1.75
LOBO loans from banks	42.000	4.25
Other loans	10.000	3.89
Total external borrowing	**452.980**	**3.13**
Other long-term liabilities:		
Private Finance Initiative	83.488	N/A
Leases	30.474	N/A
Total other long-term liabilities	**113.962**	**N/A**
Total gross external debt	**566.942**	N/A
Treasury investments:		
The UK Government	25.000	2.07
Local authorities	113.500	2.97
Banks (unsecured)	21.357	3.59
Money market funds	23.511	3.21
Real estate investment trusts	32.355	3.19
Other investments	0.254	1.00
Total treasury investments	**215.977**	**2.98**
Net debt	**350.965**	**N/A**

Minimum Revenue Provision Statement 2023/24

North Northamptonshire Council

1. Introduction

1.1. Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The *Local Government Act 2003* requires the Authority to have regard to the former Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.

1.2. The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

1.3. The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

2. Northampton County Council (NCC) Historic Debt Liability accumulated to 31st March 2007 – Transferred to North Northamptonshire Council (NNC)

2.1. A change in this policy was introduced in and applied from 2017/18, whereby the annuity method calculation methodology was backdated to apply from 2007/08 onwards. This recalculation when compared against actual MRP charges identified an amount of overprovision, which has been applied prospectively from 2017/18 onwards until fully exhausted.

2.2. **NCC Debt Liability accumulated from 1st April 2007 (Transferred to NNC)**

2.3. Up until 2016/17, capital expenditure incurred from 1st April 2007 onwards MRP was provided for under Option 3 of the Guidance, based on the estimated useful life of the assets and using an equal annual instalment method. MRP was charged from the year after the assets funded became operational.

2.4. A change in this policy was introduced in and applied from 2017/18, whereby MRP calculation was changed to an annuity calculation methodology backdated to apply from 2007/08. This recalculation when compared against actual MRP charges identified an amount of overprovision, which will be applied prospectively from 2017/18 onwards until fully exhausted.

2.5. **District and Borough Debt (Transferred to NNC)**

2.6. MRP relating to the historic debt liability incurred for years up to and including 2007 – 2008 were charged at the rate of 4% on the reducing balance, in accordance with Option 1 of the guidance, the “regulatory method”.

2.7. The debt liability relating to capital expenditure incurred from 2008-2009 onwards was subject to MRP under Option 3, the “asset life method”, and was charged over a period that is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, was related to the estimated life of that building.

2.8. Estimated useful life periods were determined in line with accounting guidance and regulations. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, the Council generally adopted these periods. However, the Council reserved the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

2.9. **Debt Liability accumulated from 1st April 2021**

2.10. For unsupported capital expenditure incurred from 1st April 2007 onwards, MRP will be charged from the year after the assets funded have become operational.

2.11. The Council will charge MRP using option 3, the “asset life method”.

2.12. Estimated useful life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods set out in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

2.13. As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis that most reasonably reflects the anticipated period of benefit that arises from the expenditure. Whatever type of expenditure is involved, it will be grouped together in a manner that best reflects the nature of the main component of expenditure with substantially different useful economic lives.

2.14. The Council reserved the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

- **Leases and Private Finance Initiatives** (PFI) – For assets acquired by leases or PFIs, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

- **Operating Leases** – Where former operating leases have been brought onto the balance sheet due to the adoption of the *IFRS 16 Leases* accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or incentives, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.

- **Loans to Third Parties** – For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. While this is not one of the options in the MHCLG Guidance, it is thought to be a prudent approach since it ensures that the capital expenditure incurred on the loan is fully funded over the life of the assets.

- **Revenue Expenditure Funded from Capital Under Statute (REFCUS)** - Estimated life periods will be determined in line with accounting guidance and regulations. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, the Council will generally adopt these periods. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

- No MRP will be charged in respect of assets held within the Housing Revenue Account.

2.15. Capital expenditure incurred during 2023/24 will not be subject to a MRP charge until 2024/25.

2.16. Based on the Authority's latest estimate of its capital financing requirement (CFR) on 31st March 2023, the budget for MRP has been set as follows:

Table 9 – MRP Budget

	31.03.2023 Estimated CFR	2023/24 Estimated MRP
	£'000	£'000
General Fund	542,026	(4,291)
Loans to other bodies repaid in instalments	0	Nil
Voluntary overpayment (or use of prior year overpayments)	n/a	(5,490)
Total General Fund	**542,026**	**(9,781)**
HRA CFR	116,859	0
Total	**658,885**	**0**

2.17. **Overpayments:** In earlier years, one of the Council's predecessor authorities, Northamptonshire County Council had made voluntary overpayments of MRP that are available to reduce the revenue charges in later years. It is estimated that £5.7m will be drawn down out of the balance of overpayments in 2023/24.

Table 10 – MRP Overpayment

MRP Overpayments Estimates	£'000
Actual balance 31.03.2022	19,948
Approved drawdown 2022/23	(5,490)
Expected balance 31.03.2023	14,458
Planned drawdown 2023/24	(5,719)
Forecast balance 31.03.2024	8,739

Investment Strategy Report 2023/24

North Northamptonshire Council

1. Introduction

1.1. The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

1.2. This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

2. Treasury Management Investments

2.1. The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £170m and £295m during the 2023/24 financial year.

2.2. The Council currently has current bank accounts with Barclays, HSBC, Lloyds and NatWest banks, but the Council's main banker is Barclays Bank.

2.3. **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

3. Service Investments: Loans

3.1. **Contribution:** The Council may lend money to its subsidiaries, local businesses, local charities and its employees to support local public services and stimulate local economic growth. Northamptonshire County Council (NCC) made a loan of £1.8m to LGSS (now Pathfinder Legal Services Limited – (PLSL)) which was a subsidiary of the County Council set up in partnership with and jointly owned with Cambridgeshire County Council, Central Bedfordshire Council. The loan was made to provide working capital to PLSL when it was set up. On vesting day for NNC, half (£0.9m) of the loan provided by NCC was transferred to the Council and the other half to West Northamptonshire Council.

3.2. **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes

Category of borrower	31.3.2022 actual			2023/24
	Balance owing £'000	Loss allowance £'000	Net figure in accounts £'000	Approved Limit £'000
Subsidiaries	450	0	450	2,000
Local businesses	0	0	0	1,000
Local charities	0	0	0	250
Employees*	0	0	0	1,000
TOTAL	**450**	**0**	**450**	**4,250**

*Balance owing is currently part of the ongoing work around disaggregation and aggregation for the former legacy authorities

3.3. Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

3.4. **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding service loans.

4. Service Investments: Shares

4.1. **Contribution:** The Council invests in the shares of its subsidiaries to support local public services and stimulate local economic growth. The Council converted some of the original working capital loan provided to PLSL to share equity in April 2021.

4.2. **Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares held for service purposes

Category of company	31.3.2022 actual			2023/24
	Amounts invested £'000	Gains or losses £'000	Value in accounts £'000	Approved Limit £'000
Subsidiaries	450	0	450	2,000

4.3. **Risk assessment:** The Authority assesses the risk of loss before entering into this investment. The acquisition of these shares derives from conversion of part of an existing loan to share equity in the company. Pathfinder Legal Services Limited produces annual accounts which among other reports is used to assess its performance.

4.4. **Liquidity:** The investment is a small investment in a subsidiary of the Council. The amount invested has little on the Council's liquidity position and there are no plans to increase investment in this subsidiary or make further investments in shares.

4.5. **Non-specified Investments:** The Council has Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

5. Commercial Investments: Property

5.1. **Contribution:** The Council invested in regional commercial property with the intention of making a profit that will be spent on local public services as set out in below table.

Table 3: Property held for investment purposes

Property	Actual	31.3.2022 actual		31.3.2023 expected	
	Purchase cost £'000	**Unrealised Gains or (losses) £'000**	**Value in accounts £'000**	**Gains or (losses) £'000**	**Value in accounts £'000**
Denby	14,000	2,300	16,300	0	16,300
Wakefield	5,200	-400	4,800	0	4,800
TOTAL	**19,200**	**1,900**	**21,100**	**0**	**21,100**

5.2. The above investments are long term in nature and primarily to allow the Council to generate positive rental income net of costs on an annual basis to support the delivery of local services – they are not for capital purposes. Therefore, the Council does not plan to crystalise the above accounting gains/losses.

5.3. **Security:** In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs. Taking as a whole the accounting valuation for the portfolio exceeds total purchase costs.

5.4. A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2022/23 year end accounts preparation and audit process value the property portfolio below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom. Currently, the valuations do not have any impact on revenue.

5.5. **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding property investments by -:

5.6. Prior to going ahead with the purchase of a long term investment, a valuation report is commissioned from expert external advisers. This comprehensive report reviews the micro/macro economic environment and how the investment will meet the Council's needs now and in the future. Where the investment has an existing occupier, the review will undertake a credit check/rating on such customers. For the two commercial properties in the Council's portfolio, the existing tenants were rated as low risk and the recommended level of credit that could be extended to the tenants were significantly higher than the annual rent value due to the Council. Further, both tenants were considered to be relatively financially strong at the time of the initial review.

5.7. The value of these investments is reviewed annually. This valuation is used to adjust the accounting value of the investment as part of the end of year closure of accounts process. The valuation is also used to review performance and ongoing viability of the investment in the medium to long term and whether the Council should consider exiting the investment.

5.8. **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority will undertake annual review of these investment with a view to determining their ongoing strategic value within the Council's overall investment portfolio. Where a commercial property is deemed no longer of strategic value within the investment portfolio the process of disposal will commence early to ensure an efficient disposal.

6. <u>Capacity, Skills and Culture</u>

6.1. Elected members and statutory officers: Officers involved in treasury management are experienced in the managing local authority treasury management functions with relevant qualification at all levels of staff structure. Treasury officers also attend regular training events/ seminars organised by external parties including the council treasury management advisors.

6.2. This Council deems that its treasury officers have sufficient experience to manage the treasury activities that is approved under its TMSS/AIS. Where further training or experience is required for activities that are beyond current range of treasury management activities, treasury officers will be required to attend such training. Also, the Council's treasury advisor will be expected to support treasury decisions in such situations.

6.3. Commercial deals: The Council does not plan to invest further in commercial property deals. If this changes in future, the Council will ensure that officers involved in negotiations are fully appraised of the requirement of the core principles of the prudential framework and the regulatory regime within which local authorities are required to operate.

6.4. Corporate governance: The following activities are undertaking to monitor the Council's treasury activities:

- Full Council, following review by the Finance Resources Scrutiny Committee, approves an annual Treasury Management Strategy Statement (TMSS), Minimum Revenue Provision (MRP) Policy and Annual Investment Strategy (AIS);
- fortnightly meetings between treasury officers and senior finance management team to review treasury activities;
- monthly budget monitoring that updates senior management and Executive Committee on progress toward delivering treasury budget objectives;
- bi-annual report to the Executive Committee and Full Council reviewing all treasury activities including reporting against all treasury and prudential indicators set out in the approved annual Treasury Management Strategy Statement.

7. Investment Indicators

7.1. The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

7.2. **Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third-party loans.

Table 5: Total investment exposure

Total investment exposure (£'000)	**31.03.2022 Actual**	**31.03.2023 Forecast**	**31.03.2024 Forecast**
Treasury management investments	252,875	216,504	210,611
Service investments: Loans	450	450	450
Service investments: Shares	450	450	450
Commercial investments: Property held for investment purposes	21,100	21,100	21,100
TOTAL INVESTMENTS / EXPOSURE	**274,875**	**238,504**	**232,611**

7.3. **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. The Council has determined that none of its assets are funded from borrowing.

7.4. **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 7: Investment rate of return (net of all costs)

Investments net rate of return	2021/22 Actual	2022/23 Forecast	2023/24 Forecast
Treasury management investments	0.73%	2.00%	**1.91%**
Service investments: Loans	0.00%	0.00%	**0.50%**
Service investments: Shares	0.00%	0.00%	**0.50%**
Commercial investments: Property	1.00%	1.00%	**1.91%**
ALL INVESTMENTS	**0.75%**	**1.90%**	**1.90%**

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Appendix I

LEGAL BACKGROUND TO SETTING THE REVENUE BUDGET AND COUNCIL TAX

1. **INTRODUCTION**

1.1 The council tax is basically a tax on property with a personal element in the form of discounts and reductions. Discounts include the 25% discount in respect of dwellings occupied by a single person. Reductions include reductions in pursuance of the Council's council tax reduction scheme made under the Local Government Finance Act 2012 which has replaced council tax benefit.

1.2 All dwellings are listed in one of eight valuation bands and the amount of council tax payable in respect of each dwelling (before discounts and other reductions) is in a set proportion between each band. The Headline Tax is calculated for Band D and the tax in the remaining bands is worked out as a proportion of this amount. The lowest Band (A) is two-thirds of Band D and the highest Band (H) is twice Band D and three-times Band A. The proportions are as follows:

A:	B:	C:	D:	E:	F:	G:	H:
6:	7:	8:	9:	11:	13:	15:	18:

1.3 There are three main stages in setting the council tax:-

STAGE 1 - The Council calculates its own **council tax requirement,** (i.e. its net revenue expenditure), including levies issued to it but not precepts.

STAGE 2 - The Council then calculates its **basic amount of council tax** which is the North Northamptonshire Council (NNC) element of the council tax for Band D and which takes account of council tax requirement and the council tax base calculated at an earlier stage and after that the NNC element of the remaining bands.

STAGE 3 - Finally, the Council sets the council tax for the area in bands, being the aggregate of the NNC element of the tax, the Town and Parish Council Precepts and the element of the tax precepted by the Northamptonshire Police Authority and Northamptonshire Fire and Rescue Authority.

2. **<u>STAGE 1 - THE COUNCIL TAX REQUIREMENT</u>**

2.1 Members should note that the Localism Act 2011 amended the Local Government Finance Act 1992 ("LGFA 2011") to introduce a duty to calculate a "council tax requirement".

2.2 Section 31A of the LGFA 1992 requires the Council to make three calculations, in effect -

a) an estimate of the Council's gross revenue expenditure - Section 31A(2);

b) an estimate of anticipated income - Section 31A(3);

c) a calculation of the difference between (i) and (ii) above, (i.e. net revenue expenditure) - Section 31A(4) – this is known as the **council tax requirement.**

2.3 More specifically, in its Section 31A(2) calculation of gross expenditure the Council should include –

a) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) (a) to (f) of the Act taking into account all precepts issued to it by Parish Councils. (Gross expenditure, parish expenses any contingencies, any provision for reserves).

2.4 The Section 31A(3) calculation is the aggregate of the sums to be set off against gross expenditure, namely -

a) being the aggregate of the amounts which the Council estimates for the items set out in Section 31 (A) (3) (a) to (d) of the Act. (Gross income, any use of reserves).

2.5 Section 31A(4) then requires the calculation under Section 31A(3) to be subtracted from that under Section 31A(2) to produce a calculation of estimated net expenditure known as the **council tax requirement**.

2.6 These calculations must be made before 11 March, although they are not invalid merely because they are made on or after that date. However, until the calculations are made any purported setting of the Council Tax will be treated as null and void.

2.7 It should be noted that the general fund has to stand the cost of any temporary lending to the collection fund to cover late payments/non-collection.

2.8 It should be noted that significant amounts of expenditure are financed through government grants (such as the Dedicated Schools Grant for schools budget related expenditure) and not directly through council tax. Such expenditure will be calculated under Section 31A(2)(a) and will be offset by the specific grants which will be included in the calculation under Section 31A(3)(a).

3. THE LEVEL OF THE COUNCIL TAX REQUIREMENT

3.1 The level of the Section 31A calculations, and in particular the calculation of the council tax requirement is of crucial importance both legally and financially. In particular -

- the amount of the council tax requirement must be sufficient to meet the Council's legal and financial commitments and ensure the proper discharge of its statutory duties.

- the amount of the council tax requirement must ensure a balanced budget.

- the amount of the council tax requirement must leave the Council with adequate financial reserves.

- the level of the council tax requirement must not be unreasonable having regard to the Council's fiduciary duty to its Council Taxpayers and ratepayers.

- the amount of the council tax requirement will be relevant to the question of whether or not the Council is required to hold a council tax referendum (see paragraph 5).

3.2 The level of the council tax requirement, together with the council tax base (see paragraph 4.3) will determine the Council's basic amount of council tax.

4. STAGE 2 - THE COUNCIL'S BASIC AMOUNT OF COUNCIL TAX

4.1 Having calculated its council tax requirement, the Council is then required under Section 31B, LGFA 1992 to calculate its **basic amount of council tax**. This is North Northamptonshire Council's element of Band D Council Tax. Then, under Section 36, it must calculate the North Northamptonshire element of all the bands as a proportion of the Band D calculation.

4.2 Section 31B Calculation

The North Northamptonshire Element of the Band D Council Tax is known as the basic amount of council tax. This is calculated by applying the following formula - $\frac{R}{T}$

where -
R is the council tax requirement, and
T is the council tax base.

4.3 **Council Tax Base**

The council tax base is basically the Band D - equivalent number of properties across North Northamptonshire adjusted to take account of discounts premiums and reductions and multiplied by the estimated collection rate. North Northamptonshire has calculated the council tax base for 2023/24 to be 114,279. It should be noted that the basis of calculations has changed as a result of localisation of council tax support and that the effect of the authority's council tax reduction scheme operates to reduce council tax base.

4.4 **Section 36 Calculation**

Having calculated the basic amount of council tax (i.e. the North Northamptonshire element of the Band D tax) the Council is then required to convert it into a North Northamptonshire element for all Bands by multiplying it by the formula N/D where -

N is the proportion for the band as set out in 1.2

5. **COUNCIL TAX REFERENDUM**

5.1 The Localism Act 2011 ("LA 2011") abolished council tax capping and replaced it with a requirement to hold a council tax referendum if an authority increases its council tax by an amount exceeding a level set out in principles determined by the Secretary of State and approved by the House of Commons. The new requirement appears in Chapter 4ZA of Part 1 of the LGFA 1992 which was inserted by Schedule 5 of the LA 2011.

5.2 The provisions require the Council to determine whether its "basic amount of council tax" for a financial year is excessive. This question must be decided in accordance with a set of principles determined by the Secretary of State. The Secretary of State had indicated the principles he was minded to set. In relation to North Northamptonshire an increase of more than 4.99%, (including 2% for adult social care) is deemed "excessive" in 2023/24.

5.3 The legislation places the onus on each authority to determine whether its basic amount of council tax is excessive by reference to the Secretary of State's principles. Where a precepting authority has determined that its increase is excessive, it must arrange for a referendum to be held.

5.4 If an authority determines that it has set an excessive increase, it must also make "substitute calculations" to produce a basic amount of council tax which does not exceed the principles. The substitute calculations would automatically take effect in the event that the voters reject the authority's increase in a referendum. The costs of this referendum are the responsibility of the authority which triggered it.

6. STAGE 3 - SETTING THE COUNCIL TAX

6.1 The final part of the process is for the Council as billing authority to set the overall council tax for each band. Whereas the billing authorities and major precepting authorities **calculate** their own council tax requirements, their own basic amounts of council tax and amounts for each band, the **setting** of the council tax is solely the responsibility of the Council as billing authority.

6.2 Section 30 of the 1992 Act provides that the amounts set for each band will be the aggregate of the Council's element for each band calculated under Section 36 and the amount calculated for each band by each of the major precepting authorities.

6.4 The council tax cannot be set before 11 March unless all precepting authorities have issued their precepts; nor can it be set before the Council has made the other required calculations. Otherwise, any purported setting of the tax will be treated as not having occurred.

6.5 The Council has a clear legal duty to set a council tax and a resolution not to set a council tax would be unlawful, being in breach of Section 30, LGFA 1992. So would be a resolution to set a council tax which deliberately did not balance the various calculations.

7. CONSTITUTIONAL ARRANGEMENTS

7.1 Members should note that under the Council's constitutional arrangements, the functions of calculating the council tax requirement and the basic amount of council tax and the function of setting the council tax are the responsibility of Council.

8. RESTRICTIONS ON VOTING

8.1 Members should be aware of the provisions of Section 106 of the Local Government Finance Act 1992, which applies to members where -

(a) they are present at a meeting of the Council, Executive or a Committee and at the time of the meeting an amount of council tax is payable by them and has remained unpaid for at least two months, and

(b) any budget or council tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

8.2 In these circumstances, any such members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter in 8.1 (b) above. It should be noted that such members are not debarred from speaking on these matters.

8.3 Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

APPENDIX J

North Northamptonshire Council

Flexible Use of Capital Receipts Strategy 2023-24 to 2024-25

1. Background and Rules of Qualification

1.1. In December 202, as part of the provisional Local Government Finance Settlement the following was announced:

Extension of the flexibility to use capital receipts to fund transformation projects

We are announcing a 3 year extension from 2022-23 onwards of the existing flexibility for councils to use capital receipts to fund transformation projects that produce long term savings or reduce the costs of service delivery.

1.2 On 4th April 2022, the Department of Levelling Up, Housing and Communities confirmed this extension and published guidance and a direction.

1.3 This strategy has been updated and produced for the period 2023/24 to 2024/25 in light of the extension and revised guidance.

2. Objective and Purpose

2.1. The strategy is intended to enable the Council to potentially take advantage of this flexibility if appropriate.

2.2. This strategy sets out the priority objectives for major change, which will shape the effective, and efficient delivery of demand led services to improve outcomes for residents at an optimum cost. These priorities are listed below;

- Prevention / Demand Management – supporting the most vulnerable service users
- Partnerships – greater collaboration across the public sector
- Transformation – delivering services more efficiently and effectively

2.3. The delivery of these priorities will be structured through a series of projects and work streams under one new governance framework and through the Transformation Team to ensure that progress is co-ordinated, regularly reviewed and to ensure that the outcomes of these projects feed into the delivery of corporate objectives.

2.4. A number of measures have been applied in order to ensure that the qualifying criteria are met. These include a robust approval process that is applied whenever the use of capital receipts is considered, to ensure that this funding source is only applied to qualifying expenditure. Additionally, detailed monitoring will be undertaken to provide assurance over the value of qualifying spend, benefits realisation and the delivery of anticipated outcomes.

2.5. This strategy seeks to allow the flexible use of capital receipts but does not determine they have to be used for the purpose set out. It provides flexibility to use capital receipts to fund the expenditure detailed if it is determined that is the best funding stream to use.

3. Financial Overview

3.1. The Secretary of State's direction requires that details of the actual and proposed application of capital receipts are published within this strategy, including updates from the previous financial year to the Strategy.

3.2. North Northamptonshire Council's strategy for the Flexible Use of Capital Receipts in previous years was estimated to be around £9m with in-year and future years savings amounting to an ongoing benefit of around £20m, part of these costs has now been funded by the use of a capitalisation direction awarded for 2 years during 2021-22. The on-going projects are reflected in section 5 of this report, which are now estimated to be £6.5m.

3.4. There is no impact on the Council's Prudential Indicators as capital receipts have not been earmarked to pay down debt repayments.

4 Capital Receipts

4.1. The application of this strategy relies on the availability of sufficient capital receipts to fund the qualifying transformation expenditure. The latest capital receipt forecast indicates that the estimated unused capital receipts brought forward from 2022-23 will be around £20m – the capital programme for 2023-24 assumes that the use of capital receipts will be around £1m – after allowing for the use of Capital Direction and Flexible Capital Receipts the balance is estimated to be around £9.5m.

5. Eligible Projects

5.1. Projects that have been identified as being potentially eligible for capital receipt funding are summarised below, with an outline of the project and potential planned use of receipts. This list is not definitive list and further potential eligible projects could be identified during the course of the year, if this is the case, further revisions will be made to the strategy.

Project	Description	Service Transformation/Savings	Service Area	Planned use of receipts
				£'000
Transformation Support	Staff costs to support council wide transformation projects	Reflected in projects detailed below	Council wide	£2,500
Valuing Care	To deliver additional resources in reducing placement costs with children's services	Savings of £3.8m for Northamptonshire, 44% to NNC £1.67m	Children's Trust	£572
Case Management System	Delivery of new case	Potential to reduce ongoing service costs	Children's Trust	£1,276

	management system			
Specialist Care Centre	Phase 1 of provider service transformation	Reduction in demand due to provider transformation for specialist care centres £1.189m	Adults Social Care	Include in transformation above
Revenue's & Benefits	Consolidation of operating 4 separate revenues and benefit teams and integration on to a single operating system	Potential to reduce ongoing service costs c£275k	Enabling Services	Include in transformation above
IT	Review of IT infrastructure platforms across NNC and future ways of working	Potential to reduce ongoing service costs across NNC c£0.6m	Assistant Chief Exec	£1,100

North Northamptonshire Council

EXECUTIVE
9th February 2023

Report Title	**Housing Revenue Account (HRA) Draft Budget 2023-24 and Medium Term Financial Plan (MTFP) Proposals**
Report Author	Janice Gotts, Executive Director of Finance and Performance janice.gotts@northnorthants.gov.uk
Lead Member	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

Key Decision	☒ Yes ☐ No
Is the decision eligible for call-in by Scrutiny?	☒ Yes ☐ No
Are there public sector equality duty implications?	☒ Yes ☐ No
Does the report contain confidential or exempt information (whether in appendices or not)?	☐ Yes ☒ 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 2023/24
Appendix B – Draft Housing Revenue Account – Medium Term Financial Plan
Appendix C – Summary of Reserves
Appendix D – Extract of Finance & Resources Scrutiny Minutes relating to the HRA

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. The Council has started to move towards consolidating the two Neighbourhood accounts into a single HRA. This is a substantial piece of work and will require a 30-year Business Plan to be produced that will be informed by the Housing Strategy for North Northamptonshire that is currently being developed. 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 2023/24.

1.4. This report also sets out the proposals regarding rent increases for 2023/24. As required by the Housing Act 1985, council tenants in Kettering and Corby have been consulted via the Tenants Advisory Panel (TAP). Meetings with the TAP were held on 10th November 2022, 8th December 2022 and at the meeting on 12th January 2023 the Tenants formally recommended a rent increase of 7%. The TAP also requested that the Council provides details of the forms of financial support that are available to tenants, to ensure tenants are fully aware of financial support that is available to them should they be eligible for financial support.

1.5. This report seeks approval for the proposed draft budget for the HRA for 2023/24 and the key principles on which it is based together with the Medium-Term Financial Plan (MTFP) that covers the following four years (2024/25 – 2027/28).

1.6. This report also sets out the proposals regarding rent increases for 2023/24. As required by the Housing Act 1985. The following table summarises the average rent levels for 2022/23 and the proposed rent increase of 7.0% in rent levels for 2023/24, together with the change in the average rent levels.

Neighbourhood Account	**22/22 Average Rent Levels £**	**Increase in Average Rent Levels £**	**23/24 Average Rent Levels £**
Kettering	85.54	5.99	91.53
Corby	81.07	5.67	86.74

2. Executive Summary

2.1 The Government introduced a rent setting formula which covered a 5-year period (2020/21 to 2024/25). The rent setting formula is based on the Consumer Price Index (CPI) for September (of the previous financial year) + 1%. This was introduced following four years of consecutive rent reductions of 1%.

2.2 When the current rent policy was set in 2019, inflation was forecast to be around 2% in 2022 and 2023. In July 2022 CPI was 10.1% and DLUHC (Department for Levelling Up Housing Communities) issued a consultation (https://www.gov.uk/government/consultations/social-housing-rents-consultation/social-housing-rents) on the basis that if CPI were to remain at or above this level in September 2022, this would permit social housing rent increases from 1 April 2023 to 31 March 2024 of 11.1% or more. CPI in September was at the same level as in July 2022 which would have resulted in rent increases of 11.1% had government continued with the current rent setting formula.

2.3 The increase in inflation is placing considerable pressure on many households, including those living in social housing. Providers of social housing have to consider both the pressures facing the tenants and pressures facing the financial sustainability of the HRA, when looking at setting rent levels for 2023/24.

2.4 In the face of these exceptional challenges, the Government issued a consultation to make a temporary amendment to the CPI+1% policy for 2023/24. This new Direction would require the Regulator to amend its Rent Standard so that the current CPI+1% limit on annual rent increases would be subject to a ceiling from 1 April 2023 to 31 March 2024. By law, the Government were required to consult on a draft direction, and they issued a consultation on 31st August 2022.

2.5 The consultation sought views on having an upper limit on the maximum permitted annual rent increase a Registered Provider is allowed to implement and the consultation considered three options at which rents could be capped these were 3%, 5% and 7%.

2.6 The Autumn Budget was made on 17th November 2022 and the Chancellor announced that Social Housing Rents would be capped at 7% for the financial year 2023/24.

2.7 To help maintain and protect levels of service provision and to continue investment into the housing stock the Council consulted on an average rent increase of 7% for 2023/24. Both the Corby and Kettering Neighbourhood Accounts have increased rents in line with the maximum amount permissible in previous years and this approach continues with this strategy. A final budget report for the HRA taking into account the outcome of the consultation will be presented to Council on 23rd February 2023. The draft Neighbourhood Accounts show a balanced position for 2023/24.

2.8 The scrutiny process for the Draft HRA Budget Proposals was undertaken by the Finance & Resources Committee at a meeting on 23rd January. This was reported to the Finance & Resources Committee meeting on 30th January for ease of reference **Appendix D** provides a summary of comments made from the scrutiny meeting.

2.9 The draft HRA Budget has been discussed and debated with the TAP over a series of 3 meetings (as detailed in Section 1.4). The final budgets reflect a rental increase of 7% which was agreed by the TAP.

2.10 Beyond 2023/24, the Medium-term position (2024/25 to 2027/28) for the Corby Neighbourhood Account shows a deficit of £1.385m whilst the Kettering Neighbourhood Account shows a surplus of £1.750m. 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.

2.11 The Medium-Term position assumes that rent increases of 4% 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 for 2024/25 which is based on the CPI in September of the previous year plus 1%. The final year of the current five-year rent setting policy is 2024/25 – this could be subject to change depending on the levels of CPI – such announcements would likely be made in summer 2023.

3. Recommendations

3.1 It is recommended that the Executive recommend to Full Council the following:-

a. The draft 2023/24 Housing Revenue Account Budgets consisting of the Corby Neighbourhood Account and the Kettering Neighbourhood Account as set out in **Appendix A**.

b. An increase in dwelling rents for 2023/24 of 7% which adheres to the Department for Levelling Up, Housing and Communities (DLUHC) amended Policy statement on rents for social housing for both the Corby Neighbourhood Account and the Kettering Neighbourhood Account.

c. The draft Housing Revenue Account Medium Term Financial Plan consisting of the Corby Neighbourhood Account and the Kettering Neighbourhood Account, for 2024/25 to 2027/28 as set out in **Appendix B**.

That the Executive

d. Notes the forecast reserves for the Corby Neighbourhood Account and the Kettering Neighbourhood Account up to 2027/28 as set out in **Appendix C**.

3.2 Reason for Recommendations

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

3.3 Alternative Options Considered – The HRA Budgets have been subject to a formal budget consultation and comments from the consultation have been considered as part of this process.

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 2023/24 rent year, together with a draft Medium-Term Financial Plan (MTFP) covering the four-year period 2024/25 to 2027/28.

4.2 The Council housing stock in the Corby Neighbourhood Account comprises 4,570 tenanted properties with a rent roll of £19.480m in 2022/23 and the Kettering Neighbourhood Account comprises of 3,590 tenanted properties with a rent roll of £15.679m in 2022/23. In addition, there are 638 leasehold properties in the Corby Neighbourhood Account and 255 in the Kettering Neighbourhood Account. East Northants and Wellingborough Councils had no housing stock having made the decision several years ago to sell their stock. The composition of the Tenanted 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	652	338	49	1	1,040
Flats-Medium Rise	131	185	113	15	444
Houses	1	662	1,651	239	2,553
Bungalows	309	182	42	0	533
Total	**1,093**	**1,367**	**1,855**	**255**	**4,570**

Table 2 - Kettering Neighbourhood Account					
Type of Property	**Number of Bedrooms**				**Total**
	One	**Two**	**Three**	**Four +**	
Flats-Low Rise	720	453	3	0	1,176
Flats-Medium Rise	235	120	10	0	365
Houses	26	492	1,016	32	1,566
Bungalows	206	275	2	0	483
Total	**1,187**	**1,340**	**1,031**	**32**	**3,590**

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 Executive Director of Finance & Performance is the Council's Chief Finance Officer and she 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 of Finance & Performance 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 £650k for the Kettering Neighbourhood Account. The minimum balances for the two Neighbourhood Accounts 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 continue to support this strategy and will be further developed over the forthcoming financial years

4.6 The approach to the HRA budget setting has focused on three key areas for 2023/24 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 2023/24 have been compiled based on a rent increase of 7% which adheres to the maximum increase announced by the Chancellor as part of the Autumn Budget which was announced on 17th November 2022. 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 2024/25). 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 2023/24 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 2023/24 income budget.

4.10 For 2023/24 it is assumed that 0.9% of the Corby Neighbourhood housing stock will be void at any one time and it is assumed that 1.5% of the Kettering neighbourhood housing stock will be void at any one time and therefore rent cannot be charged. This reduces the total income expected to be achieved by c£190,000 for the Corby Neighbourhood Account and c£250,000 for the Kettering Neighbourhood Account.

4.11 Acquisition and new build programmes increase the number of housing stock for the HRA. It is anticipated that within the Corby Neighbourhood Account a further 18 homes will be delivered at Cheltenham Road during 2023/24 and the part year affect 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.

4.12 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.

4.13 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.

4.14 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. The need to maintain social distancing resulted in a reduction in staff on site which delayed 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.

4.15 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 1st April 2023, and to 30% from 1st April 2024 onwards. The first 20 units of delivery in each year will be excluded.

Service Charges

4.16 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.

4.17 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. Within the Kettering Neighbourhood Account leasehold charges for each building will be estimated and leaseholders will be notified of the charges to be applied for 2023/24. This process is in line with that undertaken in previous years. Within the Corby Neighbourhood Account, the leaseholders are notified of the charges on becoming a leaseholder.

Revenue Expenditure

4.18 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 4.19 – 4.33 which follow.

- Repairs & Maintenance
- General Management
- Special Services
- Self- Financing Payments
- Revenue Contribution to Capital Expenditure
- Other

4.19 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.

4.20 **General Management** includes 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.

4.21 **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.

4.22 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.

4.23 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.

4.24 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.

4.25 All borrowing must conform to the Prudential Code which requires that borrowing be affordable and prudent. The 2023/24 budget for the Corby Neighbourhood Account provides for £1.572m 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. The outstanding debt on 31st March 2023 and 31st March 2024 is estimated to be £60m.

4.26 The Kettering Neighbourhood Account is forecast to have debt of £42.724m as of 31st March 2023. The 2023/24 budget provides for the repayment of a loan of £3.5m, which will reduce the debt to £39.224m, the outstanding debt consists of self-financing debt (£36.403m) and loans to fund new build schemes (£2.821m).

4.27 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.

4.28 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 reflects this. Owing to the increase in the value of the stock this has resulted in an increase of £999k for the Corby Neighbourhood Account and £540k for the Kettering Neighbourhood Account. The medium term is forecasting lower increases in the stock valuation resulting in lower increases in the RCCO.

4.29 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 the current economic climate and the pressures on tenants from the cost of living. In addition, the spare room subsidy changes have now been in place for several years and work to manage under occupation is now business as usual.

4.30 The Corby Neighbourhood Account includes a provision of £239,000 for Bad Debts for 2023/24 an increase of £135,000 from 2022/23. The Kettering Neighbourhood Account includes a provision of £177,000 for Bad Debts for 2023/24 an increase of £27,000. The bad debts provision for future years will be reviewed as part of the budget process. 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.

4.31 The 2022/23 budget included a pay contingency of 3% for both the Corby Neighbourhood Account and the Kettering Neighbourhood Account. The 2022/23 pay award moved away from percentage increases to a fixed sum of £1,925 per employee. This has resulted in a pressure in 2022/23 of around 5% for each of the Neighbourhood Accounts. This has been reflected in the 2023/24 budget together with a pay contingency of 4% for both the Corby Neighbourhood Account and the Kettering Neighbourhood Account.

4.32 The Council's Employer Pension Contributions are subject to an actuarial review every three years and as a result of the performance of the pension fund the employers pension contributions have been reduced over the next 3 years. The Employer Contributions have been reduced by £144k for the Corby Neighbourhood Account and by £81k for the Kettering Neighbourhood Account.

4.33 Both Neighbourhood Accounts provided for an increase in employers National Insurance Contributions in 2022/23 which increased from April 2022 from 13.8% to 15.05%. The Government reversed this increase, effective from November 2022. As part of the 2022/23 budget for the purpose of the HRA it was assumed that this would be cost neutral as the support costs were reduced to reflect the increase in cost as the funding was received into the General Fund. As the contributions were reduced from November 2022 this has been reversed in the 2023/24 budget and this has been assumed to be cost neutral.

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 4% increase each year (CPI 3% + 1%)	
RTB Sales	50	30
Void Levels	0.90%	1.50%
Expenditure		
Pay Contingency	4.00% (24/25) 3.00% (25/26 - 27/28)	

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, however 2024/25 onwards brings uncertainty as this is the last year of the current five year formula for calculating rents (CPI + 1%) and it is unclear if the Government will introduce a similar capping mechanism as they introduced in 2023/24 (this is likely to depend on the CPI rate). It is also unclear on what the basis of calculating rents will be from 2025/26.

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 prior to the Autumn Budget was for rents to be increased by CPI + 1% based on the rate in September of the previous year – this would have resulted in rents for 2023/24 increasing by 11.1% (CPI of 10.1% in September 2022 plus 1%). The Autumn Budget announcement capped rent increases at 7% - which was a change in policy.

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 is 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 £195k for the Corby Neighbourhood Account and £157k for the Kettering Neighbourhood Account and the effect of a 1% reduction 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 cap of 7% announced in the Government's Autumn Budget. The draft budgets for 2023/24 are in a balanced position. Any changes to the rental levels would require reductions in expenditure.

6. Implications (including financial implications)

6.1 Resources, Financial and Transformation

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 2023/24 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 2023/24 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.

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 deprecation charge – the Draft 2023/24 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 2023/24 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 consultation with local residents regarding the HRA and proposed rent levels for 2023/24 was undertaken with representatives of the Tenants Advisory Panel and this was undertaken over a series of three meetings as detailed in Section 1.4.

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 23rd February 2023.

6.3 **Relevant Policies and Plans**

6.3.1 The budget provides the financial resources to enable the Council to deliver on its plans and meet corporate priorities as set out in the Council's Corporate Plan.

6.4 **Risk**

6.4.1 The self-financing valuation and settlement are 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.

6.4.2 The ability to aggregate housing service functions and strategies to ensure consistency across North Northamptonshire remains a challenge going forward.

6.4.3 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.

6.4.4 In future years there may 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.

6.4.5 MHCLG as part of the 2021/22 budget process 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.

6.4.6 The current economic climate could have an impact on the rent collection rates and it is recognised that it may impact on rent arrears for the two Neighbourhood Accounts.

6.4.7 Universal Credit (UC) could affect levels of tenant income and further increase rent arrears within the HRA.

6.4.8 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.

6.5 **Consultation**

6.5.1 The HRA Budget Report to the Executive meeting on 22nd December 2022 commenced the consultation on the HRA draft budget proposals, the consultation concluded on 27th January 2023.

6.5.2 There are no changes to the budget proposals to those presented to the Executive at the meeting on 22nd December 2022.

6.5.3 The Corby and Kettering Neighbourhood Accounts budget consultation included the rent levels, the 2023/24 draft budget proposals, together with the draft Medium Term Financial Plan. Representatives of the TAP agreed with the recommended increase of 7.0% for 2023/24 which adheres to the Government cap. The TAP have asked that the Council provides details of the forms of financial support that are available to tenants so those that require financial support and are eligible can access financial support.

Consideration by Scrutiny

6.5.4 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.

6.5.5 The scrutiny of the budget proposals took place following the presentation of the 2023/24 budget to the Executive on 22nd December 2022. In order to assist in the scrutiny process, separate scrutiny sessions took place across the main service areas of the Council and the scrutiny of the HRA was included within Adults, Health Partnerships and Housing. The relevant senior Council Officers and Executive Member portfolio holders attended these scrutiny sessions to answer questions put forward by the Committee Members.

6.5.6 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, comments from the Finance and Resources Scrutiny Committee are set out in **Appendix D**.

6.6 **Consideration by Executive Advisory Panel**

6.6.1 Not applicable.

6.7 **Equality Implications**

6.8.1 None directly from this report

6.8 Climate and Environment Impact

6.8.1 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, developments of the Hampden Crescent Site resulted in air source heat pumps being used.

6.8.2 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.

6.9 Community Impact

6.9.1 The draft 2023/24 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.

6.9.2 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.

6.9.3 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.

6.9.4 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.

6.11 Crime and Disorder Impact

6.11.1 There are no specific issues arising from this report

7. Background Papers

- Suite of Budget reports to the Executive meeting on 22nd December 2022
  https://northnorthants.moderngov.co.uk/ieListDocuments.aspx?CId=142&MId=900&Ver=4

- Suite of Budget reports to the Full Council meeting on 24th February 2022 (Budget Council):

https://northnorthants.moderngov.co.uk/ieListDocuments.aspx?CId=151&MId=179&Ver=4

- Suite of Budget reports to the Executive meeting on 10th February 2022
  https://northnorthants.moderngov.co.uk/ieListDocuments.aspx?CId=142&MId=330&Ver=4

Appendix A

HOUSING REVENUE ACCOUNT DRAFT BUDGET ESTIMATES 2023/24

	Corby Neighbourhood Account Draft Budget 2023/24	Kettering Neighbourhood Account Draft Budget 2023/24	North Northants HRA Draft Budget 2023/24
	£'000	£'000	**£'000**
INCOME			
Rents - Dwellings Only	20,692	16,763	**37,455**
Service Charges	641	487	**1,128**
HRA Investment Income	148	21	**169**
Total Income	**21,481**	**17,271**	**38,752**
EXPENDITURE			
Repairs and Maintenance	6,440	4,632	**11,072**
General Management	5,438	2,988	**8,426**
HRA Self Financing	2,125	4,986	**7,111**
Revenue Contribution to Capital	4,875	3,268	**8,143**
Transfer To / (From) Reserves	807	(565)	**242**
Special Services	1,014	1,257	**2,271**
Other	782	705	**1,487**
Total Expenditure	**21,481**	**17,271**	**38,752**
Net Operating Expenditure	**0**	**0**	**0**

Appendix A

CORBY NEIGHBOURHOOD ACCOUNT

	Original Budget 2022/23	Draft Budget 2023/24	Movement	Explanation for Changes in Budget
	£000	£000	£000	
INCOME				
Rents - Dwellings Only	19,480	20,692	1,212	Rent increase of 7% which is in line with the Government's cap.
Service Charges	641	641	0	
HRA Investment Income	20	148	128	Reflects increased investment income due to higher interest rates
Total Income	**20,141**	**21,481**	**1,340**	
EXPENDITURE				
Repairs and Maintenance	5,676	6,440	764	Pay award Changes £264k, increased investment into General R&M Requests from Tenants £500k fund through reserves
General Management	5,275	5,438	163	Pay award Changes £163k
HRA Self Financing	2,125	2,125	0	
Revenue Contribution to Capital	3,876	4,875	999	Increase in RCCO £999k owing to higher Stock Valuation
Transfer To / (From) Reserves	1,972	807	(1,165)	Movement is transfer from reserves (£500k) to fund increased investment into Repairs and Maintenance and restructuring self-financing loan repayments (£400k) and (£265k) to fund the increased RCCO.
Special Services	763	1,014	251	Pay award Changes £60k, Increases in Utility Costs Gas and Electric £191k
Other	454	782	328	Bad Debts £135k, Recharges £193k
Total Expenditure	**20,141**	**21,481**	**1,340**	
Net Operating Expenditure	**0**	**0**	**0**	

Appendix A

KETTERING NEIGHBOURHOOD ACCOUNT

	Original Budget 2022/23	Draft Budget 2023/24	Movement	Explanation for Changes in Budget
	£000	£000	£000	
INCOME				
Rents - Dwellings Only	15,679	16,763	1,084	Rent increase of 7% which is in line with the Government's cap.
Service Charges	443	487	44	Reflects increase in service charges
HRA Investment Income	7	21	14	Reflects increased investment income due to higher interest rates
Total Income	**16,129**	**17,271**	**1,142**	
EXPENDITURE				
Repairs and Maintenance	4,025	4,632	607	Pay award Changes £207k and increased investment into General R&M requests from Tenants £400k
General Management	2,857	2,988	131	Pay award Changes £131k.
HRA Self Financing	4,513	4,986	473	Reduction in Interest Payments (£27k), Increase in Loan repayment £500k.
Revenue Contribution to Capital	2,728	3,268	540	RCCO £540k
Transfer To / (From) Reserves	208	(565)	(773)	Transfer from reserves - (£773k) this includes a transfer of (£565k) for a loan repayment and there was a transfer to reserves in 2022/23 of £208k for one year.
Special Services	1,146	1,257	111	Pay award Changes £45k / Increase in Utility Costs Gas and Electric £66k.
Other	652	705	53	Increase in bad debts £27k and increase in contingency £26k.
Total Expenditure	**16,129**	**17,271**	**1,142**	
Net Operating Expenditure	**0**	**0**	**0**	

Corby Neighbourhood Account - Medium Term Financial Plan

Appendix B

Corby Neighbourhood Account	2023/24	2024/25	2025/26	2026/27	2027/28
	Incremental Changes				
	£000	£000	£000	£000	£000
INCOME					
Total Dwelling Rents	20,692	21,345	21,956	22,583	23,225
Total Service Charges	641	641	641	641	641
Other Income	148	135	170	210	252
Total Income	**21,481**	**22,121**	**22,767**	**23,434**	**24,118**
HRA Net Budget	**20,141**	**21,481**	**22,908**	**23,873**	**24,676**
MTFP CHANGES					
Salary Inflation / NI Changes	487	386	219	225	232
Repairs & Maintenance	500	(500)	100	100	100
General Inflation / Pressures	191	143	73	81	89
Depreciation / MRR (Add Cap Exp)	999	349	373	247	256
- HRA Self Financing / Loans	0	0	0	0	0
Transfer to / (from) Reserves	(1,165)	965	200	150	150
Contingency	0	84	0	0	0
Contribution to Bad Debts	135	0	0	0	0
Recharges	193	0	0	0	0
HRA Net Revenue Budget	**21,481**	**22,908**	**23,873**	**24,676**	**25,503**
Cumulative (Surplus) / Deficit	**0**	**787**	**1,106**	**1,242**	**1,385**
Annual (Surplus) / Deficit	**0**	**787**	**319**	**136**	**143**

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 - Medium Term Financial Plan

Appendix B

Kettering Neighbourhood Account	2023/24	2024/25	2025/26	2026/27	2027/28
	Incremental Changes				
	£000	£000	£000	£000	£000
INCOME					
Total Dwelling Rents	16,763	17,287	17,826	18,381	18,952
Total Service Charges	487	553	603	628	656
HRA Investment Income	21	13	26	66	106
Total Income	**17,271**	**17,853**	**18,455**	**19,075**	**19,714**
HRA Net Budget From Previous Year	**16,129**	**17,271**	**17,915**	**18,838**	**17,601**
MTFP CHANGES					
Salary Inflation / NI Changes	383	256	152	156	160
Repairs & Maintenance	400	100	100	0	0
General Inflation / Pressures	66	50	25	28	30
Depreciation / MRR (Add Cap Exp)	540	244	261	167	173
HRA Self Financing / Loans	473	(192)	(518)	(3,088)	0
Transfer to / (from) Reserves	(773)	162	903	1,500	0
Contingency	26	24	0	0	0
Bad Debts	27	0	0	0	0
HRA Net Revenue Budget	**17,271**	**17,915**	**18,838**	**17,601**	**17,964**
Cumulative (Surplus) / Deficit	**0**	**62**	**383**	**(1,474)**	**(1,750)**
Annual (Surplus) / Deficit	**0**	**62**	**321**	**(1,857)**	**(276)**

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 31/03/22 £'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	Trans to / (from) Reserves 27/28 £'000	Projected 31/03/28 £'000
HRA Balance	**2,914**	0	**2,914**	0	**2,914**	0	**2,914**	0	**2,914**	0	**2,914**	0	**2,914**
HRA Earmarked Revenue Reserves													
HRA Debt Management Reserve	604	1,972	2,576	1,572	4,148	1,772	5,920	1,972	7,892	2,122	10,014	2,272	12,286
Housing Stock Reserves	3,356	0	3,356	(765)	2,591	0	2,591	0	2,591	0	2,591	0	2,591
Total HRA Earmarked Revenue Reserves	**3,960**	**1,972**	**5,932**	**807**	**6,739**	**1,772**	**8,511**	**1,972**	**10,483**	**2,122**	**12,605**	**2,272**	**14,877**
Total Revenue Reserves	**6,874**	**1,972**	**8,846**	**807**	**9,653**	**1,772**	**11,425**	**1,972**	**13,397**	**2,122**	**15,519**	**2,272**	**17,791**

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 investment in stock.

Kettering Neighbourhood Account - Reserves

Appendix C

Reserves	Estimated 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	Trans to / (from) Reserves 27/28 £'000	Projected 31/03/28 £'000
HRA Balance	**850**	0	**850**	0	**850**	0	**850**	0	**850**	0	**850**	0	**850**
HRA Earmarked Revenue Reserves													
HRA Self Financing Reserve	897	208	1,105	(565)	540	(403)	137	500	637	2,000	2,637	2,000	4,637
HRA Investment Reserve	499	0	499	0	499	0	499	0	499	0	499	0	499
Total HRA Earmarked Revenue Reserves	**1,396**	**208**	**1,604**	**(565)**	**1,039**	**(403)**	**636**	**500**	**1,136**	**2,000**	**3,136**	**2,000**	**5,136**
Total Revenue Reserves	**2,246**	**208**	**2,454**	**(565)**	**1,889**	**(403)**	**1,486**	**500**	**1,986**	**2,000**	**3,986**	**2,000**	**5,986**

Purpose for Reserve

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

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

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APPENDIX D

Extract from Adults Communities and Wellbeing 23rd January 2023 – showing elements relating to the HRA only.

North Northamptonshire Council

NOTES OF THE BUDGET TASK AND FINISH GROUP FOR

ADULTS, COMMUNITIES AND WELLBEING (INCLUDING HRA)

Housing & Communities

Members received a presentation detailing the service objectives for both Housing & Communities. The comments relating to the Housing Revenue Account (HRA) are set out below:

Housing

- Stabilise frontline services by recruitment to staffing vacancies & reduce agency spend.
- Demonstrate how we can meet the need for affordable housing and which provide homes for the future for our tenants.
- Develop an overarching Housing Strategy; a Homelessness and Rough Sleeping Strategy to ensure we meet the requirements of the Homelessness Reduction Act and provide more preventative solutions; and an approach to providing Housing for Care which will enable older people and vulnerable residents to retain independence for longer in their own homes.

Members were keen to know what future plans for building more NNC council houses would be. There had been a good record of accomplishment by former councils of building new houses, and members were keen for this to continue. Ensuring that RTB receipts were spent before deadline was imperative, otherwise receipts would be lost.

Future plans for new build were currently being explored. This was subject to reprofiling as both increases in cost of construction and increase in interest rates were having a negative impact. Any future capital programme needed to be sustainable.

It was noted that temporary accommodation was still being used, and members recognised that this facility would be required in the future given increasing demands on the service. Members were keen to have assurances that NNC was maximising its stock and any individual's residency in temporary accommodation was minimised.

It was confirmed that a review of the Council's use of temporary accommodation was currently subject to review to drive down costs and improve consistency of good practise. NCC was seeking to achieve a £200k reduction in costs for 2023/24.

Extract from Adults Communities and Wellbeing 23rd January 2023 – showing elements relating to the HRA only.

Members asked when the review of temporary accommodation would be completed.

Likely to be the early part of the new financial year.

Members recognised the work that had been commenced on integrating the two former housing services into one service. Whilst recognising this was a process that needed to be appropriately planned and managed the creation of a single service was key to the Council's transformation agenda and ensuring that costs were minimised and savings reinvested. Given that trades at the DSOs were a particularly high-level of agency spend this needed to be prioritised.

There was one HRA however there were still two separate trading accounts. The intention was to amalgamate these two accounts, though no deadline for this was in place. It was a complicated issue that needed to be addressed in a step-by-step approach ensuring that all appropriate checks and balances were in place.

Work on amalgamating frontline services to customers was well underway and ensuring both former housing services were working in unison and at a consistent level.

The corporate work being undertaken on Pay & Grading would hopefully assist in the retention and recruitment of staff. Where necessary following this exercise, the use of market supplements may be considered.

Neighbourhood Accounts Budget Changes 2022/23 to 2023/24

Members noted the 7% rental increase proposed for 2023/24, whilst recognising that this would still leave the HRA with significant financial pressures. It was noted that the current estimate for future years was 4%.

Members queried debt repayment for the HRA and whether payments were on schedule.

It was confirmed that both former CBC & KBC debt repayments were on schedule. The two repayment strategies were slightly different but neither were currently causing any concern.

With regard to the proposed move of reserves to cover increased investment in Repairs and Maintenance clarity was requested.

Primarily as a result of lockdown there was a backlog in repairs to Council properties. Whilst new repair requests could be met there was a need to invest further funds in reducing this backlog. It was being proposed that there was a one-off increase in funding in 2023/24 to achieve this. The availability of trades to complete this work was also a factor.

It was noted that the stock valuation was going to result in an increase of Revenue Contribution to Capital of £999k Corby & £540k Kettering. This was positive and resulted as a consequence of the increase in house prices.

Extract from Adults Communities and Wellbeing 23rd January 2023 – showing elements relating to the HRA only.

Members recognised that should house prices fall in the future this may need to be reviewed.

It was confirmed that this was a technical adjustment to comply with Government accountancy rules.

Members were keen to ensure that the two DSOs shared best practise and that economies of scale could be achieved.

It was noted that the DSOs were working towards a single supplier contract which should result in both savings and efficiencies.

Members again expressed a desire to see the unification of the two accounts into one.

This was being worked on and officers had started to map out the process for achieving this. It would not be a simple task but it was stressed that NNC does have a single HRA with two neighbourhood accounts. There was no deadline for this work to be completed however progress was being made and could be monitored by Members.

Members queried reference made during the presentation to the Tenant Advisory Panel and queried the composition of this.

It was stated that there were 8 representatives from each neighbourhood (Corby & Kettering) and the composition of this and membership would be provided.

It was noted that in 2023/24 there were increases in Repairs & Maintenance proposed of £500k Corby & £400k Kettering, then a reduction in growth bid to £100k for each.

It was confirmed that this was to address the backlog in both areas during 2023/24 then reduce in subsequent years to a more sustainable increase in budget.

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North Northamptonshire Council

EXECUTIVE
9th February 2023

Report Title	**Capital Programme 2023-26**
Report Author	Janice Gotts, Executive Director of Finance and Performance janice.gotts@northnorthants.gov.uk
Lead Member	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

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

List of Appendices

Appendix A – Baseline Capital Programme 2023-26
Appendix B – Baseline HRA Capital Programme 2023-26
Appendix C – Baseline Development Pool

1. Purpose of Report

1.1. This report sets out the baseline Capital Programme for 2023-24 and the indicative Medium-Term Financial Plan for North Northamptonshire Council. The draft budget proposals were considered by the Executive on 22nd December 2022.

1.2. The budget consultation period commenced on 22nd December 2022 and ended on 27th January 2023. The draft budgets have been subject to scrutiny by the Finance and Scrutiny Committee. The consultation provided residents, local partners and other stakeholders the opportunity to review the budget proposals and provide feedback during the five-week consultation period.

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 commitments for 2023-24 and beyond.

2. Executive Summary

2.1 This report presents the General Fund Capital Programme for 2023-26, the Baseline Development Pool and the Housing Revenue Account (HRA) Capital Programme 2023-26.

2.2 The key principles underpinning the current Capital programme are set out in the report and are designed to support the delivery of the capital programme which is affordable and sustainable.

2.3 The total capital programme is £109.1m, consisting of the General Fund baseline programme of £65.4m and HRA baseline programme totally £43.7m. There is also a Development Pool of £190.2m which includes schemes awaiting formal business cases.

3. Recommendations

3.1 It is recommended that the Executive approves for recommendation to Council:

a) the General Fund Capital Programme 2023-26 and HRA Capital Programme 2023-26.

b) that Council delegate authority to the Executive Member for Finance and Transformation in consultation with the Executive Director of Finance and Performance (Section 151 Officer) to agree any necessary variations to the capital budget prior to 1st April 2023.

3.2 It is recommended that the Executive notes:

a) the Development Pool 2023-26 and that schemes within the pool will be subject to further approval prior to inclusion in the programme.

3.3 Reason for Recommendations:

- *To ensure that the Council complies with its Constitution and legislative requirements in setting the budget for North Northamptonshire Council for 2023-24.*

3.4 Alternative Options Considered - This is the start of the formal budget consultation for the Capital Programme and any comments from the consultation will be considered as part of this process.

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.

4.2 As part of the budget process for the capital programme, each directorate has reviewed the current capital programme for 2022-23, where there are significant underspends. Projects have been re-profiled or deferred into the development pool until further business cases can be considered as part of a wider North Northamptonshire scheme. As part of this challenge process, 71% and 79% of the General Fund and HRA underspends respectively, have been reviewed.

5. Issues and Choices

Capital Strategy 2023-26

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) and these will be reflected in the Treasury Management Strategy for 2023-24 shown in Appendix H of the Budget Report.

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 and 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 (SEMLEP) and joint working with other partner authorities and organisations such as Health;

- 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 North Northamptonshire, in line with conditions that will apply. In the main external funding will be supporting the highways programme and the delivery of schools places alongside specific investments in neighbourhoods across North Northamptonshire. An updated strategy will be reported to the February Executive.

Capital Programme 2023-26, HRA Capital Programme 2023-26 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 Council in February 2023. This has resulted in a Total Capital Programme of £109.1m (General Fund £65.4m, HRA £43.7m) over the three-year period, which comprises:

- A General Fund Baseline Programme totalling £65.4m including key projects such as Corby Town Funds, school improvements and extensions, highways schemes and various property and environmental projects across North Northants.

- A HRA Baseline Programme totalling £43.7m across Kettering and Corby housing stock, together with significant investment of nearly £17.5m proposed for the Housing Development and New Build Programmes.

5.5 The Council also has a Development Pool totalling £190.2m. Projects within the Pool are indicative area of future investment and will be subject to completing a satisfactory business case prior to Executive approval and inclusion within the formal programme. The key themes are Children's Services including Delivery of new schools, 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, levelling up schemes, flood alleviation, regeneration and economic development projects and property asset management; adults community equipment and Corporate Projects mainly corporate IT and service systems.

Minimum Revenue Provision

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 2023-24 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 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 and Corby Borough Council and this may have implications for the current assumptions.

5.8 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

5.9 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. This is set out in Appendices A to C for each area.

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
Affordability/viability	Ensure projects are closely monitored and reviewed in relation to increase costs from inflation and interest rates (where applicable)	Amber/Red
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 programme	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 and prioritise investments and sales of assets	Amber

6.4 **Consultation**

6.4.1 The formal consultation on the draft budget proposals commenced on or immediately after 22nd December and conclude on 27th January 2023 in preparation for the presentation of the final budget proposals for this meeting of the Executive and for the Council meeting on 23rd February 2023.

6.4.2 There has been an amendment to the budget proposals presented to the Executive Committee at the meeting on 22nd December, to transfer items from the development pool into the capital and to re-profile items within the capital programme within Place and Economy and Children Services respectively, as follows:

Directorate - Place & Economy	2023/24 £	2024/25 £	2025/26 £	Total Spend £
Proposed budget	**15,902,266**	**9,706,266**	**1,482,400**	**27,090,932**
Minor Works	263,000	-	-	263,000
CPO fund	601,000	-	-	601,000
Tithe Barn Phase 2	- 152,000	-	-	- 152,000
Cemetery works	48,000	-	-	48,000
Stock Improvement & Compliance	66,000	-	-	66,000
Highways Pothole Fund	3,735,000	-	-	3,735,000
Highways LTP Maintenance	3,735,000	-	-	3,735,000
Highways Incentive Maintenance	934,000	-	-	934,000
Highways Integrated Transport	2,102,000	-	-	2,102,000
Corby Town Fund	-	- 445,000	-	- 445,000
Corby Town Fund - Train Station to Town Centre	1,300,000	135,000	-	1,435,000
Place & Economy Changes	**12,632,000**	**- 310,000**	**-**	**12,767,000**
Place & Economy Revised Total	**28,534,266**	**9,396,266**	**1,482,400**	**39,857,932**

Directorate - Children's Services	£	£	£	Total Spend £
Proposed Budget	**4,208,000**	**2,800,000**	**-**	**7,008,000**
Rowan Gate Special School - Mobile Unit Replacement	- 655,000	482,000	**-**	**- 173,000**
Schools Minor Works Programme	-	1,947,000	**-**	**1,947,000**
Kingswood Secondary Bulge	341,000	-	-	**341,000**
Earls Barton School S106 works	1,290,000	- 1,510,000	-	**- 220,000**
Total Children's Services Changes	**976,000**	**919,000**	**-**	**1,895,000**
Revised Children's Services Total	**2,607,000**	**1,356,000**	**-**	**3,963,000**

North Northamptonshire Council Proposed Budget	**25,200,266**	**18,346,266**	**7,674,400**	**51,220,932**
North Northamptonshire Council Revised Budget	**38,808,266**	**18,955,266**	**7,674,400**	**65,437,932**

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 23rd February 2023, 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.

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 Finance and Resources Scrutiny Committee considered a report at its meeting on 18th October 2022 on the budget scrutiny process. At its meeting on 10th November the Executive approved the approach put forward by the Finance and Resources Scrutiny Committee.

6.5.4 Scrutiny took place over two phases. The first to consider the in-year position for 2022-23 and any implications for 2023-24 and the second to consider the detailed proposals for 2023-24. The first phase took place during November 2022 and the second phase in January 2023 to allow time for the Committee to provide feedback to the Executive at its meeting on 9th February 2023.

6.5.5 A total of 4 Budget Scrutiny sessions were undertaken and covered 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).

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

6.5.7 This included both the revenue budget and the capital programme for each of the main service areas.

6.5.8 The outcome from the scrutiny process have been included within the Budget Report at **Appendix G**, which was presented by the Finance and Scrutiny Committee on 30th January 2023 and sets out Scrutiny's recommendations to Executive for consideration when making its decisions on the budget to recommend to Council on 23rd 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 because 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 the Executive meeting on 22nd December 2022 **https://northnorthants.moderngov.co.uk/ieListDocuments.aspx?CId=142&MId=900&Ver=4**

- Suite of Budget reports to the Full Council meeting on 24th February 2022 (Budget Council): **https://northnorthants.moderngov.co.uk/ieListDocuments.aspx?CId=151&MId=179&Ver=4**

- Suite of Budget reports to the Executive meeting on 10th February 2022 **https://northnorthants.moderngov.co.uk/ieListDocuments.aspx?CId=142&MId=330&Ver=4**

Appendix A

General Fund Capital Programme 2023-24 to 2025-26

Directorate - Place & Economy	2023/24 £	2024/25 £	2025/26 £	Total Spend £
Changing Places	311,000	-	-	311,000
Street Lighting	2,157,000	980,000	-	3,137,000
A43 Corby Link Road	45,000	270,000	271,000	586,000
Northamptonshire Superfast Broadband	562,000	2,000,000	-	2,562,000
Contribution to HWRC Sinking Fund	29,866	29,866	-	59,732
Minor Works	263,000	-	-	263,000
CPO Fund	601,000	-	-	601,000
Car Parking - Kettering Town Centre	20,000	20,000	20,000	60,000
Borough Wide - Recycling Project	232,000	232,000	232,000	696,000
Replacement Refuse Vehicles	-	2,915,000	-	2,915,000
Woodland Improvements	113,000	113,000	113,000	339,000
Cemetery works	88,000	40,000	40,000	168,000
Stock Improvement & Compliance	326,000	750,000	250,000	1,326,000
Highways Pothole Fund	3,735,000	-	-	3,735,000
Highways LTP Maintenance	3,735,000	-	-	3,735,000
Highways Incentive Maintenance	934,000	-	-	934,000
Highways Integrated Transport	2,102,000	-	-	2,102,000
East Kettering (Hanwood Park) Junctions D & E	1,674,000	-	-	1,674,000
Corby Town Fund - 6th Form College	4,750,000	-	-	4,750,000
Corby Town Fund - Train Station to Town Centre	6,300,000	1,355,000	-	7,790,000
Treescape	56,400	56,400	56,400	169,200
S106 Funded Schemes	500,000	500,000	500,000	1,500,000
Place & Economy Total	**28,534,266**	**9,396,266**	**1,482,400**	**39,412,932**

Directorate - Children’s	2023/24 £	2024/25 £	2025/26 £	Total Spend £
Rowan Gate Special School - Mobile Unit Replacement	1,006,000	482,000	-	**1,488,000**

Appendix A

General Fund Capital Programme 2023-24 to 2025-26

Schools Minor Works Programme	1,947,000	1,947,000	**-**	**3,894,000**
Kingswood Secondary Bulge	341,000			**341,000**
Earls Barton School S106 works	1,290,000	1,290,000	-	**2,580,000**
Children's Trust	600,000	-	-	**600,000**
Total Children's Services	**5,184,000**	**3,719,000**	**-**	**8,903,000**

Directorate – Adults, Wellbeing and Communities	**2023/24 £**	**2024/25 £**	**2025/26 £**	**Total Spend £**
Capitalisation of Community Equipment	540,000	540,000	540,000	1,620,000
Disabled Facilities Grant	2,200,000	2,200,000	3,000,000	7,400,000
Small and other capital works and grants	150,000	150,000	150,000	450,000
Housing and Homelessness Prevention	1,000,000	1,000,000	1,000,000	3,000,000
Leisure and Tourism Projects	89,000	108,000	108,000	305,000
Grants - Village Halls	32,000	32,000	32,000	96,000
Total	**4,011,000**	**4,030,000**	**4,830,000**	**12,871,000**

Directorate - Enabling Services	**2023/24 £**	**2024/25 £**	**2025/26 £**	**Total Spend £**
Infrastructure / Flexi & Remote Working	220,000	220,000	220,000	660,000
ICT Hardware Replacement	150,000	150,000	150,000	450,000
Customer Service Management	150,000	-	-	150,000
IT Strategy	559,000	1,440,000	992,000	2,991,000
Total Enabling Services	**1,079,000**	**1,810,000**	**1,362,000**	**4,251,000**

North Northamptonshire Council Total	**38,808,266**	**18,955,266**	**7,674,400**	**65,437,932**

Capital Funding	**2023/24 £**	**2024/25 £**	**2025/26 £**	**Total Spend £**
Discretionary Funding	5,879,000	8,773,000	2,379,000	17,031,000

Appendix A

General Fund Capital Programme 2023-24 to 2025-26

Capital Receipts	1,161,000	2,042,000	1,594,000	4,797,000
Earmarked Reserves	150,000	-	-	150,000
DFG	2,200,000	2,200,000	3,000,000	7,400,000
S106 and Other Grant Funding	29,418,266	5,940,266	701,400	36,059,932
Total	**38,808,266**	**18,955,266**	**7,674,400**	**65,437,932**

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Appendix B

Housing Revenue Account Capital Programme 2023-26

Directorate - Housing	2023/24	2024/25	2025/26	Total Spend
	£	£	£	£
Corby Neighbourhood Account				
Housing Development	5,500,000	5,500,000	3,596,500	14,596,500
Total	**5,500,000**	**5,500,000**	**3,596,500**	**14,596,500**
Kettering Neighbourhood Account				
Housing Development	985,000	985,000	985,000	2,955,000
Total	**985,000**	**985,000**	**985,000**	**2,955,000**

Corby Neighbourhood Account	2023/24	2024/25	2025/26	
Hidden Homes	200,000	-	-	200,000
Homes for the Future	-	548,800	921,500	1,470,300
Kitchens & Bathrooms	300,000	300,000	300,000	900,000
External Doors & Windows	250,000	250,000	250,000	750,000
Heating Upgrades	350,000	350,000	350,000	1,050,000
Electrical Upgrades	384,700	384,700	384,700	1,154,100
Roof Renewals	350,000	350,000	350,000	1,050,000
Energy Improvements	200,000	200,000	200,000	600,000
Disabled Adaptations	250,000	250,000	250,000	750,000
Compliance	200,000	200,000	200,000	600,000
Estate Maintenance	250,000	250,000	250,000	750,000
Sheltered Housing Communal Upgrades	200,000	200,000	200,000	600,000
Major Void Works	400,000	400,000	400,000	1,200,000
Supply Chain Upgrades	40,000	40,000	40,000	120,000
Decent Homes Programme	1,500,000	1,500,000	1,500,000	4,500,000
Total	**4,874,700**	**5,223,500**	**5,596,200**	**15,694,400**

Appendix B

Housing Revenue Account Capital Programme 2023-26

Kettering Neighbourhood Accounts	2023/24	2024/25	2025/26	Total Spend
	£	£	£	£
Homes for the Future	758,000	1,000,000	1,000,000	2,758,000
Kitchens & Bathrooms	400,000	400,000	440,000	1,240,000
External Doors & Windows	300,000	300,000	330,000	930,000
Heating Upgrades	400,000	400,000	440,000	1,240,000
Electrical Upgrades	300,000	300,000	330,000	930,000
Roof Renewals	200,000	200,000	220,000	620,000
Energy Improvements	200,000	200,000	220,000	620,000
Disabled Adaptations	225,000	225,000	250,000	700,000
Compliance	59,600	59,600	65,000	184,200
Estate Maintenance	100,000	100,000	110,000	310,000
Sheltered Housing Communal Upgrades	50,000	50,000	60,000	160,000
Major Void Works	250,000	250,000	277,700	777,700
Supply Chain Upgrades	25,000	27,000	30,000	82,000
Total	**3,267,600**	**3,511,600**	**3,772,700**	**10,551,900**
Total Capital Programme	**14,627,300**	**15,220,100**	**13,950,400**	**43,797,800**

Capital Funding	2023/24	2024/25	2025/26	Total Funding
	£	£	£	£
Contribution from revenue	8,142,300	8,735,100	9,368,900	26,246,300
Capital Receipts	2,594,000	2,594,000	1,832,600	7,020,600
Borrowing	3,891,000	3,891,000	2,748,900	10,530,900
Total Funding	**14,627,300**	**15,220,100**	**13,950,400**	**43,797,800**

Appendix C

Development Pool 20023-24 to 2025-26

Scheme	Directorate	Scheme Description	2023-24 £	2024-25 £	2025-26 £	Total £	Funding Source
New Primary Schools	CFN	Glenvale and Priors Hall	6,000,000	6,000,000	600,000	12,600,000	S106
New Secondary Schools	CFN	Hanwood Park and Weldon Village	10,000,000	20,000,000	20,000,000	50,000,000	S106
s.106 Funded School Expansions	CFN	Expansions at Huxlow, Oakley Vale, Desborough and West Hill	-	650,000	9,000,000	9,650,000	S106
Alfred Street/Tennison Road Amalgamation	CFN	Merger of two schools	1,040,000	-	-	1,040,000	DFE
St Christopher Hatton Secondary School	CFN	Expansion	1,761,000	-	-	1,761,000	DFE/S106
Various SEND schemes	CFN	Schemes to provide new SEND capacity to meet demand across North Northants	9,669,400	5,620,540	150,000	15,439,940	DFE
Devolved Formula Capital	CFN	Maintained schools' capital grant, allocated by school by DFE.	306,000	302,000	300,000	908,000	DFE
Schools Strategic Repairs and Maintenance	CFN	Funded from 'Schools Condition Allocation' Grant based on condition surveys for maintained schools.	-	1,000,000	1,000,000	2,000,000	DFE
Tithe Barn Road Office Refurbishment	PLACE	As described.	-	2,421,000	-	2,421,000	Discretionary

Appendix C

Appendix C

Development Pool 20023-24 to 2025-26

Scheme	Directorate	Scheme Description	2023-24 £	2024-25 £	2025-26 £	Total £	Funding Source
New Depot	PLACE	As described.	-	2,750,000	750,000	3,500,000	Discretionary
Recycling Project / Facility	PLACE	As described.	-	2,876,000	2,500,000	5,376,000	Discretionary
LTP Maintenance	PLACE	Non ring-fenced DfT grant for the maintenance of highways assets.	-	3,735,000	3,735,000	7,470,000	DfT
LTP Integrated Transport	PLACE	Non ring-fenced DfT grant for small scale improvements delivering the objectives of the Local Transport Plan.	-	1,551,000	1,551,000	3,102,000	DfT
Incentive fund	PLACE	Non ring-fenced DfT grant for the maintenance of highways assets.	-	934,000	934,000	1,868,000	DfT
Pothole Fund	PLACE	Ring-fenced DfT grant for the repair of potholes.	-	3,735,000	3,735,000	7,470,000	DfT
A509 Wellingborough Development Link Phase 1 (Isham Bypass)	PLACE	Road scheme.	7,552,000	12,787,000	30,656,000	50,995,000	DfT, Developer, LA

Appendix C

Development Pool 20023-24 to 2025-26

Scheme	Directorate	Scheme Description	2023-24 £	2024-25 £	2025-26 £	Total £	Funding Source
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).	432,000	832,000	2,297,000	3,561,000	DfT, Developer, LA
Flood Alleviation	PLACE	As bid for from Environment Agency and funding secured from external bodies e.g. Anglian Water.	-	250,000	250,000	500,000	External Funding
Estate Stock Condition and compliance 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.	1,000,000	1,000,000	1,000,000	3,000,000	Capital Receipts
Public Health Schemes	PLACE	Awaiting confirmation of funding approval	-	101,000	-	101,000	Grant

Development Pool 20023-24 to 2025-26

Scheme	Directorate	Scheme Description	2023-24 £	2024-25 £	2025-26 £	Total £	Funding Source
Corby Town Fund	PLACE	Deliver of four projects Sixth Form College, Corby Station Link, Smart and Connected Corby and Multi-Use building.	1,022,000	713,000	-	1,735,000	External /s.106
UK Shared Prosperity Fund	PLACE	Grant bid left behind	245,000	190,000	1,060,000	1,495,000	Grant
Grounds Maintenance Equipment replacement	PLACE	Capital budget to renew grounds maintenance equipment	-	400,000	-	400,000	Discretionary
Electric Vehicle charging points CIC & CEC	PLACE	Supply and installation of electric vehicle charging points for tenants use	-	70,000	-	70,000	Capital Receipts

Appendix C

Development Pool 20023-24 to 2025-26

Scheme	Directorate	Scheme Description	2023-24 £	2024-25 £	2025-26 £	Total £	Funding Source
Future Way of Working Assets Implementation	PLACE	Capital budget to implement accommodation changes as part of the Future Way of Working implementation plan	-	1,500,000	-	1,500,000	Discretionary
Sladebrook Reservoir	PLACE	Further phase of capital works to the reservoir to meet the councils statutory duties.	-	330,000	-	330,000	Grant
Local Authority Tree Fund 2024/25	PLACE	Grant funding for tree planting in open space	-	-	80,000	80,000	Grant
Play Area investment in Country Parks	PLACE	To invest in new play equipment to support growth in parking income.	-	300,000	-	300,000	s.106
Public Sector Decarbonization Fund	PLACE	Bid for external funds to decarbonize the Council's estate	-	1,000,000	-	1,000,000	Grant

Appendix C

Development Pool 20023-24 to 2025-26

Scheme	Directorate	Scheme Description	2023-24 £	2024-25 £	2025-26 £	Total £	Funding Source
Device Management	IT	End of life replacement.	-	-	-	-	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.	50,000	-	-	50,000	Discretionary
Leisure and Tourism Projects	ADULTS	Pemberton, Splash and Nene Leisure Centre's	15,000	-	-	15,000	Discretionary
Corporate Systems	IT	Mainly Corporate IT Systems	243,000	-	-	243,000	Discretionary
Totals			**39,335,400**	**71,289,540**	**79,598,000**	**190,222,940**	

Appendix D

North Northamptonshire Council

Capital Strategy 2023-24

Contents

1. INTRODUCTION

1.1 The Council's vision is a North Northants where we look after each other and take responsibility, where the vulnerable are protected and supported, and where people who can help themselves receive the assistance, they need to stay independent and healthy. The Council's budget commitment to support this vision is to deliver a balanced budget, optimise the use of assets so they have a positive impact on costs and help to address the pressures faced in the social care markets, helping to transform services so they are sustainable for the future.

1.2 The Capital Strategy sets out the key objectives and broad principles to be applied by the Council when considering capital investment and its funding. It provides the context for how the Council's Medium Term Capital Programme seeks to support the realisation of the Council's vision and corporate objectives.

1.3 In support of the Council's vision and the budget commitment the key objectives for the Capital Strategy 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;
- The Capital Strategy should make explicit the links to, and integration with, the Council's other strategies. 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. In the current financial climate 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 Southeast Midlands Local Enterprise Partnership, Oxford Cambridge Arc, Health and joint working with other partner authorities etc.
- 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.

1.4 The Prudential Code and Treasury Management Code of Practice (both issued by CIPFA in December 2021) include requirements in relation to the setting of a Capital Strategy that covers specific subject areas. In line with the Prudential Code, the aim of this Capital Strategy is to demonstrate how the Council will make capital expenditure and investment decisions in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability. The Capital Strategy sets out the immediate to long term context in which capital expenditure and investment decisions are made and ensures the Council will give due consideration to risk, reward, and impact on the achievement of priority outcomes.

1.5 The Council's Capital Programme represents significant investment over the medium term in the acquisition or improvement of long-term assets such as land, buildings, infrastructure, and equipment and information technology and is a key financial planning tool.

2. GOVERNANCE

2.1 Governance covers the policies and frameworks related to capital expenditure and the processes and structures by which decisions are made.

Committed Capital Programme Approval Process

2.2 The Capital Strategy sets out the Council's objectives in respect of its future capital programme plans and budget commitment and is approved by Full Council as part of the Council's annual budget-setting process in February each year.

2.3 The approval of the Capital Strategy provides the future programme of planned capital works over the medium-term period; this plan is known as the Development Pool. The Development Pool comprises the schemes that the Council would be prepared to take forward, subject to final negotiations, confirmation and evidencing of funding and submission of robust business cases to the Strategic Capital Board for approval by Executive.

2.4 Schemes move forward to delivery (the Committed Capital Programme) following formal approval through the Monthly Capital Update Report (CUR) to Executive. Schemes will have usually been identified as part of the Capital Strategy but it is possible for new schemes to come forward in year. Schemes will be reviewed against the Council priorities as part of any proposal for investment.

2.5 For schemes in excess of £100k, which were not approved as part of the Council's Capital Strategy, there is a requirement for them to also receive approval from Full Council as part of a Capital Approvals report to the next Full Council meeting. Those new schemes of £100k or less can proceed with just Executive approval.

2.6 A separate Executive report is required for any capital scheme which has a capital expenditure value of £500k or above, regardless of the funding source.

2.7 The approval of funding agreements, e.g. developer contributions, which contractually commit the Council to undertaking new capital schemes, (such as school builds), are required to follow the same approval process

2.8 Each scheme must be under the control of a nominated budget/project manager and officers are not authorised to commit expenditure without prior formal approval for the scheme as outlined above.

2.9 All capital expenditure must be carried out in accordance with the Council's Constitution, Financial Procedure Rules and Contract Procedure Rules, and must comply with the statutory definition of capital purposes as set out within Section 16 of the Local Government Act 2003.

Virements

2.10 Virement of funding from one capital scheme to another is permitted within the Council's capital governance arrangements only with the relevant officer (including sign off by the S151 Officer) or Executive approval as laid down in financial procedures. Executive approval is required for any virements over £500k.

Decision making

Strategic Capital Board

2.11 The overarching objective for the Board is to review and challenge capital schemes to be able to recommend to Executive that they move from the planning stage into delivery.

2.12 The Strategic Capital Board governance process will:

- Provide visible leadership in relation to the implementation of the Capital Strategy.
- Ensure funding is confirmed, secure and wherever possible received fully in advance of works commencing/being approved and that responsibility for this is taken by the project manager.
- Monitor performance against the Council's agreed capital discretionary funding levels.
- Escalate concerns and issues to Leadership Team.
- Optimise the funding for schools capital projects.
- Ensure other reporting and approval requirements have taken place, particularly in respect of schemes outside of the agreed Capital Strategy over £100k, ensuring schemes in excess of £500k have their own Executive report and that the Executive Director of Place and Economy is aware and supports schemes over £2m.
- Ensure that the revenue implications of all capital schemes are taken into consideration and that options appraisals have been carried out/considered.

Assessment of the revenue implications of capital investment

2.13 In the interests of properly evaluating the affordability of a project, the revenue implications of capital bids are also included on the Business Case proforma which is submitted to the Capital Approvals Board as part of the review and challenge process. This ensures that an evaluation can be made on the overall financial business case of the capital project (revenue and capital cost/savings). It also ensures capital and revenue budgeting are aligned for financial planning purposes.

Risk Management

2.14 As part of the business case, contingencies will be included as part of the budget costing exercise and expected costings for similar schemes will be considered as a benchmark. These will cover ordinary, but not extraordinary, risks/changes to the cost of delivering the project. Pressures outside of this will be reported through the monthly reporting to Executive and project closure reports will be utilised to provide learning for future schemes. Risks and mitigations are recorded at each approval stage in the capital project process and challenged appropriately by the officers and members that represent each board/committee. Any risk to the council's partial exemption threshold is also captured and evaluated as part of this process.

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North Northamptonshire Corporate Leadership Team

2.16 The North Northamptonshire Leadership Team reviews and provides sign off for the Capital Monitoring Report as well as consideration of the strategic direction on the use of funding sources.

Strategic Capital Board

2.17 The Strategic Capital Board monitors progress on schemes in delivery. It challenges delivery and contracts and updates the North Northamptonshire Leadership Team on any significant financial and delivery risks.

Knowledge and Skills

2.18 The Council aims to ensure that all staff have the appropriate skills and knowledge to perform their roles. Where the necessary expertise is not available in house the Council will procure the skills and knowledge it requires from advisors or consultants.

2.19 The Council will work in collaboration with its external auditors in relation to changes to technical accounting requirements and/or treatment.

2.20 The Council will use a mixture of in-house and external legal support. Where a particular legal specialty is required, external legal advice may be procured.

2.21 The Council has a list of 'Approved Contractors' who it will utilise to support capital projects to ensure preliminary surveys & works identify risks around costs and delivery in relation to the land, buildings, etc. elements for each project before main contracts are procured.

2.22 The Council will undertake background checks to ensure all contractors are suitably qualified, have a proven delivery background in similar projects before awarding contracts.

2.23 The Council takes advice from its external treasury partners/advisors in making decisions related to its Treasury Strategy.

Completion of Capital Schemes and Lessons Learned

2.24 For significant projects periodic updates should be taken through the capital projects board to ensure appropriate progress and budgetary controls are being adhered to. Following completion of these schemes, a post evaluation report should be brought back to the board to assess how well the scheme was delivered and what went well and not so well to ensure the learning from these schemes carries forward into future schemes and efficiencies are gained and risks and mitigations can be planned for at an earlier stage where relevant.

Carbon Reduction and Climate Change Commitment

2.25 The Council is fully committed to the Carbon Reduction and Climate Change Strategy and assess all capital projects against the key criteria to ensure delivery towards this agenda is prioritised and achieved as per the key objectives;

1. Raise awareness of the issues of climate change;
2. Reduce emissions of greenhouse gases; and
3. Plan for and adapt to the impacts of climate change.

3. CAPITAL EXPENDITURE

3.1 In England and Wales, there are three routes by which expenditure can qualify as capital under the prudential framework:

- The expenditure results in the acquisition, construction or enhancement of fixed assets (tangible and intangible) in accordance with 'proper practices'. Fixed assets are defined as those that have an economic life of more than one year.
- The expenditure meets one of the definitions specified in regulations made under the 2003 Local Government Act.
- The Secretary of State makes a direction that the expenditure can be treated as capital expenditure.

3.2 The Council's capitalisation policy looks to capitalise expenditure on eligible items with a cost over £10,000 in relation to a single item or in relation to a large quantity of smaller value items. In Local Government this can also include spending on assets owned by other bodies, as well as loans and grants paid over to other bodies that enable them to buy assets.

3.3 An assessment of the previous councils' capitalisation policies has been conducted to ensure minimal detrimental impact to the council's revenue position in setting its initial MTFP, mainly in respect of funding of Adults & Communities equipment.

Committed Programme Expenditure

3.4 The Council's Medium Term Capital Programme (MTCP) shows the committed expenditure on schemes that have been approved by Executive/Full Council.

3.5 Reporting on the current Capital Programme and progress of schemes within the Development Pool into the Programme occurs through the Capital Monitoring and Capital Updates Reports. The monitoring report sets out the most up to date projection for capital expenditure and funding in the current financial year and will articulate financial and service delivery risks in relation to the delivery of key capital schemes.

3.6 The Table below sets out the forecast capital expenditure (in relation to schemes in the Committed Programme i.e. in delivery rather than Development Pool).

Directorate	2023-24 Spend	2024-25 Spend	2025-26 Spend	Total Spend
	£'000	£'000	£'000	£'000
Adult, Wellbeing and Communities	4,011	4,030	4,830	12,871
Children's	5,184	3,719	0	8,903
Place and Economy	28,534	9,396	1,482	39,412
Enabling Services	1,079	1,810	1,362	4,251
NNC Total	**38,808**	**18,955**	**7,674**	**65,437**

3.7 Below are the larger schemes (more than £4m) within the Council's current committed programme that are already in delivery and will complete over the course of the plan period:

Scheme	Directorate	2023-24 Spend £'000	2024-25 Spend £'000	2025-26 Spend £'000	Total Spend £'000
Disabled Facilities	Adults, Wellbeing and Communities	2,200	2,200	3,000	7,400
Corby Town Fund – 6th Form College	Place and Economy	4,750	0	0	4,750
Corby Town Fund – Train Station	Place and Economy	5,000	1,355	0	6,355

Committed Programme Funding

3.8 All capital expenditure must be financed. This could be from a single source or a combination of:

- external sources (government grants and other contributions);
- the Council's own resources (revenue, reserves and capital receipts);
- debt (borrowing, leasing and Private Finance Initiative)

3.9 Prudential Borrowing (Council Discretionary Funding) - The introduction of the Prudential Code in 2004 allowed the Council to undertake unsupported borrowing itself. This borrowing is subject to the requirements of the 'Prudential Code for Capital Expenditure for Local Authorities'.

3.10 Total Council investment, (discretionary funding, ring-fenced capital receipts and gap funding) accounts for £21.7m (33.5%), of the overall committed Capital Programme over the plan period.

3.11 The summary table below shows the funding for the Current Committed Capital Programme across current and future years and the planned funding source.

	2023-24 Plan	2024-25 Plan	2025-26 Plan	Total
	£'000	**£'000**	**£'000**	**£'000**
Discretionary Funding	5,879	8,773	2,379	**17,031**
Capital Receipts	1,161	2,042	1,594	**4,797**
Earmarked Reserves	150	0	0	**150**
DFG	2,200	2,200	3,000	**7,400**
S106 and Other Grant Funding	29,418	5,940	701	**36,059**
TOTAL FUNDING	**38,808**	**18,955**	**7,674**	**65,437**

Development Pool

3.12 The Development Pool Schemes for 2023-24 to 2025-26 are as shown in the appendices and identify scheme requiring discretionary funding which has been through a prioritisation process taking into consideration the latest funding announcements and governance process that was in place.

IFRS 16 - Leases

3.14 IFRS16 is being introduced for local authorities from 1 April 2024 which means that the annual accounts for 2024/25 will be the first set of accounts produced in accordance with this standard.

3.15 The main impact of the standard is to remove (for lessees) the traditional distinction between finance leases and operating leases. For finance leases the asset is shown on the balance sheet, together with a liability to pay for the asset. In contrast, operating lease rentals are accounted for in the year they are paid. IFRS 16 requires all lessee leases to be accounted for as finance leases, recognising the rights to use an asset. There are no changes for lessor accounting.

3.16 There are two exemptions for lessees from applying this standard. These are short term leases and those where the value of the asset that the lease relates to is low. Short term leases are those will a lease term of twelve months or less at the commencement date. The Code and IFR16 allow individual councils to determine a monetary amount that would constitute low value. The Council has elected to use £10,000 for this amount as this is the Council's approved de-minimis level for capital expenditure. Exempt leases will continue to be accounted for as operating leases.

3.17 The impact of this accounting change is of previously recognised operating leases will now be recognised as a rights of use asset on the balance sheet with a corresponding liability to recognise the payments made for these.

4 FUNDING SOURCES AND FUTURE GRANT ALLOCATIONS

External Funding

4.1 **Section 106 (S106) and External Contributions**

Elements of the Capital Programme are funded by contributions from private sector developers and partners. These contributions relate to developments in the North Northamptonshire area and are agreements by negotiation based on the impact on the public sector infrastructure requirements that are forecast to occur because of increased activity/population bought by the development. Growth in North Northamptonshire to date has resulted in S106 contributions from developers accounting for significant elements of funding.

Grant Funding

4.2 The largest form of capital funding comes through external grant allocations from central government departments, (DFT & DFE). Although these grants are to support specific areas of investment the Government removed capital ring-fencing in 2010, enabling local authorities to prioritise grants to support local needs, pressures and statutory responsibilities. However, need and reporting requirements do limit the Council's ability to work to these more flexible rules. Also the increase in the Free school Programme the Council loses some of its flexibility as these schemes are usually funded and managed directly by the DFE.

4.3 There are some specific grants such as Local Growth Fund (LGF), Homes England, Arts Council and Sport England that have to be bid for but a difficulty with this type of grant in the current climate can be the requirement to provide match funding.

4.4 **Department for Education – Capital Grant Settlements (AWAITING CONFIRMATION)**

All figures £m	**2023-24**	**2024-25**	**2025-26**
Basic Need	TBC	TBC	TBC
School Condition Allocation (SCA)	TBC	TBC	TBC
SEND Capital Grant	TBC	TBC	TBC
Healthy Pupil Premium	TBA	TBC	TBC
Total LA Direct Funding	**-**	**-**	**-**
Devolved Formula Capital (DFC)*	TBC	TBC	TBC

**DFC is passported directly to schools to enable them to invest in ICT, minor repairs, etc.*

4.5 There is some uncertainty currently around funding allocations in relation to annual Basic Needs Grant. In recent years allocations have varied from nil to £23m and currently only allocations up to 2022-23 have been confirmed.

4.6 One of the key drivers for the changes year on year is the Government's Free School Programme which directly funds the building of new academies leading to reduced funding being allocated to Local Authorities.

4.7 **Department of Transport Capital Grant Settlements (INDICATIVE ONLY)**

Department of Transport	**Indicative**		
All figures £'000	**2023-24**	**2024-25**	**2025-26**
LTP Maintenance	3,735	3,735	TBC
LTP Integrated Transport	1,364	1,364	TBC
Incentive Fun	934	934	TBC
Pothole Fund	3,735	3,735	TBC
Total LA Funding	**9,768**	**9,768**	**TBC**

4.9 In recent years, the Government has allocated funding for a Pothole Action Fund and, while it is possible this may continue, no details are currently available.

Regional Growth Deals (including Local Growth Fund)

4.10 Growth Deals bring together housing, infrastructure and other funding in a single pot put into local hands, via the Local Enterprise Partnerships (LEPs), to realise growth, jobs and educational opportunities.

Rural Development Programme for England (RDPE)

4.11 The RDPE is an initiative of the Department for Environment, Food and Rural Affairs (DEFRA).

4.12 The rural broadband funding is for projects in England which create broadband infrastructure in rural areas and Northamptonshire as a whole secured a grant of £2m secured in 2019-20 to provide next generation broadband access to 750 rural businesses and is due to complete in 2023-24.

Levelling Up/UK Prosperity Fund

4.13 The UK government is providing an additional £220 million funding through the UK Community Renewal Fund to help local areas prepare for the launch of the UK Shared Prosperity Fund in 2022. This Fund aims to support people and communities most in need across the UK to pilot programmes and new approaches and will invest in skills, community and place, local business, and supporting people into employment. The Council has already successfully bid for the UK Prosperity Fund in 2022/23.

Internal Funding (Discretionary Funding) - borrowing and capital receipts

4.14 **Revenue Funding**

The Council can use revenue resources to fund capital projects on a direct basis. However, given the current financial position no revenue contributions will be utilised to support capital expenditure. Savings generated directly because of capital investment (Invest to Save) will be reported through revenue monitoring.

The Housing Revenue Accounts (HRA) minimum revenue contribution to capital is equivalent to the level of depreciation being charged in year. The Government recognised that some authorities' revenue contribution to capital was less than the amount of depreciation being charged to the Housing Revenue Account. However, for authorities in this situation the government provided a transitional period of 5 years between 2012/13 and 2016/17 whereby the revenue contribution and the Major Repairs Allowance as a minimum must equal depreciation. The two key variables in determining depreciation are the value of the property and the percentage that is applied when determining the EUV-SH (Set by MHCLG). Therefore, movements in property values impact directly on the revenue resources required to fund the HRA capital programme.

4.15 **Capital Receipts**

The Council can generate capital receipts through the sale of surplus assets such as land and buildings. These capital receipts can be used to reduce the Council's borrowing liability and be reinvested in the Capital Programme. Alternatively, they can be utilised either within the rules for the current Flexible Use of Capital Receipts guidance to support transformation.

4.16 The potential optimal strategy in relation to reuse of property assets for service delivery, sale for development of housing and potential use by a wider public sector partners will be considered in relation to each individual site through the Place Shaping and One Public Estate strategies.

4.17 Capital receipts arising from the disposal of housing assets and for which account is made in the Housing Revenue Account (HRA), are governed by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003).

- Right to Buy (and similar) sales may be retained to cover the cost of transacting the sales and to cover the debt on the properties sold, but a proportion of the remainder must be surrendered to Central Government;
- As part of the Government's announcement in April 2012 to increase the RTB discounts they also announced the introduction of a scheme referred to as 1-4-1 whereby every additional home sold under the new RTB scheme was to be replaced by a new home for affordable rent.
- The new homes for affordable rent will be financed from receipts from sales, after stipulated deductions, retained by the LA undersigned agreement with the Government, limited to funding up to 40% of the cost of the replacement home.
- A time limit of 3-5 years is given for the replacement homes after which the receipts will have to be paid back to MHCLG at 4% above base rate from the date the receipts arose.
- All other disposals may be retained in full.

4.18 Where the sale of an asset leads to a requirement to repay grant, the capital receipt will be utilised for this purpose. Once this liability has been established and repaid any remaining capital receipts can be used as per 4.15.

4.19 The level of capital receipts is dependent upon market conditions. The property market impacts on the:

- Ability of the Council to sell assets and the
- Level of receipts from the asset sale.

Flexible Use of Capital Receipts

4.20 This flexibility has been in place since 2016, to enable local authorities to use the value of assets to fund transformation projects that produce long-term savings. The government will allow local authorities to spend up to 100% of their fixed asset receipts up to 2024-25, on the revenue costs of transformation projects. The Council intends to take advantage of this concession to use capital receipts in more innovative ways and target disposal receipts where need is greatest.

Long term funding challenges

4.21 The Council faces several challenges in its future funding of the Capital Programme:

The Council has limited levels of future capital receipts, (excluding opportunities from the rationalisation and review arising from the recent unitary restructure).

- A significant proportion of the Council's capital funding comes from central government grants.
- A further proportion of the Council's capital funding comes from external contributions, largely S106 which is dependent on development in the county and the economy.

4.22 The Council only has limited influence over these external and grant funding sources and the Council's Capital Programme will continue to be largely influenced by central government policy.

Gap funding through discretionary borrowing

4.23 These types of schemes require short term funding from the Council to invest in infrastructure that will unlock development which then releases the payment of CIL/S106/business rates, etc. to the Council, which can then repay the investment. The developments enabled will also provide wider economic benefits such as jobs and housing.

4.24 This investment increases the Council's short term financing costs, but the Council is compensated by the long term financial and non-cashable future benefits.

4.25 Where these arrangements form part of a business case, the level of gap funding in relation to the overall scheme need and benefits will be considered as part of the risk evaluation.

5. CAPITAL INVESTMENT

Discretionary Funding Availability

5.1 Prioritisation and an affordability review has taken place as part of the creation of this Capital Strategy. As a result, the Discretionary Funding Pot is now confirmed as:

Discretionary Funding	£m
Baseline Capital Financing Requirement 22/23	658.8
Discretionary Funding in year	10.1
Less MRP and other finance movements	9.3
Increase in Discretionary Funding	0.8
Revised Capital Finance Requirement 23/24	659.6

5.2 The Capital Financing requirement shows an increase in borrowing of £0.8m in relation to the newly created aggregated/disaggregated baseline position. This revised requirement follows a review of schemes and requirements taking into consideration the 'Key Strategy Guidelines' on page 3.

6. COMMERCIAL INVESTMENTS/ REGENERATION & ECONOMIC DEVELOPMENT

6.1 The practice of investing in property in order to create an additional revenue stream to support service delivery and financial sustainability during a time of reducing settlements from central government has been widely adopted by local authorities, including some of the sovereign councils forming North Northamptonshire Council. The predecessor councils have a significant commercial portfolio that will be carried forward into the new Council's overall asset portfolio.

6.2 The HM Treasury ran a consultation on the future lending terms of the Public Works Loan Board (PWLB) between March and July 2020. The aim of this consultation was to develop a proportionate and equitable way to prevent local authorities from using PWLB loans to buy commercial assets primarily for yield, without impeding their ability to pursue service delivery, housing, and regeneration under the prudential regime as they do now.

6.3 The outcome is that PWLB will 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.

6.4 PWLB has Defined the activities as follow:

- Service spending is activity that would normally captured in the following areas in the MHCLG Capital Outturn Return (COR): education, highways & transport, social care, public health, culture & related services, environmental & regulatory services, police, and fire & rescue services.
- Housing is activity normally captured in the HRA and General Fund housing sections of the COR, or housing delivered through a local authority housing

company. This is given separately from 'service spending' because of the relative concentration of cross-subsidy and other innovative financing arrangements in housing projects.

- Regeneration projects would usually have one or more of the following characteristics:

  a. the project is addressing an economic or social market failure by providing services, facilities, or other amenities that are of value to local people and would not otherwise be provided by the private sector

  b. the local authority is making a significant investment in the asset beyond the purchase price: developing the assets to improve them and/or change their use, or otherwise making a significant financial investment

  c. the project involves or generates significant additional activity that would not otherwise happen without the local authority's intervention, creating jobs and/or social or economic value

  d. while some parts of the project may generate rental income, these rents are recycled within the project or applied to related regeneration projects, rather than being applied to wider services

- Treasury management covers refinancing or extending existing debt from any source, and the externalisation of internal borrowing.

6.5 The Council will carefully consider these criteria when prioritising capital projects against the strategic objectives and ensuring affordability and the borrowing position should any decisions be affected.

7. PROPERTY ASSET MANAGEMENT PLAN

7.1 The Property Asset Management Plan is currently being updated for North Northamptonshire to fully consider the unitary authority changes.

7.2 The revised strategy will fully maximise the One Public Estate approach to rationalise its operational estate through increased utilisation and then to dispose surplus assets to generate capital and direct- (property related) revenue savings. There will also be an emphasis to support a business-case approach to target capital investment in new and existing properties to unlock ongoing revenue savings or income.

7.3 The split between the major classes of fixed assets as at 31/03/2022 is shown in the table below.

Class	**Value (£m)**
Property Plant and Equipment	TBC
Investment Property	TBC
Heritage Assets	TBC
Intangible Assets	TBC
Assets Under Construction	TBC
Total Assets	TBC

8. DEBT, BORROWING AND TREASURY MANAGEMENT

Treasury Management Strategy

8.1 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, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse.

8.2 The Treasury Management Strategy incorporates:

- The Council's capital financing and borrowing strategy for the coming year;
- The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations
- The Affordable Borrowing Limit as required by the Local Government Act 2003;
- The Annual Investment Strategy for the coming year as required by the MHCLG revised guidance on Local Government Investments.

8.3 The strategy considers the impact of the Council's Medium Term Financial Plan (MTFP), its revenue budget and Capital Programme, the balance sheet position and the outlook for interest rates.

8.4 The Council takes advice from its external treasury partners/advisors in making decisions on the current financial climate and markets in relation to whether to undertake short term or long term borrowing and in considering the management of its financial balances.

8.5 Discretionary funding commitments are either financed through capital receipts or borrowing. Any borrowing undertaken must eventually be repaid and this can come from a single source or a combination of the following sources:

- Annual set aside provision of revenue resources (known as Minimum Revenue Provision [MRP]) This represents the repayment of the original debt over the assessed life of the asset;
- Capital receipts from sale of assets.

8.6 The Council's cumulative amount of debt financing outstanding is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces as MRP and capital receipts are used to replace it. Based on the current committed Capital Programme and Development Pool borrowing requirement the Council's estimated CFR is as follows:

8.7 Table 1 – Prudential Indicator Estimates of Capital Financing Requirement

	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate
	£m	£m	£m
Total CFR (net of LT Liabilities)	659.6	672.2	669.4
Movement in CFR	0.8	12.6	2.8

BORROWING

8.8 The Council’s primary objective when borrowing money is to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between:

- Lower cost short-term loans
- Higher cost long-term loans
- Fixed but certain interest rates
- Variable but reactive interest rates

8.9 Table 2 - Forecast Borrowing and Investment Balances

£’000	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Debt at 1 April	445,918	440,742	431,413
Expected change in Debt	(5,176)	(9,329)	(4,604)
Other long-term liabilities (OLTL)	104,123	99,396	93,518
Expected change in OLTL	(4,727)	(5,878)	(6,321)
Actual gross debt at 31 March	**540,138**	**524,931**	**514,006**
The Capital Financing Requirement	659,602	672,182	669,372
(Under) / over borrowing	(119,464)	(147,251)	(155,366)

8.10 Statutory guidance states that debt should remain below the Capital Financing Requirement except in the short-term. As demonstrated above, the Council expects to comply with this requirement over the medium-term horizon.

8.11 In August 2019 some of the predecessor Councils making up North Northants Council reversed their reliance on short-term Local Authority loans (those under 12 months in duration) with long-term borrowing from the Public Works Loan Board at what were historically low rates. In October 2019 HM Treasury increased PWLB rates for new loans with immediate effect and without prior consultation or warning by 1%. This has locked in significant amounts of borrowing at extremely low rates, therefore this borrowing has proven very timely and fortuitous for the Council.

8.12 Table 3 – Operational Boundary Prudential Indicator. This is the limit which external borrowing is not normally expected to exceed. All things being equal, this could be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing undertaken as impacted by the level of current and future cash resources and the shape of the interest rate yield curve.

Operational Boundary	2023-24	2024-25	2025-26
	£m	£m	£m
Total Borrowing	725.56	739.40	736.31

8.13 Each year, the Council is legally obliged to set an Affordable Borrowing Limit (also termed the Authorised Limit for External Debt). The Council also sets a lower Operational Boundary Limit beneath this to act as a warning indicator should debt approach the legal limit.

FINANCING COSTS

8.14 Although capital expenditure is not charged directly to the revenue budget, the consequential impact is. Interest payments to service loans borrowed and MRP contributions are charged to revenue, offset by any investment income receivable. This net annual charge is known as a financing cost, which can be compared to the Net Revenue Stream (the cost of Council services funded by Council Tax, Business Rates and Government Grants) and, when expressed as a percentage, effectively illustrates the Council's debt gearing ratio.

8.15 Table 4 – Prudential Indicator: Proportion of Financing costs to Net Revenue Stream

%	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Non-HRA	4.9%	4.8%	4.7%
HRA	9.8%	9.4%	8.4%

8.16 Due to the very long-term nature of capital expenditure and financing decisions, the revenue impact is felt for years into the future.

9. DEVELOPMENT POOL

9.1 DEVELOPMENT POOL DISCRETIONARY FUNDING DETAIL OVER MTFP PERIOD

The table below shows the Development Pool Schemes requiring discretionary funding, which have been through a prioritisation process, and the rationale for funding approval.

Scheme	Directorate	Scheme Description	2023-24 £	2024-25 £	2025-26 £	Total £	Funding Source
New Primary Schools	CFN	Glenvale and Priors Hall	6,000,000	6,000,000	600,000	12,600,000	S106
New Secondary Schools	CFN	Hanwood Park and Weldon village	10,000,000	20,000,000	20,000,000	50,000,000	S106
S106 Funded School Expansions	CFN	Expansions at Huxlow, Oakley Vale, Desborough and West Hill	-	650,000	9,000,000	9,650,000	S106
Alfred Street/Tennison Road Amalgamation	CFN	Merger of two schools	1,040,000	-	-	1,040,000	DFE
Various SEND schemes	CFN	Schemes to provide new SEND capacity to meet demand across North Northants	9,669,400	5,620,540	150,000	15,439,940	DFE
Devolved Formula Capital	CFN	Maintained schools capital grant, allocated by school by DFE.	306,000	302,000	300,00	908,000	DFE
Schools Strategic Repairs and Maintenance	CFN	Funded from 'Schools Condition Allocation' Grant based on condition surveys for maintained schools.	1,000,000	1,000,000	1,000,000	3,000,000	DFE
Tithe Barn Road Office Refurbishment	PLACE	As described.	-	2,663,000	-	2,663,000	Discretionary
New Depot	PLACE	As described.	-	2,750,000	750,000	3,500,000	Discretionary
Recycling Project / Facility	PLACE	As described.	-	2,876,000	2,500,000	5,376,000	Discretionary
LTP Maintenance	PLACE	Non ring-fenced DfT grant for the maintenance of highways assets.	-	3,735,000	3,735,000	11,205,000	DfT
LTP Integrated Transport	PLACE	Non ring-fenced DfT grant for small scale improvements delivering the objectives of the Local Transport Plan.	-	1,551,000	1,551,000	4,653,000	DfT
Incentive fund	PLACE	Non ring-fenced DfT grant for the	-	934,000	934,000	2,802,000	DfT

Scheme	Directorate	Scheme Description	2023-24 £	2024-25 £	2025-26 £	Total £	Funding Source
		maintenance of highways assets.					
Pothole Fund	PLACE	Ring-fenced DfT grant for the repair of potholes.	-	3,735,000	3,735,000	11,205,000	DfT
A509 Wellingborough Development Link Phase 1 (Isham Bypass)	PLACE	Road scheme.	7,552,000	12,787,000	30,656,000	50,995,000	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).	432,000	832,000	2,297,000	3,561,000	DfT, Developer, LA
Flood Alleviation	PLACE	As bid for from Environment Agency and funding secured from external bodies e.g. Anglian Water.	-	250,000	250,000	500,000	External Funding
Estate Stock Condition and compliance 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.	1,000,000	1,000,000	1,000,000	3,000,000	Capital Receipts
Public Health Schemes	PLACE	Awaiting confirmation of funding approval	-	101,000	-	101,000	Grant
Corby Town Fund	PLACE	Deliver of four projects Sixth Form College, Corby Station Link, Smart and Connected Corby and Multi-Use building.	1,022,000	713,000	-	1,735,000	External /s.106
UK Shared Prosperity Fund	PLACE	Grant bid left behind	245,000	190,000	1,060,000	1,495,000	Grant
Grounds Maintenance Equipment replacement	PLACE	Capital budget to renew grounds maintenance equipment	-	400,000	-	400,000	Discretionary
Electric Vehicle charging points CIC & CEC	PLACE	Supply and installation of electric vehicle charging points for tenants use	-	70,000	-	70,000	Capital Receipts
Future Way of Working Assets Implementation	PLACE	Capital budget to implement accommodation changes as part of the Future Way of	-	1,500,000	-	1,500,000	Discretionary

Scheme	Directorate	Scheme Description	2023-24 £	2024-25 £	2025-26 £	Total £	Funding Source
		Working implementation plan					
Sladebrook Reservoir	PLACE	Further phase of capital works to the reservoir to meet the councils statutory duties.	-	330,000	-	330,000	Grant
Local Authority Tree Fund 2024/25	PLACE	Grant funding for tree planting in open space	-	-	80,000	80,000	Grant
Play Area investment in Country Parks	PLACE	To invest in new play equipment to support growth in parking income.	-	300,000	-	300,000	s.106
Public Sector Decarbonization Fund	PLACE	Bid for external funds to decarbonize the Council's estate	-	1,000,000	-	1,000,000	Grant
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.	50,000	-	-	50,000	Discretionary
Leisure and Tourism Projects	ADULTS	Pemberton, Splash and Nene Leisure Centre’s	15,000	-	-	15,000	Discretionary
Corporate Systems	IT	Mainly Corporate IT Systems	243,000	-	-	243,000	Discretionary
Totals			**39,335,400**	**71,289,540**	**79,598,000**	**190,222,940**	

EXECUTIVE
9th February 2023

Report Title	**Barnwell Neighbourhood Plan – Proposed Adoption**
Report Author	George Candler – Executive Director of Place and Economy
Lead Member	Councillor David Brackenbury – Executive Member for Growth and Regeneration

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

List of Appendices

Appendix A – Barnwell Neighbourhood Plan
Appendix B – Draft Decision Notice
Appendix C – Equality Screening Assessment

1. Purpose of Report

1.1. To propose the making the Barnwell Neighbourhood Plan as part of the statutory development plan, following an independent examination and positive outcome from the referendum.

2. Executive Summary

2.1. The Barnwell Neighbourhood Plan **(Appendix A)** has been prepared by Barnwell Parish Council and is proposed to form part of the statutory development plan for the area. On adoption its policies and proposals will form part of the statutory development plan for decision makers when determining any planning application or appeals within the neighbourhood area.

2.2. The Barnwell Neighbourhood Plan provides a clear understanding of the vision of the local community within the parish with regards to future aspirations. This was endorsed by a majority (79%) of voting residents in favour of making the

Plan on the day of the referendum, 15th December 2022. Following the community's endorsement of the plan the final step is for it to be formally 'made' or adopted by this Council.

3. Recommendations

3.1. It is recommended that the Executive make the Barnwell Neighbourhood Plan, so that it becomes part of the statutory development plan for the area.

3.2. Reason for Recommendation – The plan was approved through a public referendum, identifying a majority in favour verdict of making the Plan, in addition the Council is satisfied that the making of the Plan would not breach, or otherwise be incompatible with, any EU or human rights obligations. Therefore, the Council is procedurally required to "make" the Barnwell Neighbourhood Plan part of the statutory development plan for the Barnwell Neighbourhood Area within the timeframe set out by the Neighbourhood Planning (General) Regulations 2012 (as amended).

3.3. Alternative Options Considered – The Council is required by the Localism Act and provisions of the Neighbourhood Planning (General) Regulations 2012 (as amended) to 'make' a neighbourhood plan within 8 weeks of the day following a successful referendum. The only circumstance where the Council should not make this decision is where the making of the plan would breach, or would otherwise be incompatible with, any EU of human rights obligation. Failure to make the Plan would prevent it being adopted.

4. Report Background

4.1. Neighbourhood planning was introduced by the Localism Act 2011. Barnwell is one of a number of parishes in the area to exercise the powers granted to communities by the Act that enables them to produce neighbourhood plans When formally made a neighbourhood plan comprises part of the statutory development plan and carries full weight when determining planning applications in the geographical area covered by its policies, which, in this case, relates to the parish of Barnwell.

4.2. The first legal step towards the production of the Barnwell Neighbourhood Plan was taken back on 12th February 2014 when the former East Northamptonshire Council formally designated the entire parish of Barnwell as the relevant 'neighbourhood area' to be covered by the policies of the plan. Since this time work has been undertaken by the parish council and its representatives, assisted by officers of the Council, to ensure a plan is produced that is technically robust and reflects the wishes of the community.

4.3. A key milestone in the process was reached when the plan was found to be both legally and technically compliant by an independent examiner, subject to recommended modifications. The report of Nigel McGurk BA (Hons) MCD MBA MRTPI was formally issued in August 2022 and recommended that the plan proceeded to referendum subject to the modifications (relating primarily to policy rewording and amendments) that he recommended.

4.4. The plan, alongside the examiner's report and the schedule of proposed modifications was considered by the Executive Director of Place and Economy under delegated authority and a Decision Statement was agreed and issued on 17th October 2022. This concluded that with the proposed modifications the plan meets the Basic Conditions in full, is compatible with the European Union obligations and Convention rights and complies with the definition of a neighbourhood plan and the provisions that can be made by a neighbourhood plan. Accordingly, the plan proceeded to a referendum on 15th December 2022.

5. Issues and Choices

5.1. The referendum provides the community with the final decision as to whether a plan should come into force in their area. The regulations specify the question to be asked. Section 38A of the Planning and Compulsory Planning Act 2004, as updated by the Neighbourhood Planning (General) and Development Management Procedure (Amendment) Regulations 2016, require that if the majority of those who vote in a referendum are in favour of the draft neighbourhood plan, then the neighbourhood plan must be made by the local planning authority within 8 weeks of the referendum.

5.2. For the plan to formally move towards adoption there was a requirement that it gained the support of the people of the parish, to be indicated by a simple majority voting 'yes' (50% plus one person of all those who turned out to vote). The referendum resulted in support for the plan amongst the residents of the parish, receiving 49 yes votes and 13 voting no. This return represents a 20% turnout and a 79% majority voting 'yes'.

5.3. As a majority has voted in favour of the plan it should be made by the Council within 8 weeks of the referendum. This means that the deadline for the Council making the neighbourhood plan is 9th February 2023. The 8-week time limit does not apply where a legal challenge has been brought in relation to hold a referendum or around the conduct of the referendum. There are narrow circumstances where the local planning authority is not required to make the neighbourhood plan. These are where it considers that the making of the neighbourhood plan would breach, or otherwise be incompatible with, any EU or human rights obligations.

5.4. As a result of the Council's previous decision to allow the plan to proceed to referendum on the basis that the plan satisfied all legal requirements, alongside the successful outcome of the referendum itself, and the fact that no legal challenge has been brought, councillors are asked to formally 'make' the Barnwell Neighbourhood Plan. The Neighbourhood Planning Act 2017 stipulated that a Neighbourhood Plan forms part of the statutory development plan following a successful referendum. In the very limited circumstances where the Council decides not to make a neighbourhood plan, it would cease to be part of the development plan for the area.

6. Next Steps

6.1. Regulation 19 and 20 of the Neighbourhood Planning (General) Regulations 2012 require the Council as soon as possible after making the plan to publish the decision and reasons for the decision (decision statement) and publicise the plan. A draft decision statement is appended as **(Appendix B)** which can be published following the resolution of the Executive.

6.2. As part of the development plan for the area the neighbourhood plan must be considered when determining planning applications in the neighbourhood area alongside other documents such as the North Northamptonshire Joint Core Strategy and saved policies from the former East Northamptonshire Council area, including the East Northamptonshire Local Plan Part 2, when adopted. It will remain in force until the qualifying body proposes to either modify or replace it. Monitoring of the Barnwell Neighbourhood Plan will be undertaken by Barnwell Parish Council.

6.3. There is a six-week period where a claim for judicial review can be brought starting from the date of the decision statement. This claim can only be brought where it is considered that there have been procedural irregularities, or an error of law associated with the preparation of the plan.

7. Implications (including financial implications)

7.1. **Resources, Financial and Transformation**

7.1.1. The making of the Neighbourhood Plan will have limited implications on finance. Central Government grant assistance can be obtained to support the neighbourhood plan process, and the Council has successfully applied for, and received £20,000 from the Government's Neighbourhood Plan Grant scheme to cover all costs, including the referendum. The plan has now been drafted in full and the Council's financial support required towards the plan will now end.

7.1.2. As part of the development plan, the neighbourhood plan provides a further suite of policies that must be considered by development management officers as and when planning applications are submitted falling within the neighbourhood area of Barnwell. This may account for a limited amount of additional officer time when considering the full suite of policies applicable to any application in the neighbourhood area prior to a decision being reached.

7.1.3. The policies map, which graphically illustrates policies of the development plan, will need to be updated to include the policies of the neighbourhood plan. This will be done as soon as practicable. It is likely that this will initially be done for the East Northamptonshire area only until such time as a North Northamptonshire wide online policy map is available.

7.2. Legal and Governance

7.2.1. The Localism Act 2011 (Part 6, Chapter 3, Sections 116-121 and Schedule 9 and 10), The Planning and Compulsory Purchase Act 2004 (as amended), The Neighbourhood Planning (General) Regulations 2012 (SI 2012 No.637), The Neighbourhood Planning (General) (Amendment) Regulations 2015 (SI 2015 No.20), The Neighbourhood Planning (General) and Development Management Procedure (Amendment) Regulations 2016 (SI 2016 No.873) and the Neighbourhood Planning Act 2017 set out the powers and duties in preparing Neighbourhood Plans.

7.2.2. Paragraphs 5-7 of Schedule 9 of The Localism Act 2011 amends section 38(6) of the Planning and Compulsory Purchase Act 2004 (PCPA) to make Neighbourhood Development Plans part of the development plan in accordance with which planning applications must be determined. Section 3 of the Neighbourhood Planning Act 2017 further amends section 38 of the PCPA to provide that a neighbourhood development plan for an area becomes part of the development plan for that area after it is approved in a referendum. In the very limited circumstances that the Council decide not to make the neighbourhood development plan, it will cease to be part of the development plan for the area.

7.2.3. It is considered that there are no circumstances which would justify the Council not making the plan. If the plan was not formally made that decision could be challenged.

7.3. Relevant Policies and Plans

7.3.1. The adoption of the Barnwell Neighbourhood Plan will add another layer of detail to the planning policy framework for North Northamptonshire for the parish of Barnwell. The Neighbourhood Plan will complement the planning policies set out in the Joint Core Strategy and East Northamptonshire Local Plan Part 2, when adopted, to provide comprehensive policy coverage and form part of the development plan for the area.

7.3.2. The 'making' of the Barnwell Neighbourhood Plan supports the delivery of the Council's Corporate Plan, particularly in relation to the Council's key commitment to connected communities – ensuring our communities are connected with one another so they are able to shape their lives and the areas where they live.

7.4. Risk

7.4.1. If the Council decides not to make the plan, then there is a risk that this decision could be legally challenged. The impact of taking this approach is that the plan may be delayed or not made, which would be detrimental to the local community, and may invoke legal costs.

7.5. Consultation

7.5.1. Statutory consultation has taken place during the preparation of the neighbourhood plan. There is no requirement for consultation as a result of this decision on whether to make the plan.

7.6. Consideration by Executive Advisory Panel

7.6.1. None.

7.7. Consideration by Scrutiny

7.7.1. None.

7.8. Equality Implications

7.8.1. An Equalities Screening Assessment has been completed and is attached to this report **(Appendix C).**

7.9. Climate and Environment Impact

7.9.1. The plan has been prepared in accordance with national planning policy and guidance which seeks to deliver sustainable development through planning decisions including adaptation to and mitigation of climate change. Of note is the Ecology and Biodiversity section of the neighbourhood plan (Chapter 10).

7.10. Community Impact

7.10.1. Neighbourhood planning is intended to improve community cohesion. The plan has been prepared will full engagement of the local community and the referendum showed a clear majority of people voting supporting the plan.

7.11. Crime and Disorder Impact

7.11.1. The plan has been prepared in accordance with national planning policy and guidance which seeks to deliver healthy, inclusive, and safe places.

8. Background Papers

8.1. Background papers relating to the preparation of the neighbourhood plan are available on the Barnwell Parish Council website at: https://www.barnwellparishcouncil.org.uk/neighbourhood-plan

8.2. Details of the process and various stages of plan preparation, including the examination and the examiner's report are also available on the Council's website at :
https://www.east-northamptonshire.gov.uk/site/scripts/documents_info.php?documentID=1511&pageNumber=3

Appendix A

October 2022

Barnwell Neighbourhood Plan 2011-2031: Referendum

Contents

1. Introduction

Neighbourhood Plans

1.1 The 2011 Localism Act has given communities the right to draw up a Neighbourhood Plan. This right is aimed at giving local communities genuine opportunities to influence the future of the places where they live.

1.2 The Barnwell Neighbourhood Plan will allow people, who live, work and have a business in the parish to have a say where they think new houses and businesses should be located and what they should look like. A Neighbourhood Plan can also identify and protect important Local Green Spaces, conserve local heritage and protect areas of nature conservation interest. The Barnwell Neighbourhood Plan will be a statutory plan which means that once it has been finalised, it will be used to determine planning applications in the parish.

The Barnwell Neighbourhood Area

1.3 The Barnwell Neighbourhood Area comprises the parish of Barnwell which is located within North Northamptonshire. The parish is made up of a large rural area (1,403 hectares) with a population of 369 and 175 homes (2011 Census). As at February 2021, 178 properties were registered for Council Tax. The River Nene runs north of the parish separating it from Oundle.

1.4 The only settlement is Barnwell village (formerly Barnwell All Saints and Barnwell Saint Andrew) which adjoins the A605 and lies 2 miles (3.2 km) south of the town of Oundle, 78 miles (126 km) north of London (via the A1 road) and 14 miles (22.5 km) south-west of Peterborough.

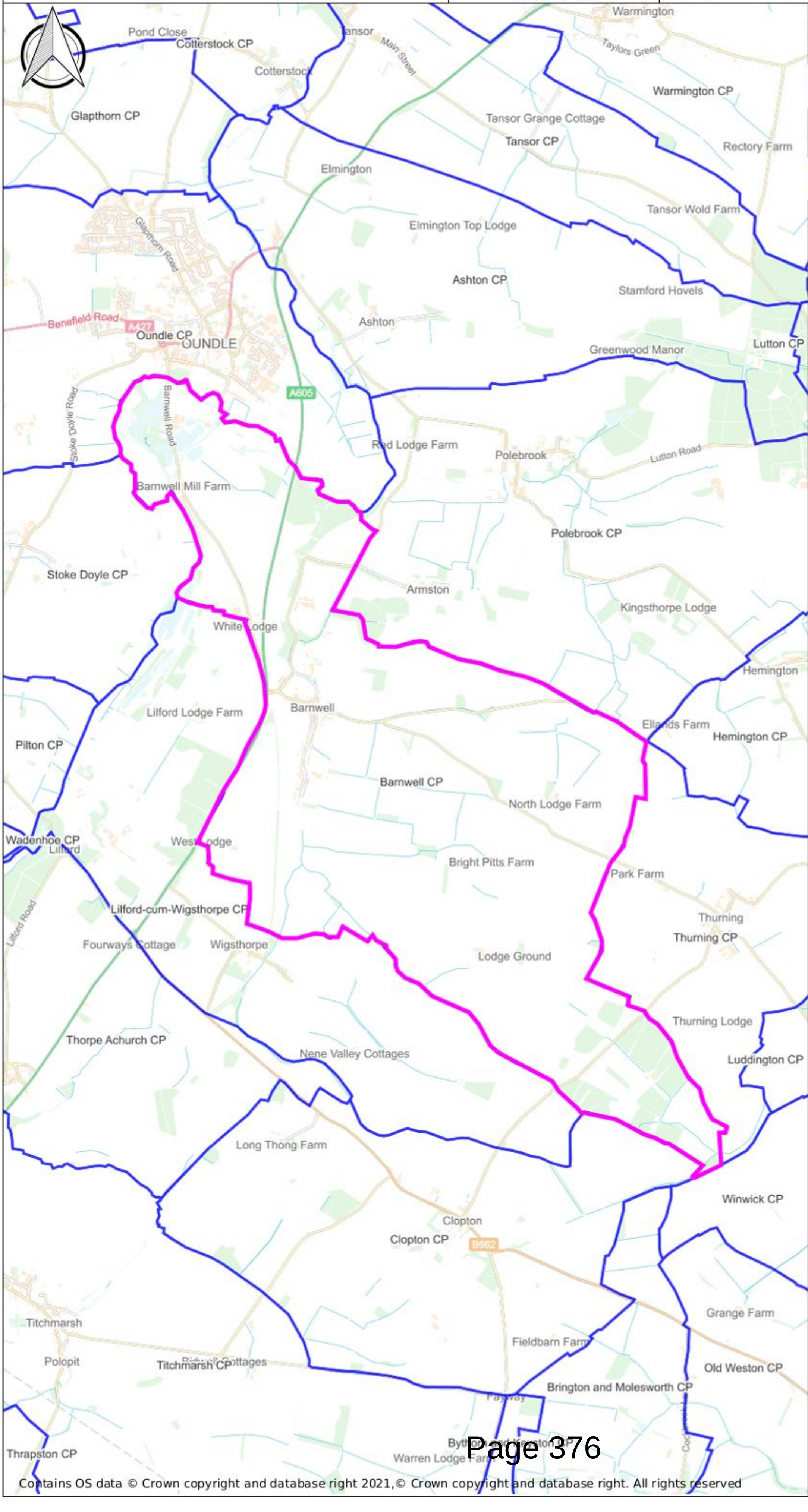
1.5 Barnwell parish was designated as a Neighbourhood Area on 12 February 2014. The Plan was prepared by Barnwell Parish Council, supported by the Barnwell Neighbourhood Plan Steering Group, made up of Parish Councillors and local residents who volunteered to help. The Plan covers the period 2011 to 2031.

1.6 The Barnwell Parish Council website (www.barnwellparishcouncil.org.uk) provides information and updates about the Neighbourhood Plan.

Basic Conditions

1.7 The Neighbourhood Plan must meet the basic conditions. Its policies must therefore have regard to national policy and advice; and be in general conformity with the strategic policies of the Development Plan for the area.

Neighbourhood Area			Barnwell CP
Map 1	0 200 400 800m Scale: 1:50000	Author: Date: 01/04/2021	Parish Online



Neighbourhood Area Boundary

Parish

National Planning Policy Framework

1.8 The National Planning Policy Framework (NPPF) was first published on 27 March 2012 and updated on 24 July 2018, 19 February 2019 and 20 July 2021. This sets out the Government's planning policies for England and how these are expected to be applied.

North Northamptonshire Local Plan

1.9 Following local government reorganisation, North Northamptonshire Council came into being on 1 April 2021. The North Northamptonshire unitary area covers the former district and borough councils of Corby, East Northants, Kettering and Wellingborough which have been abolished.

1.10 The Parish of Barnwell is covered by the following development plan documents, which make up the Local Plan (strategic and non-strategic policies):

North Northamptonshire Joint Core Strategy 2011-2031

1.11 The North Northamptonshire Joint Core Strategy is the overall strategic plan for North Northamptonshire. It was adopted in July 2016.

Local Plan Part 2 - Rural North, Oundle and Thrapston Plan

1.12 The Rural North, Oundle and Thrapston Plan (RNOTP), the Local Plan Part 2 (site specific policies), was adopted by the former East Northamptonshire Council on 18 July 2011. Many policies from the RNOTP were replaced by the new Joint Core Strategy policies, with effect from 14 July 2016.

Replacement District wide Local Plan Part 2

1.13 The former East Northamptonshire Council started preparing a District-wide Local Plan Part 2 in January 2017. This will replace remaining policies from the 2011 Rural North, Oundle and Thrapston Plan (RNOTP) and the 1996 East Northamptonshire District Local Plan (DLP), where such policies have not been, or are being, replaced by an equivalent policy in a Neighbourhood Plan.

1.14 The Local Plan Part 2 was submitted to the Secretary of State for Housing, Communities and Local Government (Planning Inspectorate) on 29 March 2021 and hearing sessions took place between April and May 2022. Following a series of post-examination matters, it is hoped that the Plan will be adopted by the Council in mid to later Summer 2023.

1.15 The Local Plan Part 2 has been taken into account during the preparation of the Neighbourhood Plan and we have taken steps to avoid the unnecessary duplication of its policies.

1.16 The new unitary authority has commenced a review of the North Northamptonshire Joint Core Strategy, with consultation undertaken on the Scope and Issues held between 28 March and 23 May 2022. When this is completed we may then need to review the Neighbourhood Plan to make sure it remains in general conformity.

What has been done so far

1.17 Residents completed an initial questionnaire back in March 2014 and the findings proved to be extremely informative with a good cross-section of views and opinions.

1.18 In April 2018, a questionnaire was distributed to parishioners inviting them to set out their views on the future of the Parish. This questionnaire explored in more detail some of the findings of the earlier survey. A total of 80 completed questionnaires were received. The questionnaire results are available on the Barnwell Parish Council website.

1.19 Throughout the plan preparation process, local people have been informed of progress through the website, presentations at Parish Council Meetings and Newsletters.

1.20 The process of preparing the Barnwell Neighbourhood Plan has highlighted non-planning issues or the need for community projects. This includes things like street lighting or maintaining the brook. These matters are being considered separately by the Parish Council.

1.21 The feedback from the questionnaire results and information about the area helped us prepare a (Pre-Submission) Draft version of the Barnwell Neighbourhood Plan. Under Regulation 14 of the Neighbourhood Planning (General) Regulations 2012, a pre-submission consultation period of no less than six weeks ran from 14 June 2021 to 9 August 2021.

1.22 A full copy of the (Pre-Submission) Draft Barnwell Neighbourhood Plan and accompanying Design Code was distributed to local households so that all groups in the community were sufficiently engaged, including those without internet access.

1.23 All representations and comments received were considered by Barnwell Parish Council and used to amend the Pre-Submission Draft of the Plan. A Consultation Statement, including a summary of all comments received and how these were considered, is available on the Barnwell Parish Council website.

1.24 The Plan was then formally submitted to North Northamptonshire Council in January 2022, who undertook a further round of consultation (under Regulation 16 of the Neighbourhood Planning (General) Regulations 2012) between 21 March 2022 and 3 May 2022. Having successfully passed this stage, it then went to an independent Examiner, who checked to see that it had been prepared in the prescribed manner. North Northamptonshire Council accepted the Examiner's recommendations that the Plan be put forward to referendum, subject to a number of modifications. Those on the electoral register in the Barnwell

Parish will be invited to vote on whether or not they support it. Over 50% of those voting must approve it for the Plan to become a 'Made' statutory planning document.

What happens next?

1.25 When the Plan is 'Made' (adopted), it will form part of the Statutory Development Plan for Barnwell. North Northamptonshire Council will be responsible for determining most planning applications, but in the Barnwell Neighbourhood Area, the policies in the Neighbourhood Plan will form the basis of those decisions along with the adopted Local Plan and other material considerations.

Note, when considering a development proposal, ALL the relevant policies of the Neighbourhood Plan will be applied.

2. Sustainable Development

2.1 The Plan must contribute to the achievement of sustainable development. Achieving sustainable development means that the planning system has three overarching objectives, which are interdependent and need to be pursued in mutually supportive ways (so that opportunities can be taken to secure net gains across each of the different objectives):

- an **economic** objective – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure;
- a **social** objective – to support strong, vibrant and healthy communities, by ensuring that a sufficient number and range of homes can be provided to meet the needs of present and future generations; and by fostering a well-designed and safe built environment, with accessible services and open spaces that reflect current and future needs and support communities' health, social and cultural well-being; and
- an **environmental** objective – to contribute to protecting and enhancing our natural, built and historic environment; including making effective use of land, helping to improve biodiversity, using natural resources prudently, minimising waste and pollution, and mitigating and adapting to climate change, including moving to a low carbon economy.

2.2 This Plan shows what sustainable development in Barnwell means in practice.

Key Issues

2.3 Feedback from community consultation has identified the key issues that the Barnwell Neighbourhood Plan needs to address (in priority order):

- Conserving local heritage and village identity
- Protecting green areas in the village
- Improving or retaining local services and facilities
- The impact of vehicular traffic on village life
- Protecting the character of the countryside and access to it
- Meeting local housing needs
- Noise and disturbance
- Nature conservation

- Flood risk

These are explored in greater detail in the following chapters.

Vision

2.4 In setting out the aims for the Plan it is vital to consider how the Parish should be at the end of the plan period. The plan needs to be aspirational, but realistic. The vision statement set out on the next page has helped guide the preparation of the Barnwell Neighbourhood Plan and makes it clear what the Plan is aiming to achieve.

Implementation

2.5 There is no point in preparing a Plan which cannot be delivered. To help implement the Barnwell Neighbourhood Plan, stakeholders have been involved and have helped identify what infrastructure is needed to support the Plan.

2.6 Almost all development has some impact on the existing, and the need for new, infrastructure, services and amenities. Sometimes these impacts are detrimental and so it is only fair that new development pays a share of the cost of providing additional infrastructure.

Vision for Barnwell in 2031

The unique character and heritage of Barnwell is conserved	New developments will take full account of flood risk	Local housing needs are met
Barnwell is a tranquil place to live	A prosperous local economy	The character and beauty of the countryside, biodiversity and the natural environment are safeguarded
Important green spaces are protected	The impact of vehicular traffic and parking on village life is minimsed	Local services and facilities are retained and, where possible, improved

3. Heritage and Village Identity

History

3.1 Barnwell was recorded as Bernewelle in the Domesday Book and was divided into two Parishes, All Saints and Saint Andrew. The chancel of All Saints stands on a rise beside the lower end of Main Street. The rest of the Church was demolished in 1825 after falling into a bad state of repair. The Manor House was built in the late 16th & 17th Centuries for the Montagu family. The Manor House has undergone alterations in the 18th, 19th and 20th Centuries, the most recent being internal remodelling by Sir Albert Richardson.

3.2 One of the key features of Barnwell is Barnwell Brook. The village has been formed along its course, producing a linear settlement pattern. This area is known as Barnwell All Saints. The northern part of Barnwell is known as Barnwell Saint Andrew incorporating Barnwell Castle and Barnwell Manor.

Designated Heritage Assets

3.3 In Barnwell Parish, Scheduled Monuments, Listed Buildings, Registered Parks and Gardens, and a Conservation Area have already been designated under relevant legislation.

3.4 The NPPF requires that when considering the impact of a proposed development on the significance of a designated heritage asset, great weight should be given to the asset's conservation. The more important the asset, the greater the weight should be. Significance can be harmed or lost through alteration or destruction of the heritage asset or development within its setting. As heritage assets are irreplaceable, any harm or loss should require clear and convincing justification.

3.5 Substantial harm to or loss of a grade II listed building, park or garden should be exceptional. Substantial harm to or loss of designated heritage assets of the highest significance, notably scheduled monuments, grade I and II* listed buildings should be wholly exceptional.

Scheduled Monuments

3.6 Scheduling is shorthand for the process through which nationally important sites and monuments are given legal protection. There are three Scheduled Monuments in Barnwell Parish:

- Barnwell Castle
- South Bridge (on the border with Oundle)
- Site of All Saints manor house and gardens

Listed Buildings

3.7 Listing marks and celebrates a building's special architectural and historic interest and brings it under the consideration of the planning system, so that it can be protected for future generations.

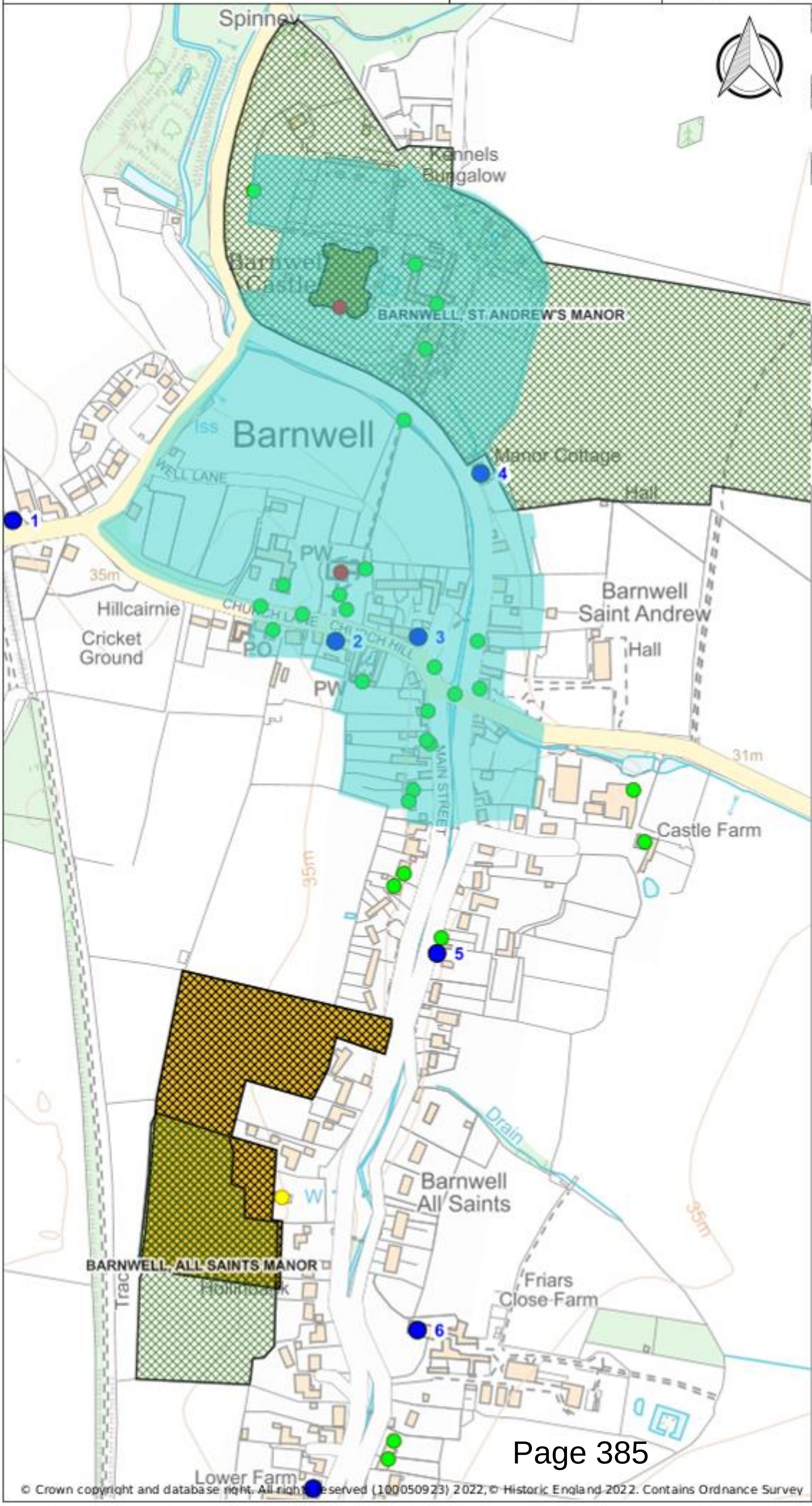
3.8 The older a building is, the more likely it is to be listed. All buildings built before 1700 which survive in anything like their original condition are listed, as are most of those built between 1700 and 1840.

- Grade I buildings are of exceptional interest, nationally only 2.5% of Listed buildings are Grade I
- Grade II* buildings are particularly important buildings of more than special interest; 5.5% of Listed buildings are Grade II*
- Grade II buildings are of special interest; 92% of all Listed buildings are in this class and it is the most likely grade of listing for a home owner

3.9 There are 35 Listed buildings in Barnwell (Appendix 1). The Church of Saint Andrew and Barnwell Castle are Grade I Listed buildings. All Saints Chancel is Grade II*. The remaining 32 are Grade II.

FIGURE 1: CHURCH OF SAINT ANDREW

Heritage Assets			Barnwell
Map 2	0 20 40 60 80m Scale: 1:5000	Author:	Parish Online
		Date: 08/08/2022	



Scheduled Monuments

Parks and Gardens

Listed Buildings

- I
- II
- II*

Features of Local Heritage Interest

Conservation Area

Historic Parks and Gardens

3.10 The Historic England 'Register of Historic Parks and Gardens of special historic interest in England', established in 1983, currently identifies over 1,600 sites assessed to be of particular significance. Two are in Barnwell Parish (both are grade II listed):

- Saint Andrew's Manor
- All Saints Manor

Heritage at Risk

3.11 Historic England's Heritage at Risk Register identifies sites most at risk of being lost because of neglect, decay or inappropriate development. Barnwell Castle was a new addition to the 2018 Risk Register. In recent years vegetation growth and deterioration of the local limestone, especially where wall cores are exposed, has led to fabric loss and vulnerability to localised collapse. The owner is implementing a phased programme of vegetation management and repairs, drawing on Historic England advice.

FIGURE 2: BARNWELL CASTLE

Conservation Area

3.12 The local planning authority designated Barnwell Conservation Area in March 1970. There is no Conservation Area Appraisal or Management Plan.

Non-designated Heritage Assets

3.13 The above places have already been designated and offered protection through national and local planning policies, however there are other buildings and sites in the parish that make a positive contribution providing local character and sense of place because of their heritage value. Although such heritage features may not be nationally designated, they may be offered some level of protection through the Plan.

3.14 To help inform development proposals, Appendix 2 provides information relating to each of the non-designated assets referred to in Policy B1, including information compiled from the Northamptonshire Historic Environment Record.

Archaeology

3.15 There are relatively few known prehistoric sites within the parish, especially given its location on the valley sides of the River Nene, which are usually a favoured location for prehistoric settlement, especially to the west at Raunds and Stanwick and Grendon.

3.16 However, there are several cropmarks identified on aerial photographs that may be late Iron Age or earlier in origin within the parish. Many of the cropmarks may also be Roman in origin. The majority of the Iron Age/Roman cropmark sites are located in the eastern and south-eastern part of the parish and it is here that there have been two significant finds of Roman date - a large Roman building at North Lodge with evidence of a bath-house and hypocaust was excavated in the 1970s/1980s (HER 1312/1) and further late Roman buildings were partially excavated between 1990-5 immediately to the west of Hemington Water Tower (HER 2179/1). The route of a major Roman road between Water Newton (Durobrivae) and Thrapston passes through the parish (HER 1897/1) and a cobbled surface found during laying of sewerage pipes in 1972 south-west of the castle may be its remains.

3.17 The main medieval/post-medieval monuments in the village are obviously the Castle (Scheduled Monument and Registered Garden) in Barnwell Saint Andrew and earthworks of a manor and garden remains (also Scheduled and Registered Garden) in Barnwell All Saints, but other notable medieval sites in the parish include earthworks and cropmarks of possible Saxon/medieval tofts along the western side of Main Street continuing northwards from the scheduled area and earthworks of possible medieval/post-medieval garden features to the west of the castle (HER 2423/1). Both these areas of earthworks (and below-ground archaeological remains) would benefit from being officially recognised as non-designated heritage assets for continued legibility of the important medieval remains in and around the village.

3.18 The moat located on the east side of Main Street (HER 2185/0/0) is now thought to be too small for a medieval homestead and is likely to be more modern in origin.

3.19 A deserted medieval settlement, Crowthorpe, is thought to have been located in the area of Barnwell Country Park, but much of this area has been quarried and no significant evidence has been identified to accurately locate it.

Policy B1: Non-designated Heritage Assets

The non-designated assets listed below are of local heritage interest and must be conserved in a manner appropriate to their significance:

1. Station House
2. The Old School

3. 4 Church Hill
4. Manor Cottage
5. 23 Main Street
6. Montagu House (on the Friar's Close Farm)
7. Lower Farm

✓ The unique character and heritage of Barnwell is conserved

Design

3.20 We expect all development to contribute positively to the creation of well-designed buildings and spaces. Through good design we want to maintain and enhance the individual character of our parish and create places that work well for both occupants and users and are built to last.

FIGURE 3: LOCAL BUILDING MATERIALS- THATCH AND STONE

3.21 Policies 8 and 9 of the North Northamptonshire Joint Core Strategy help to address the design objectives set out in the National Planning Policy Framework, but since then the Government has published the National Design Guide and National Model Design Code.

National Design Guide

3.22 The National Design Guide sets out the characteristics of well-designed places and demonstrates what good design means in practice. It forms part of the Government's collection of planning practice guidance and should be read alongside the separate planning practice guidance on design process and tools.

3.23 The National Design Guide identifies ten characteristics of well-designed places that together help create its physical character, sense of community and address issues affecting climate.

3.24 An understanding of the context, history and the cultural characteristics of a site and its neighbourhood influences the location, siting and design of new developments. It means they are well grounded in their locality and more likely to be acceptable. Development that has a character that suits its context and history makes places that are locally distinctive.

National Model Design Code

3.25 The National Model Design Code provides detailed guidance on the production of design codes, guides and policies to promote successful design.

Barnwell Design Code

3.26 95% of respondents to our 2018 Questionnaire wanted the Neighbourhood Plan to include guidance on the design of new buildings. So, through the Ministry of Housing, Communities and Local Government (MHCLG) Neighbourhood Planning Programme led by Locality, AECOM was commissioned in 2020 to provide design support to Barnwell Parish Council. This has led to the creation of the Barnwell Design Code, which provides guidance to support development proposals.

3.27 The main objective of the Barnwell Design Code is to develop design guidelines that any potential development in Barnwell, including infill development, should follow in order to retain and protect the rural, tranquil character and historic beauty of the area.

Policy B2: Design

To support the creation of high quality, beautiful and sustainable buildings and places, development in the Neighbourhood Area must be well-designed. Development proposals should take account of the guidance set out in the Barnwell Design Code as well as government guidance on design. Development must respect residential amenity and provide for safe and suitable access.

✓ The unique character and heritage of Barnwell is conserved
✓ The character, beauty and biodiversity of the countryside and the natural environment are safeguarded

4. Local Green Spaces

4.1 National policy makes provision for local communities to identify green areas of importance to those communities. From our 2018 Questionnaire survey we know that most respondents supported the protection of the following green spaces. Their importance is summarised in Appendix 3.

4.2 The gardens of Saint Andrew's Manor and All Saints Manor are already protected as Scheduled Monuments and/or registered Historic Parks and Gardens. It is unlikely that any additional local benefit would be gained by designating these areas as Local Green Space.

Policy B3: Local Green Spaces

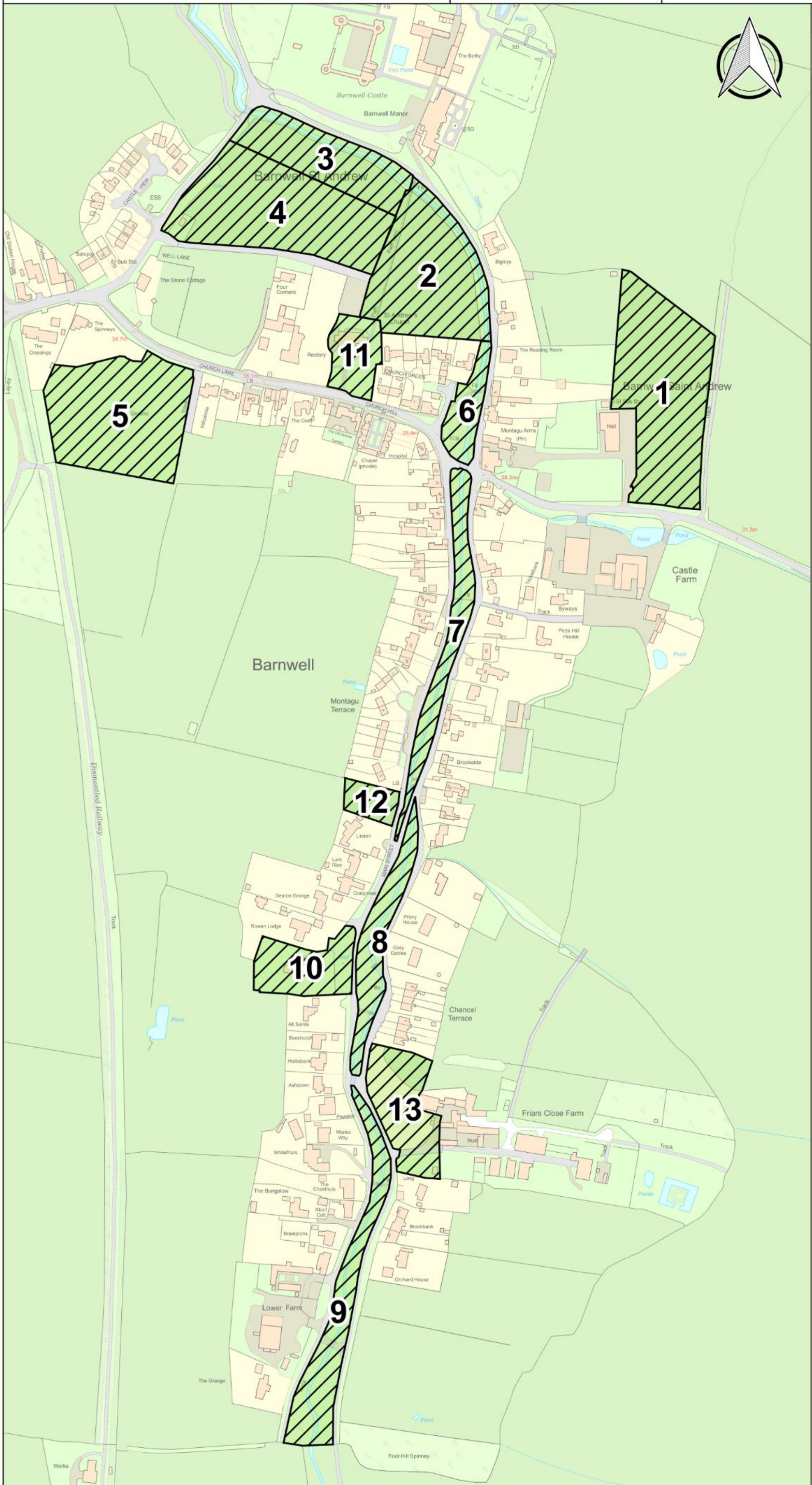
The following sites have been designated as Local Green Spaces:

1. Village Hall Field
2. Church Walk and Close
3. Tilting Ground
4. Parson's Close
5. Recreation Field
6. The Green
7. St Andrew's Brook
8. All Saints Brook
9. Lower Barnwell Brook
10. All Saints Churchyard
11. St Andrews Churchyard
12. Frontage to Manor House and Gardens
13. Frontage to Montagu House and Friars Close Farm

The management of development within areas of Local Green Space will be consistent with that for development within Green Belts, as set out in national policy.

✓ The unique character and heritage of Barnwell is conserved
✓ Important green spaces are protected

Local Green Space			Barnwell
Map 3	0 20 40 60 80m Scale: 1:5000	**Author:** **Date:** 03/10/2022	Parish Online



Local Green Space

5. Services and Facilities

5.1 The National Planning Policy Framework promotes the retention and development of local services and community facilities in villages, such as local shops, meeting places, public houses and places of worship. However, in Barnwell these services and facilities are limited to the Village Hall, Public House, General Store/Post Office and churches. Barnwell Primary School closed in 2004 and is now the Princess Alice Centre and home to Little Elms Pre-School.

5.2 There is no bus service.

5.3 Our 2018 Questionnaire showed that over half of respondents would like to see an improved mobile phone signal, better bus services and a children's play area.

5.4 The loss of even the limited services and facilities that residents do currently enjoy can have a significant impact on people's quality of life and the overall viability of the community. With an increasing proportion of older people in the population, especially those who have been resident in the Parish for many years, access to locally based services will become increasingly important due to lower mobility levels. Our 2018 Questionnaire showed 92% of respondents wanted to see existing services and facilities protected.

Policy B4: Community Services and Facilities

Development that would result in the loss of the following facilities:

1. Barnwell Post Office and General Store
2. Barnwell Village Hall
3. The Montagu Arms

will not be supported unless:

A. It has been demonstrated through a formal marketing strategy that the facility has been proactively marketed for a community use, at a market rate for at least a twelve month period;
B. It has been demonstrated that the facility is no longer needed by the community;
C. The facility will be replaced by equivalent or better provision in an equally or more accessible location.

✓ Local services and facilities are retained and, where possible, improved

Barnwell Post Office and General Store

5.5 Barnwell Post Office and General Store on Church Lane has limited opening hours and range of products, and it is currently for sale. Barnwell residents have formed the Barnwell Village Shop Community Group to investigate the feasibility of supporting, developing and sustaining a community facility providing goods and services for the people of Barnwell and neighbouring villages.

FIGURE 4: BARNWELL POST OFFICE AND GENERAL STORE

Barnwell Village Hall

5.6 Barnwell Village Hall is a large modern hall that was built in 1991 after a period of extensive fundraising by the village. The field on which it stands is leased to the hall for a peppercorn rent from HRH The Duke of Gloucester.

5.7 All funds raised from hire of the hall go into keeping the hall in a good order and enables residents of Barnwell to hire at a preferential rate. Regular users include Indoor Bowls, Youth Club, Barnwell Entertainers, Purely for Pleasure (singing group), Oundle Arts Society, Women's Institute, and Parish Council.

The Montagu Arms

5.8 The Montagu Arms dates back to the 18th Century (listed grade II).

Sport and Recreation

5.9 A children's play area has been built to the rear of the Montagu Arms. There is a recreation field to the south of Church Lane.

FIGURE 5: THE MONTAGU ARMS

Mobile Network

5.10 A good mobile connection has a positive impact on the economy and promotes efficient delivery of public services, social inclusion and other benefits. Across the UK, research by Ofcom has shown that in recent years, more people rely on a mobile phone than rely on a landline; and that people on lower incomes are even more likely to live in a mobile-only household, or to access the Internet using a mobile connection.

5.11 Good mobile coverage promotes sustainability. For example, it enables home working, thus reducing the need for travel, and so contributes to minimising pollution, and mitigating climate change and helps in the move towards a low carbon economy.

5.12 Mobile telecommunications networks are a crucial piece of infrastructure in economic, community and social terms. Our 2018 Questionnaire showed that 78% of respondents wanted a better mobile signal in the area. Ofcom's mobile availability checker shows that Barnwell village is likely to have good coverage for Vodafone voice services and basic data services. O2, EE and THREE voice services have good coverage for much of the village but there are areas that experience problems. O2 data service coverage is like Vodafone. Much of the village benefits from EE and THREE enhanced data services, but there are parts of the village where only basic data services are available.

5.13 A prior notice application for the installation of telecommunications mast and equipment cabinets on the track between the dismantled railway and Oundle Road was approved in July 2020 (Ref: 20/00604/PNT). The site will provide both call and mobile data capacity.

Superfast Broadband

5.14 Internet connectivity, be it for personal and home use or to support businesses, is an essential requirement today and its use will only grow in the future.

5.15 Further, with the modern commercial use of the Internet for business trading, supplier and customer management, Internet trading, the growth of wireless devices, smartphones, tablets etc, the growth of social media, online gaming and on-demand television, high-speed Internet connections have become essential to modern life and without which rural businesses and communities cannot prosper.

5.16 Traditional connections cannot handle the data volumes and speeds required to make realistic use of the technology. This can only be delivered by making fibre optic based Internet connections accessible.

5.17 The Superfast Northamptonshire project is securing broadband solutions for those parts of the county which otherwise wouldn't be served. In September 2020, the former Northamptonshire County Council extended its contracts with Gigaclear to benefit more rural homes and businesses in the county. Barnwell village has access to gigabit capable full fibre broadband delivered through the Superfast Northamptonshire project.

Infrastructure

5.18 Developers may be asked to provide contributions for infrastructure in several ways. This may be by way of the Community Infrastructure Levy and planning obligations in the form of section 106 agreements and section 278 highway agreements. Developers will also have to comply with any conditions attached to their planning permission. We must ensure that the combined total impact of such requests does not threaten the viability of the sites and scale of development identified in our Plan.

5.19 There are specific circumstances where contributions for affordable housing and tariff style planning obligations (section 106 planning obligations) should not be sought from small-scale and self-build development. As we are not planning for anything other than small-scale development, our Plan does not set-out policies for seeking planning obligations towards infrastructure provision.

6. Traffic and Parking

6.1 One of the key issues for Barnwell is transport, but there is sometimes confusion over what kinds of transport issues a neighbourhood plan can address. Many traffic matters fall outside the scope of planning. For example, changes to traffic management on existing transport networks are usually a matter for the highway authority to deal with. So, changes to parking restrictions, speed limits, signage, weight restrictions and traffic circulation fall outside the scope of a neighbourhood plan.

6.2 However, the Neighbourhood Plan does highlight localised traffic and parking issues that need to be addressed when considering development proposals. In particular, traffic, road safety, speeding and inconsiderate parking were all concerns for adult and younger people. The principal concerns related to the safety of the Well Lane/A605 junction, speeding traffic and parking problems.

Well Lane/A605

6.3 The A605 strikes north from junction 13 of the A14 trunk road through the eastern parts of Thrapston, skirting Barnwell before bypassing Oundle. The section from Barnwell and the Oundle bypass was opened in December 1985.

FIGURE 6: WELL LANE/A605 JUNCTION

6.4 During the preparation of this Plan, concerns have been expressed about the safety of the Well Lane/A605 junction, even though in the last five years there has been only one, slight accident recorded there.

Speeding Traffic

6.5 Our 2018 questionnaire survey results show that on a scale of 0 to 10 (where 0 is not a problem) local people on average score the problem of speeding traffic in the village as 7. Our Neighbourhood Plan cannot be used to introduce traffic management measures such as 20mph speed zones or speed ramps, but the concerns will be taken forward by Barnwell Parish Council as a community project.

Parking

6.6 71% of respondents to our 2018 questionnaire survey thought that inconsiderate parking, or the lack of parking, was a problem in the village. There are problems on the Barnwell Brook verges, near the pub, the green, Church Hill and Church Lane. The erosion of verges along the Brook also raises concerns about the reduction in bank-side habitat.

6.7 To avoid exacerbating the problem, new housing developments should include adequate car parking provision to minimise the need for on-street car parking. In September 2016, the former Northamptonshire County Council published new parking standards which should ensure that new developments include an appropriate level of car parking to minimise the need for on-street car parking.

6.8 Measures to prevent parking on grass verges will be investigated by the Parish Council.

Policy B5: Parking

New development must be safe and should not generate parking on grass verges.

- ✓ The unique character and heritage of Barnwell is conserved
- ✓ Important green spaces are protected
- ✓ The impact of vehicular traffic and parking on village life is minimsed

Walking and Cycling

6.9 Many parts of the village have no footways and elsewhere pavements are narrow. Pedestrians, cyclists and vehicles have to share the village's narrow streets and therefore there is concern about the impact of traffic growth on the safety of all users.

7. Countryside and countryside access

7.1 Barnwell is a rural area lying in the Nene Valley. The rural setting to Barnwell village is highly valued by local people so, to prevent the sprawl of development into the countryside and to protect the landscape setting of the village, we have defined a Barnwell Village Boundary. The Village Boundary helps us to plan positively for growth and prevent encroachment into open countryside.

Landscape

7.2 The landscape patterns evident today have evolved gradually over many thousands of years and are the result of the interaction of physical and human influences.

Northamptonshire Vales National Character Area

7.3 Natural England has prepared profiles for each of England's 159 National Character Areas (NCAs). These are areas that share similar landscape characteristics, and which follow natural lines in the landscape rather than administrative boundaries, making them a good decision-making framework for the natural environment.

7.4 Almost all of Barnwell parish, including the village, lies within the Northamptonshire Vales National Character Area (NCA 89). The Character Area (NCA) consists of a series of low-lying clay vales and river valleys, including the valleys of the rivers Nene and Welland and their tributaries.

7.5 The rural feel and tranquillity of Barnwell contrasts with the urban areas of Northampton, Oundle, Thrapston, Raunds and Wellingborough. The area is rich in historic character, with country houses, historic parkland, ridge and furrow and open field patterns. The river valleys are striking features of the area, with their riverside meadows and waterside trees and shrubs.

7.6 Also common are the flooded gravel pits and their associated wetlands, which result from reclamation schemes. These have given rise to some of the most important freshwater wetlands in the Midlands, supporting large numbers of wetland birds and wildfowl, especially over winter. The Upper Nene Valley Gravel Pits were designated as a Special Protection Area in 2011 in recognition of their wetland bird assemblage, which includes non-breeding great bittern, gadwall and European golden plover. The rivers and associated habitats also provide regional ecosystem services such as regulating water flow, quality and availability, as well as providing extensive recreational and biodiversity resources for the surrounding urban areas.

Northamptonshire Landscape Character Assessment

7.7 Working within the framework of national Countryside Character Areas, the Northamptonshire Landscape Character Assessment (LCA) identifies a range of landscape character types and 41 character areas across

North Northamptonshire. The Assessment provides the basis for guiding, informing and understanding the ability of any location to accommodate change and to make positive proposals for conserving, enhancing or regenerating character as detailed proposals are developed. The LCA will be used in the determination of development proposals to ensure that the character of the area's landscape is respected, retained and, where possible, enhanced for future generations.

Thrapston to Warmington

7.8 Stretching from Thrapston to Warmington on the edge of the county boundary, the Thrapston to Warmington Character Area comprises the largest section of Limestone Valley Slopes in Northamptonshire. Draining the valley slopes and surrounding lowland landscapes to the east are numerous small watercourses flowing into the River Nene, the most significant of which is Barnwell Brook. These have resulted in a gently undulating landscape that rises from its lowest point at around 20m to around 70m ASL.

7.9 Land cover is typically arable farmland, although areas of calcareous grassland are evident around the settlements of Titchmarsh, Barnwell, Achurch, Polebrook, Ashton and Warmington, and also along sections of Barnwell Brook. Whilst arable farmland is generally located within large and medium to large-scale fields, in contrast, grassland occurs in smaller-scale fields. Sub-regular field shapes predominate, although areas of regular shaped fields are scattered along the valley slopes. Field boundaries vary considerably across the character area including traditionally managed wide and high hedgerows, annually flailed hawthorn hedgerows that are thick, narrow and low, and others that are now in poor condition and are very gappy and sparse. In several places, arable fields are open to the roadside and deep ditches and grass verges are evident.

7.10 Woodland cover is relatively limited, although larger blocks of mixed woodland surround the remains of Barnwell Castle and from there northwards along Barnwell brook. Elsewhere, trees are scattered along hedgerows and adjacent to watercourses- predominantly of oak, ash, lime and elm and of varying age.

7.11 Linear villages that have developed along the line of, or within close proximity to watercourses, predominate within the character area, including Titchmarsh, Polopit, Barnwell and Polebrook. Beyond this lies a landscape settled with scattered farmsteads and individual dwellings. Although larger urban centres lie adjacent to, and are visible from the character area, urbanising elements within the area are limited to industrial units east of Thrapston and Soilmec, a drilling and foundation equipment supply company west of Polebrook, and prominent in the landscape as a result of the tall, vertical drilling machines. The presence of the A605 through the centre of the character area is a local source of noise intrusion.

7.12 Features of historic importance vary throughout the character area, the most significant being the Grade II listed Barnwell Manor. The gardens comprise earthwork remains of a formal garden attached to the former late medieval manor house. The ruins of the medieval fortress, Barnwell Castle is located within the grounds. Two Roman Roads are evident in the area, comprising the A605, and a Roman Road east of Titchmarsh. Scattered fields of ridge and furrow can also be identified along the valley slopes. Landmarks are infrequent, though views towards the transmitting station on Morborne Hill, beyond the county boundary are possible.

7.13 Policy 3 of the North Northamptonshire Joint Core Strategy ensures that new development is located and designed in a way that is sensitive to its landscape setting and, where possible, the distinctive qualities of the landscape character area in which it would be situated are enhanced.

Green Infrastructure

7.14 Green infrastructure (GI) is the term used to describe an interconnected network of multi-functional green space and is used as a way of ensuring open space, the countryside, parks and important natural or cultural features are planned and recognised, particularly for the contribution they make to our quality of life.

7.15 Green infrastructure networks have been identified at both strategic and local scales across Northamptonshire. The Nene Valley sub-regional corridor extends between the urban centres of Northampton and Peterborough, passing through Barnwell Parish. It follows the course of the River Nene through a sequence of contrasting landscapes, with the broad, flat and often tranquil floodplain landscape providing a distinctive setting. Since the earliest times the Nene has been a major cross-country transport corridor, and as such this corridor continues a long tradition of strategic movement along the river valley.

7.16 For much of the route, the Nene Valley sub-regional corridor follows the course of Nene Way National Long-Distance Footpath. However, unlike several sections of the Nene Way, the course of the sub-regional corridor follows the river more closely. This is particularly evident in the section through Barnwell Parish where the Nene Way travels some distance away from the river to enter Barnwell village, whereas the sub-regional corridor maintains its route bordering the river past Lilford and Oundle Marina.

The Greenway

7.17 The Greenway is a Green infrastructure route that will, upon completion, run from Wellingborough railway station through East Northamptonshire, to Peterborough railway station. It will provide an alternative means of transport, predominantly for walkers and cyclists, and provide opportunities for informal recreation. The Greenway is being developed in phases, some of which have been completed. Detailed proposals for future phases of the Greenway are set out in the Greenway Forward Plan 2019 to 2024.

7.18 The 2015 Oundle Cycle Network Study puts forward specific proposals in and around the Oundle Urban Area, which could be integrated with the Greenway proposals, to deliver a fully integrated network for the Nene Valley between Wellingborough and Peterborough. These proposals extend into the north of Barnwell Neighbourhood Area linking Oundle Marina and Barnwell Country Park to central Oundle. Our 2018 Questionnaire Survey showed that 92% or respondents support improved footpath/cycle links.

Public Rights of Way

7.19 Barnwell has an extensive network of footpaths and bridleways both within the village and outside it into the surrounding countryside. These Rights of Way are an appreciated and well-used community asset that contributes to health and wellbeing of the community. You can view the approximate location of rights of way through an [interactive mapping system].

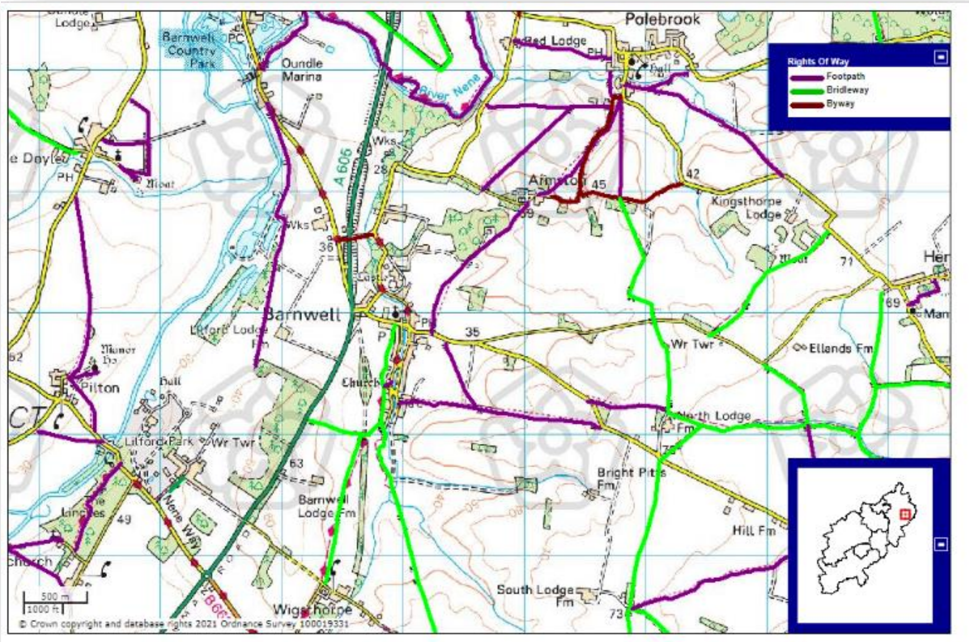


FIGURE 7: PUBLIC RIGHTS OF WAY

7.20 The Nene Way is a long-distance footpath that connects Northampton, Wellingborough, Oundle, Peterborough and Wisbech. The Nene Way passes through Barnwell from Barnwell Country Park and on to Wigsthorpe. There are also three circular trails around Barnwell Country Park.

7.21 The village also lies on the Peterborough to Oundle and Stibbington Loop Cycle route. This is a route that is mostly on road, with a very small section of footpath.

7.22 We are keen to see the existing footpath, cycle and bridleway network protected, extended and enhanced. Two-thirds of the respondents to our questionnaire survey own and use a bicycle. 88% say that an off-road cycle route to Oundle would encourage them to cycle more. This route would contribute to the Nene Valley Nature Improvement Area proposals for long-distance cycleways connecting communities along the valley and help provide new recreational opportunities. Further opportunities for new RoW or permissive paths will be explored by the Parish Council.

Policy B6: Public Rights of Way network

The protection and enhancement of the public rights of way network, including the provision of new public footpaths, cycle-ways and permissive routes, will be supported.

The extension of the existing Rights of Way network to create improved safe footpath/cycle links between Barnwell village, Barnwell Mill, Barnwell Country Park, Oundle Marina and Oundle will be supported.

✓ The character, beauty and biodiversity of the countryside and the natural environment are safeguarded

Renewable Energy

7.23 Increasing the amount of energy from renewable and low carbon technologies will help ensure the UK has a secure energy supply, reduce greenhouse gas emissions to slow down climate change and stimulate investment in new jobs and businesses. Barnwell Parish Council broadly welcomes and supports developments that are low-carbon, energy and resource efficient. The retrofitting of low carbon heating and energy efficiency measures in existing developments is also encouraged.

7.24 Planning has an important role in the delivery of new renewable and low carbon energy infrastructure in locations where the local environmental impact is acceptable.

7.25 A Renewable Energy Study has identified that on shore wind provides the largest potential renewable resource for North Northamptonshire with the greatest wind energy potential in East Northamptonshire and Kettering, although Heat pumps, solar PV and solar thermal also have significant potential across the area. There have been no applications for wind or solar farms in Barnwell parish.

Solar Farms

7.26 Solar farms (sometimes known as solar parks or solar fields) are the large-scale application of solar PV panels to generate green, clean electricity at scale, usually to feed into the grid. Solar farms can cover anything between 1 acre and 100 acres.

7.27 A Solar Park was commissioned in one corner of a field in the open countryside at Lilford Lodge, Thrapston Road to the west of Bamwell - just outside the parish. The park comprises just over 1,000 solar panels fastened to ground mounted tables. The Lilford Lodge Farm project currently exports around 40% of its electricity to the grid; the rest is consumed on site by the owner and rural business lettings on the farm.

FIGURE 8: LILFORD LODGE FARM SOLAR TRACKER PROJECT

7.28 Our 2018 Questionnaire shows that 45% of respondents support solar farms.

Wind Energy

7.29 One of the key factors determining the acceptability or otherwise of wind turbines is their potential impacts on the local landscape – this is due to their height and the movement they introduce into the landscape (i.e. rotating blades).

7.30 National planning policy allows local people to have the final say on wind farm applications. In our 2018 Questionnaire, just 17% of respondents supported wind turbines and wind farms.

Biomass

7.31 The term "biomass" refers to organic matter that has stored energy through the process of photosynthesis. It exists in one form as plants and may be transferred through the food chain to animals' bodies and their wastes, all of which can be converted for everyday human use through processes such as combustion, which releases the carbon dioxide stored in the plant material. Many of the biomass fuels used today come in the form of wood products, dried vegetation, crop residues, and aquatic plants. 39% of respondents to our 2018 Questionnaire supported biomass, but waste development is explicitly excluded from the issues within the jurisdiction of a Neighbourhood Plan.

Microgeneration Technologies

7.32 Many microgeneration technologies projects, such as domestic solar PV panels, ground source and air source heat pumps are often permitted development which means they do not require planning permission providing certain limits and conditions are met. Survey respondents (79%) supported small-scale renewable energy technologies integrated with new buildings or fitted to existing buildings. There are several houses and farm buildings that have been fitted with solar PV panels in Barnwell.

Policy B7: Renewable Energy

Proposals for renewable energy generation or for the development of low carbon technologies such as retrofitting for energy efficiency where planning permission is required, will be supported where development has been demonstrated to respect local character and residential amenity.

✓ The character, beauty and biodiversity of the countryside and the natural environment are safeguarded

8. Housing

Strategic Housing Requirement

8.1 The Barnwell Neighbourhood Plan must support the strategic development needs set out in the North Northamptonshire Joint Core Strategy (also known as the "Core Strategy") 2011-2031 (the Local Plan Part 1), including policies for housing development.

8.2 The Core Strategy's housing requirement for East Northamptonshire equates to 8,400 dwellings (420 dwellings per year) over the period 2011-2031. Of this, the rural housing requirement for the district is 820 dwellings over the plan period. This requirement has been exceeded.

8.3 Barnwell is not a suitable place for large-scale housing development. The village's services and facilities are limited, and the lack of public transport means that residents rely on the private car for most journeys. The Core Strategy requires the scale of housing growth in Barnwell to be led by locally identified housing needs taking account of the general form and character of the village.

8.4 In November 2018, the former East Northamptonshire Council published a Draft Local Plan Part 2 for consultation. While the rural housing requirement has already been delivered, the Draft Local Plan includes indicative housing "targets" to provide a basis for allocating future housing sites in neighbourhood plans. The indicative target for Barnwell for the period 2011-2031 is 20 dwellings. Since 2011, ten houses have been built, almost all have been at the Rural Exception Site at the former allotments at Well Lane (see paragraph 8.24). Taking account of these, the indicative target reduces to 10 dwellings. However, Neighbourhood Plans are only expected to allocate further housing sites if there is a local desire to do so. At this time we have decided not to allocate additional housing sites.

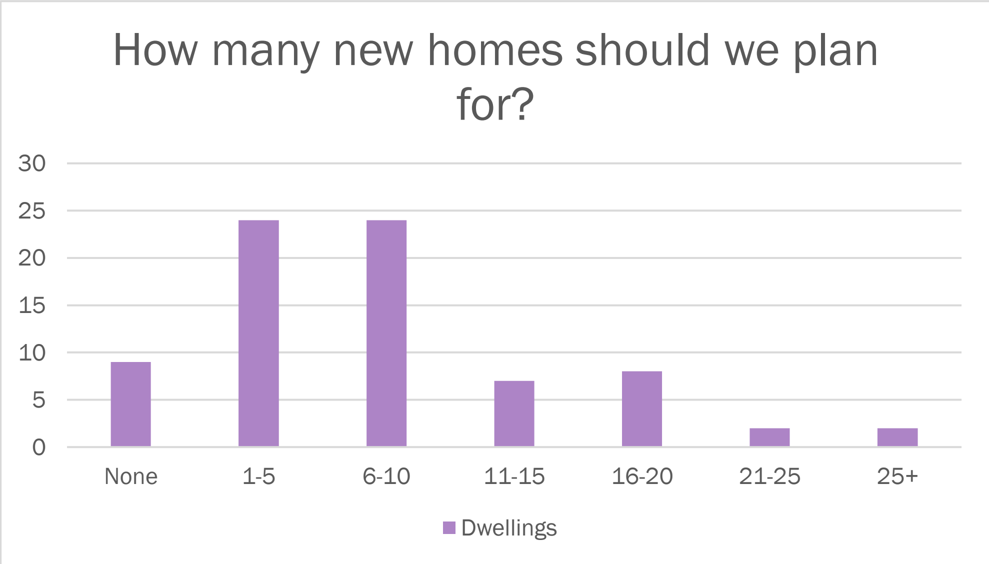
Oundle

8.5 The Barnwell Neighbourhood Area extends northwards to the edge of Oundle including Oundle Marina and Barnwell Country Park. There has been some development pressure in this area to meet the housing needs of Oundle. The Joint Core Strategy identifies Oundle as a Market Town and requires Oundle to accommodate 645 new dwellings between 2011 and 2031.

8.6 To ensure Oundle meets this requirement, additional allocations of approximately 300 new houses are to be provided through the new Local Plan Part 2. There is no requirement for Barnwell Parish to accommodate the housing requirements of Oundle.

Meeting Local Housing Needs

8.7 In our 2018 Questionnaire, we invited local people to set out how many new homes we should plan for. The results are shown here.



8.8 We also asked parishioners to identify any housing needs over the coming years. 11 residents said that in the last ten years, one or more household members had left the Parish due to a lack of available, suitable housing.

8.9 12 respondents said that they, or someone in their current household, expected to need to move within the Parish within the next ten years. 75% wanted a three-bed house. Four wanted to move because their existing house was too large- three of these also said that their existing home needed major repairs. Two were from young people looking to live independently. In most cases this need could be met by market housing or self-build housing. Only one household wanted Local Authority or Housing Association housing.

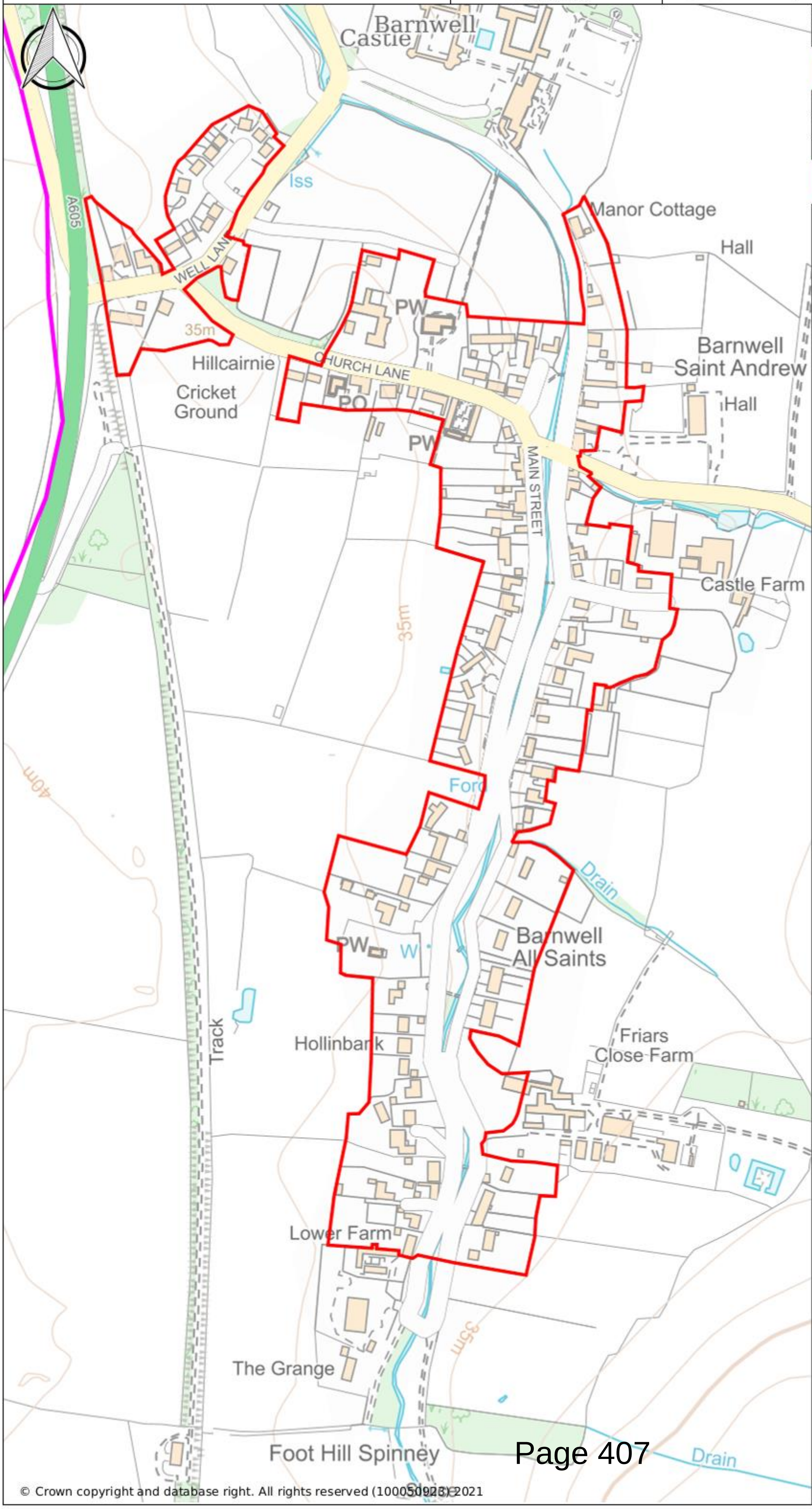
8.10 Not all this housing need must be met locally. Some younger people will move away for work or to study. In 75% of cases the need came from households that already housed. Nonetheless, a small number of new homes are needed over the period to 2031 and our 2018 Questionnaire shows that many local people support small scale development.

Providing for Housing

8.11 We also asked local people how we should plan for housing growth. There was good support for the conversion of rural buildings, brownfield and infill development. We believe that this will meet locally identified housing needs, provided the type and size of new housing is appropriate.

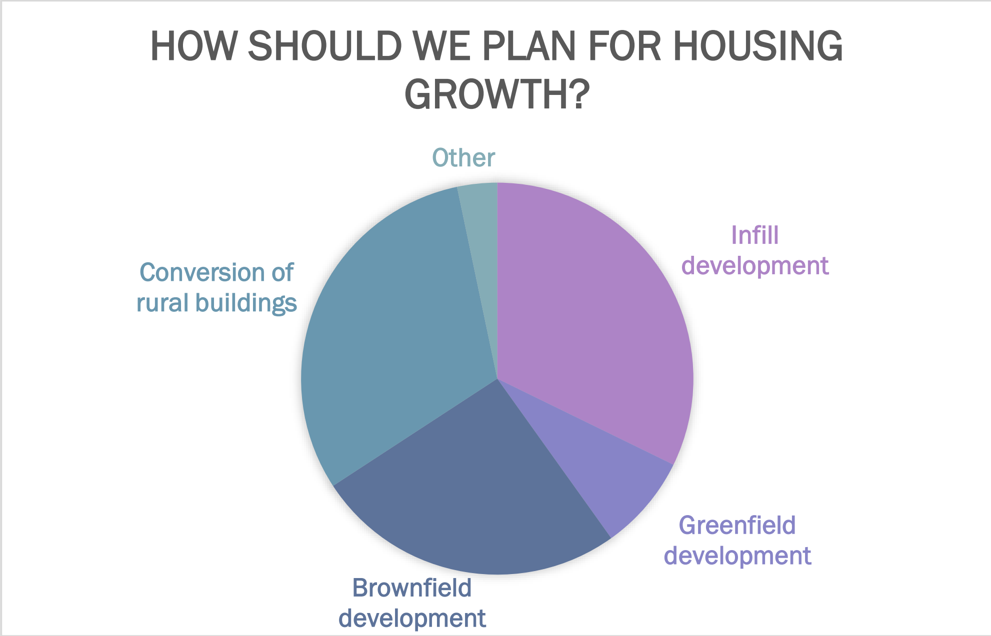
8.12 The North Northamptonshire Joint Core Strategy 2011 – 2031 allows for the development of small-scale infill development on suitable sites within Barnwell. This refers to the development of vacant and under-developed land within the main built-up areas of the village.

Settlement Boundary		Barnwell CP	
Map 4	0 20 40 60 80m Scale: 1:5000	**Author:** **Date:** 30/04/2021	Parish Online



Settlement Boundary

Neighbourhood Area Boundary



8.13 The Rural North Oundle and Thrapston Plan (the current Local Plan Part 2) defines a Settlement Boundary for Barnwell that has been used to guide development for many years. In our 2018 Questionnaire survey, 78% of respondents agreed that the settlement boundary was a good way to manage development. To clarify where development would be acceptable, our Neighbourhood Plan updates the village boundary taking into account the character and built form of the village. The Settlement Boundary shown in the Barnwell Neighbourhood Plan will replace the current Settlement Boundary in the Rural North Oundle and Thrapston Plan.

Policy B8: Providing for Housing

New housing development should be focused within Barnwell Settlement Boundary.

✓ Local housing needs are met

Brownfield Land

8.14 Land that has been previously developed is also known as Brownfield Land. Previously Developed Land is defined in the National Planning Policy Framework and can include vacant and derelict land or buildings. Land that is or has been occupied by agricultural or forestry buildings is excluded.

8.15 The Government wants to make as much use as possible of previously developed land for homes so that this resource is put to productive use to support the regeneration of cities, towns and villages, to support economic growth and to limit the pressure on the countryside.

8.16 We are not aware of any brownfield sites that are currently vacant or derelict, however it is possible sites could become available during the lifetime of the Plan. In view of local support for the development of brownfield sites in providing for housing growth, our Plan allows for this type of development in the right places.

Policy B9: Brownfield Land

The redevelopment of previously developed land for housing, where it will enhance or maintain the vitality of rural communities, will be supported.

✓ Local housing needs are met
✓ The character, beauty and biodiversity of the countryside and the natural environment are safeguarded

Meeting Local Housing Needs

8.17 In planning for new homes, there should be a mix of housing to meet the needs of people living locally. The Core Strategy requires the mix of house types within new development to reflect the need for smaller households with an emphasis on the provision of small and medium sized dwellings (1-3 bedrooms) including homes designed for older people. This is particularly important in Barnwell for the following reasons:

- There are relatively few young households and more elderly households in Barnwell.
  In 5% of the Parish's households the age of the Household Reference Person (HRP[1]) was under 35 compared with 13% in East Northamptonshire (2011 Census). In 54% of the Parish's households the age of the HRP was over 55 compared with the district average of 45%.

- There is already a high proportion of detached dwellings.
  50% of dwellings in the parish are detached compared with 36% in East Northamptonshire (2011 Census).

- There are relatively high levels of under-occupancy.
  76% of dwellings in the parish have an occupancy rating[2] of 2+ compared with 64% in East Northamptonshire (2011 Census).

- House prices are high.
  The average house value in Barnwell was £527,406 compared with £343,840 in Oundle (Zoopla Zed-Index[3])

- Local people need smaller homes.

[1] The concept of a Household Reference Person (HRP) was introduced to replace the traditional concept of the 'head of the household'.
[2] Occupancy rating provides a measure of whether a household's accommodation is overcrowded or under occupied. The ages of the household members and their relationships to each other are used to derive the number of rooms/bedrooms they require, based on a standard formula. The number of rooms/bedrooms required is subtracted from the number of rooms/bedrooms in the household's accommodation to obtain the occupancy rating. An occupancy rating of -1 implies that a household has one fewer room/bedroom than required, whereas +1 implies that they have one more room/bedroom than the standard requirement.
[3] The Zed-Index is the average property value in a given area based on October 2021 Zoopla Estimates.

Responses to our 2018 Questionnaire Survey showed that the most needed house types were 3-bed houses (75%).

- There is little desire to see more large executive housing.
  Responses to our 2018 Questionnaire Survey showed that only 22% thought that 4 or more bed executive housing was a priority.

Accommodation for Older People

8.18 Parson Latham's Hospital provides and maintains self-contained living accommodation in eight almshouses for the welfare of elderly and needy people in the locality. Parson Latham's Hospital in Barnwell is a Registered Charity and Registered Social Housing Provider that is primarily an Almshouse Charity.

FIGURE 9: PARSON LATHAM'S HOSPITAL IN BARNWELL

8.19 With no other Care Homes, Residential Homes or Nursing Homes in Barnwell, it is important that new developments help increase the availability of lifetime homes and bungalows. This will enable more people having homes that can meet their needs as they get older and experience changes to their health and social circumstances, so delaying the need for them to move to alternative accommodation.

Smaller Homes

8.20 The Parish Council will seek to encourage the development of new dwellings of three bedrooms or less; that meet the housing needs of older households; and/or which meet needs for the provision of smaller, low-cost homes for sale.

Affordable Housing

8.21 Affordable housing is housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers). Affordable housing can include affordable housing for rent, starter homes, discounted market sales housing and other affordable routes to home ownership.

8.22 First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of ‘affordable housing’ for planning purposes. Specifically, First Homes are discounted market sale units which:

- must be discounted by a minimum of 30% against the market value;
- are sold to a person or persons meeting eligibility criteria;
- on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount and certain other restrictions are passed on at each subsequent title transfer; and,
- after the discount has been applied, the first sale must be at a price no higher than £250,000.

8.23 First Homes are the Government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.

FIGURE 10: CASTLE VIEW, BARNWELL

8.24 A Housing Needs Survey in 2006 and a follow up Housing Need Project in 2009 resulted in the construction of nine affordable homes on a Rural Exception Site at the former allotments at Well Lane in 2013. These homes at Castle View provide much-needed 2 and 3-bed accommodation for rent and shared-ownership, including a bungalow designed to 'Lifetime Homes' standard. The homes are highly energy efficient and include solar PV panels which generate free electricity for the occupants. People with a local connection, including those living, working or with close family ties in Barnwell have priority when these homes are allocated.

8.25 Our 2018 Questionnaire also included questions on housing need. The results identify a need for local housing, but this need can largely be met by market housing. There was only one household that said that their housing needs could only be met by Local Authority or Housing Association property to rent or for shared-ownership. The limited need for additional affordable homes means that there is no immediate requirement to allow planning permission to be granted for affordable housing on a 'Rural Exception Site', i.e. a site that would not normally be released for private market housing. In our 2018 Questionnaire, 53% of respondents said that they would not support a Rural Exception Site for affordable housing.

8.26 If there were to be a proven local need for additional affordable homes in the future, North Northamptonshire Joint Core Strategy Policy 13 makes provision to allow planning permission to be granted for affordable housing on 'Rural Exception Sites'.

9. Noise

9.1 Tranquillity is a critical part of local quality of life. Tranquillity is important for our mental and physical well-being, but it is also important to the local economy – because one of the main reasons why people visit the area is to head out of towns and cities to 'get away from it all'. But getting away from it all is becoming harder and harder to do. Aircraft, cars, roads and major building developments are all eroding the tranquillity which means so much to residents and visitors alike.

9.2 Our 2018 Questionnaire Survey showed that 61% of respondents had concerns about noise pollution in the area. The biggest concern (85%) related to noise from the A605. Much of the village is separated from the road by fields and the former London & Birmingham Railway which provides some noise mitigation, but properties on Well Lane and Church Lane are much closer. Consistent with a noise environment dominated by road traffic, noise levels gradually increase during the morning, peaking during early morning rush hour; remaining consistent during the daytime, peaking again during evening rush hour; gradually decreasing throughout the evening and then dropping during the night-time.

9.3 There were also concerns (42%) about noise or disturbance from Barnwell Firing Range. The shooting range was established during the Second World War when it was used as a practice range for the Home Guard. There is a 25-yard range, a 50-yard range and a 100-yard range. The three outdoor ranges are open at weekends and on select days during the week. All three ranges have covered firing points and the facilities include parking, disabled access, coffee and toilets. The facilities at Barnwell are amongst the best in the country and attract members from far afield.

9.4 Noise needs to be considered when new developments may create additional noise and when new developments would be sensitive to the prevailing acoustic environment. Noise control or noise mitigation may be required to reduce noise pollution or to reduce the impact of that noise, whether outdoors or indoors. Given that the Nene Valley is designated as a Nature Improvement Area our preferred method of noise mitigation is the use of vegetation cover such as woodland, trees and scrub, although any vegetation cover is more effective than artificial sealed surfaces, and the effectiveness of vegetation increases with width.

Policy B10: Noise

The use of vegetation cover such as woodland, trees and scrub to improve the acoustic environment in Barnwell village will be supported.

- ✓ Barnwell is a tranquil place to live
- ✓ The impact of vehicular traffic and parking on village life is minimsed

10. Ecology and Biodiversity

10.1 Although there are no nationally designated ecology sites, there are several local wildlife sites and identified Biodiversity Action Plan priority habitats in the parish including Barnwell Brook, Barnwell Mill Fields, Barnwell Country Park and Barnwell Wold. The Neighbourhood Plan also provides an opportunity to protect, buffer, enhance and expand other broad habitat types, such as other wetlands, grassland, park/wood pasture and woodland.

10.2 Our 2018 Questionnaire demonstrated strong support for protecting existing (94% of respondents) and creating additional wildlife areas. The main areas and features of wildlife interest are set out below.

Barnwell Brook

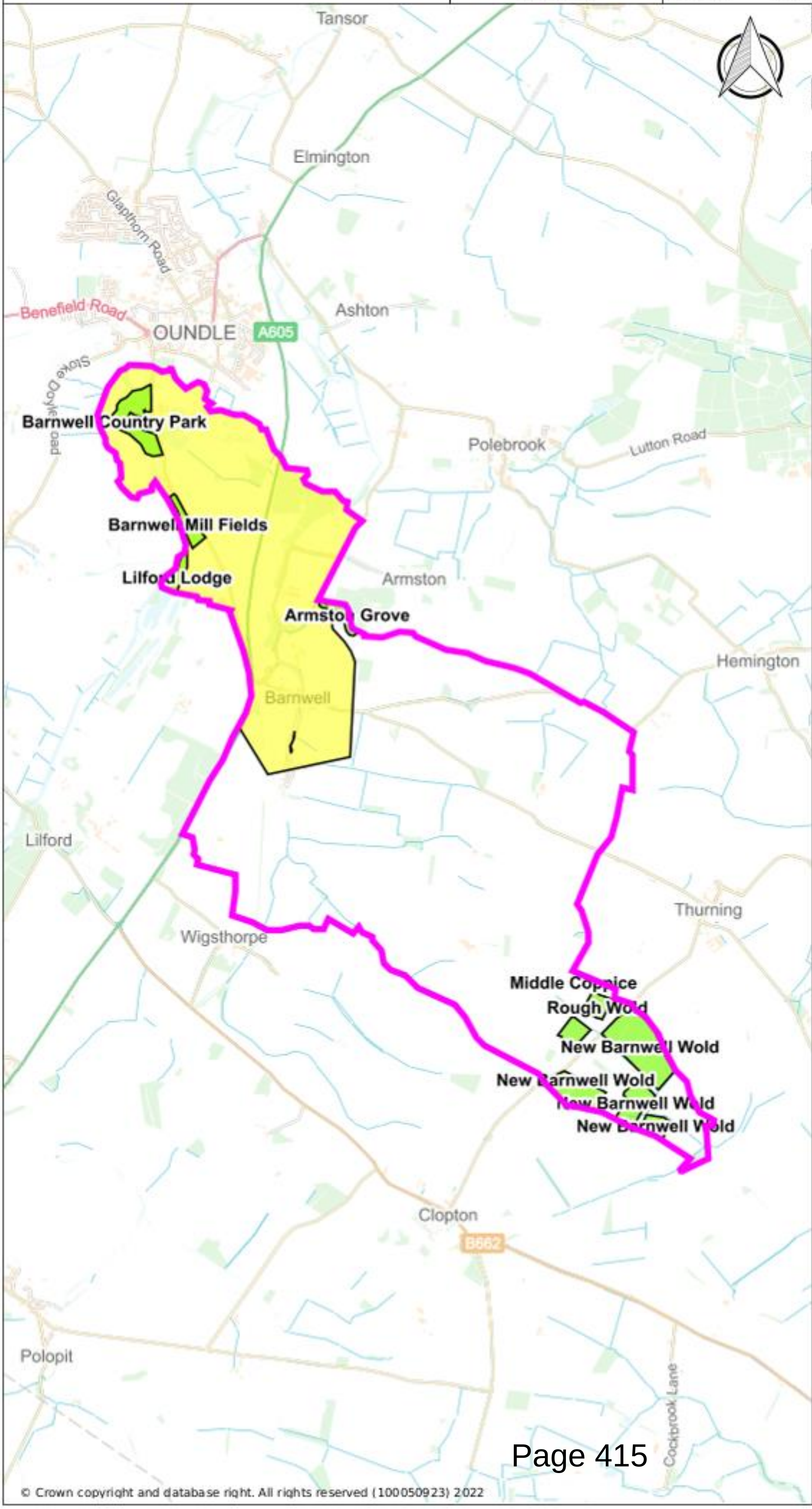
10.3 Barnwell Brook runs the length of the village and is home to a colony of water vole. The water vole was once a familiar sight in our countryside, but over the last 20 years, this small mammal has undergone catastrophic decline. Barnwell has one of the last remaining vole colonies in the county; they live along the brook sides, particularly past the ford, where the habitat suits them and there is generally no predatory North American mink. Other protected species that can be found include Grass Snake, Otter and Kingfisher.

FIGURE 11: WATER VOLE

10.4 Water vole are a priority species on the Northamptonshire Biodiversity Action Plan and its habitat has legal protection under the Wildlife and Countryside Act. Barnwell Parish Council and the Environment Agency manage the brook sides with ecological advice from the Northamptonshire Wildlife Trust. The brook sides are carefully and sensitively managed to ensure the flood channel functions whilst the edges of the brook are uncut in the summer to ensure that there is grass for the voles to eat, as well as providing cover and protection for their burrows on the water's edge.

Nature Conservation	Barnwell
Map 5	Author:
0 200 400 800m Scale: 1:50000	Date: 08/08/2022

Parish Online



Nature Improvement Area

Local Wildlife Site

Neighbourhood Area Boundary

Barnwell Country Park

10.5 Located in the heart of the Nene Valley. Barnwell Country Park comprises 15 hectares of lakes, riverbank and meadows. There are three way-marked waterside trails, a children's play area, numerous picnic spots and a wealth of wildlife.

10.6 The Park was developed from abandoned sand and gravel workings and is situated on the flood plain of the River Nene just south of Oundle. The park is bounded on the north-west and south-west by a flood channel loop of the River Nene, known as 'the Backwater', and on the east by the A605 Barnwell Road. The present landscape consists of a series of willow fringed lakes, short mown grass, coarser vegetation, conservation grassland and small wooded areas.

FIGURE 12: BARNWELL COUNTRY PARK

10.7 The lakes, picnic meadows, river and the resident water birds make the park very attractive to visitors. The irregular shapes of the lakes provide different views around each corner and a sense of progressive revelation to the visitor. The park is flat and very accessible with a network of stone paths suitable for prams and wheelchairs.

10.8 The ecology and wildlife value of the site has changed over the years and it is no longer a place attractive to wading birds but does host some notable species including breeding kingfishers, warbler species and otters and the park is designated a Wildlife Site. Sensitive wildlife areas include Lowlands and the backwater river and lake fringes.

Barnwell Mill Fields

10.9 Barnwell Mill Field comprises a long strip of grassland on higher, level, but frequently undulating ground on the eastern side of the River Nene and to the south of Barnwell Mill. On the slopes there is a selection of neutral to calcareous grassland species. Plants present in reasonable numbers included Glaucous Sedge, Lady's Bedstraw, Perforate St. John's-wort, Bird's-foot Trefoil, Wild Parsnip and Salad Burnet.

Middle Coppice

10.10 Middle Coppice is an area of Ancient and semi natural Woodland, with a degenerated oak, ash and elm and formerly part of the now ploughed up wider Barnwell Wold.

FIGURE 13: MIDDLE COPPICE

New Barnwell Wold

10.11 A large area of Ancient and semi natural Woodland, New Barnwell Wold now consists of three compartments; Common Wold, Gumwells Wold and North Wold; a large area of North Wold is now Ancient Replanted Woodland, or PaWs (Plantation on Ancient Woodland). The compartments are similar consisting of ash plantation on Ancient Woodland with mainly even aged ash trees alongside occasional mature oaks and a scattered Ancient Woodland groundflora.

Rough Wold

10.12 Rough Wold is an area of Ancient Semi-Natural Woodland that has been managed for pheasants in the past.

Armston Grove

10.13 Armston Grove is an old park woodland on the north-eastern boundary of the Neighbourhood Area. There is some evidence of ancient species, but most compartments with nineteenth century planting. The main Grove has some very old oaks, and lots of young ash and dense scrub.

Lilford Lodge

10.14 Lilford Lodge is a good wetland site that lies mainly outside the Neighbourhood Area on its western boundary. The main interest is the marsh habitat surrounding the lake, river and ditches.

Barnwell St Andrews Manor Park

10.15 The historic park land behind Barnwell Manor is classified as wood-pasture and parkland BAP priority habitat. This is a very important traditional habitat being defined by a habitat structure of scattered open-grown trees amongst unimproved grassland or herbaceous vegetation. It is normally managed by light grazing. It is a particularly important habitat as it’s thought to replicate the historic climax vegetation of the UK and as such supports a wide abundance of species such as birds, bats, fungi and saproxylic invertebrates (insects associated with dead wood).

River Nene

10.16 The Nene Valley is one of 12 Nature Improvement Areas (NIA) that were selected through a national competition announced in the Natural Environment White Paper in 2011. The Nene Valley NIA, covering an area of 41,350 hectares in the centre of England, contains a fragmented ecological network of statutory and non-statutory sites. The Nene Valley NIA is re-creating and re-connecting natural areas along the Nene and its tributaries from Daventry to Peterborough. Local organisations and individuals are working together to make a better place for nature. Funding through the NIA programme ended in March 2015, but the project continues.

FIGURE 14: RIVER NENE

10.17 Our Neighbourhood Plan supports the creation of more and better-connected habitats in the NIA to provide the space for wildlife to thrive and adapt to climate change. Development within the NIA is expected to take account of the natural environment early in the design process and that ecological connection through and around the development site to the wider habitat networks is delivered.

Priority Habitats

10.18 Barnwell also has several areas of Priority Habitats; UK BAP priority habitats cover a wide range of semi-natural habitat types, and were those that were identified as being the most threatened and requiring conservation action under the UK Biodiversity Action Plan (UK BAP). Priority habitats and their criteria are defined by Natural England.

Policy B11: Ecology and Biodiversity

Development should not harm the network of local ecological features and habitats which include (as shown on the Policies Map):

1. Barnwell Brook
2. Barnwell Country Park
3. Barnwell Mill Fields
4. Barnwell Wold
5. River Nene
6. Barnwell Manor Parkland

The protection and enhancement of these habitats and other ecological corridors and landscape features, such as watercourses, ponds, hedgerows and treelines, will be supported.

Biodiversity enhancement which links fragmented habitats such as wetland habitat reservoirs through the River Nene corridor and woodlands, the management of Barnwell Brook, the Barnwell Manor Park and ancient woodland at Barnwell Wold, will be supported.

✓ The character, beauty and biodiversity of the countryside and the natural environment are safeguarded

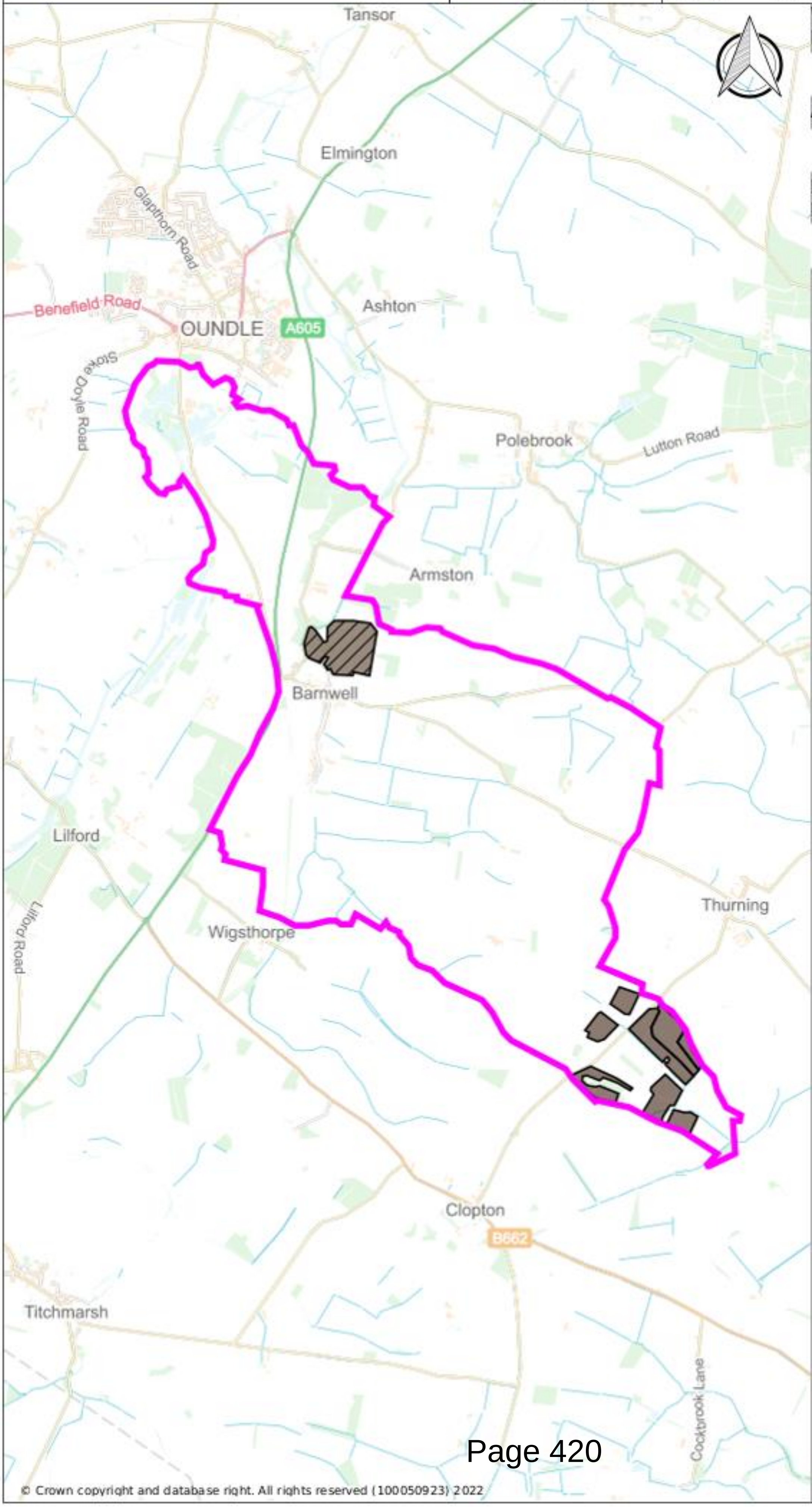
Trees, hedgerows and woodland

Ancient woodland

10.19 In the United Kingdom, an ancient woodland is a woodland that has existed continuously since 1600 or before in England.

Woodland	Barnwell
Map 6	Author:
0 200 400 800m Scale: 1:50000	Date: 08/08/2022

Parish Online



Wood Pasture and Parkland

Ancient Woodland

Neighbourhood Area Boundary

10.20 Barnwell Wold is a small area of ancient woodlands to the south of the parish - a remnant of the Saxon Forest of Bromswold, which was largely cleared by the 11th century AD. The wold surrounding the woodlands were the site of a now extinct rare colony of sub-species of Large Blue butterfly.

Policy B12: Ancient Woodland

Development resulting in the loss or deterioration of irreplaceable habitats such as the ancient woodland at Barnwell Wold and individual or small groups of ancient or veteran trees will not be supported. The restoration of planted ancient woodland sites will be supported.

✓ The character, beauty and biodiversity of the countryside and the natural environment are safeguarded

Trees and Hedges

10.21 There are many significant mature trees in Barnwell and these all play a role in framing key buildings, softening the built fabric and enhancing the special character of the village. Much of the village lies within a Conservation area and consequently, any tree over 75mm in diameter at 1.5m above ground level is given automatic protection. No cutting, removal, wilful damage or destruction of such trees is allowed without giving prior notification to North Northamptonshire Council.

10.22 In addition, there are many trees that are subject to Tree Preservation Orders (TPOs) which protect and preserve trees for public enjoyment, environmental and aesthetic purposes. Most of the trees along Main Street are the subject of TPOs along with trees on Church Lane. There are also TPOs at Oundle Marina.

10.23 Some important tree areas lie outside the village, such as the former railway line, that help screen the village from the visual and noise impacts of the A605.

10.24 Ancient and species-rich hedgerows which can be found throughout the Parish are important inveterate habitats. Ancient hedgerows tend to be those which support the greatest diversity of plants and animals, are generally defined as those which were in existence before the Enclosure Acts, passed mainly between 1720 and 1840 in Britain. Species-rich hedgerows may be taken as those which contain 5 or more native woody species on average in a 30 metre length.

Policy B13: Trees and Hedges

Development that damages or results in the loss of ancient trees, or hedgerows or trees of good arboricultural and amenity value, will not be supported. Instead, proposals should be designed to retain ancient trees, or hedgerows or trees of arboricultural and amenity value as they help to define the character of the area. Any development should also take into account protection of trees, to include the Root Protection Zone.

Where it has been demonstrated that trees or hedgerows cannot be retained, then native species replacements should be planted in locations where they would have the opportunity to grow to maturity, increase canopy cover and contribute to the local ecosystem.

✓ The character, beauty and biodiversity of the countryside and the natural environment are safeguarded

11. Flooding

Fluvial (River) Flooding

11.1 Flood risk is an important consideration in guiding the location of new development in the parish. Flooding in the parish has been a problem for over many years with the principal source of river flooding being the River Nene and its tributary Barnwell Brook. Much of the village is in a flood alert area but the existing flood risk is managed effectively.

11.2 In accordance with the National Planning Policy Framework, development should be directed away from areas at risk of flooding and ensure that flood risk is not increased elsewhere.

Pluvial (Surface Water) Flooding

11.3 A pluvial, or surface water flood, is caused when heavy rainfall creates a flood event independent of an overflowing water body. North Northamptonshire Council and West Northamptonshire Council jointly maintain surface water flood hotspot data and also hosts the Environment Agency updated flood risk from surface water mapping data. Much of Barnwell village has a high risk of flooding from surface water as a result of heavy rain overwhelming the drainage system and run-off or flowing water from hillsides to the east.

Sustainable Drainage Systems (SuDS)

11.4 SuDS are drainage solutions that provide an alternative to the direct channelling of surface water through networks of pipes and sewers to nearby watercourses. By mimicking natural drainage regimes, SuDS aim to reduce surface water flooding, improve water quality and enhance the amenity and biodiversity value of the environment. SuDS achieve this by increasing infiltration to ground, lowering flow rates, increasing water storage capacity and reducing pollution of the water environment.

11.5 The need for alternative drainage such as SuDS is likely to increase to meet environmental challenges such as climate change and population growth. Provision for SuDS and the national standards required for their design, construction, maintenance and operation is included in the Flood and Water Management Act 2010. With a history of flooding in the parish and the ecological importance of Barnwell Brook, the Parish Council will encourage development to incorporate SuDS.

Policy B14: Water Management

New development should take full account of flood risk especially from rivers, groundwater and overland flow. The principal source of river flooding in the Neighbourhood Area is the River Nene and Barnwell Brook. The development of Sustainable Drainage Systems (SuDS) will be supported.

✓ New developments will take full account of flood risk

12. Employment

Economic Activity

12.1 The 2011 Census shows that of the 280 parish residents aged 16 to 74, 210 were economically active. Of those economically active, 53% were in full-time employment, 36% were in part-time jobs and 19% were self-employed. In September 2020, the Job Seekers Allowance claimant count in Barnwell ward (comprising the villages of Aldwincle, Barnwell, Clopton, Hemington, Lilford, Luddington, Thorpe Achurch, Thurning and Titchmarsh) was 10 (0.6%).

12.2 Historically, agriculture provided the bulk of local employment and it remains part of village life and the local economy. However, in 2011 (Census) only 6% of the parish's workers were employed in agriculture, forestry or fishing.

Business

12.3 Barnwell is home to over 100 business rate paying properties (at November 2017) including:

- Over 60 individually rated properties at Oundle Marina;
- Around 30 units at Barnwell Workshops;
- Supreme Concrete, Barn Garden Centre and PGR Recycling located on Barnwell Road (former A605);
- Oundle Mill Kitchen and Bathroom Design Showroom; and
- Barnwell Trailers, Hemington Road and Lower Farm Bed and Breakfast, Main Street - both of which lie on the edge of Barnwell village.

12.4 Barnwell Workshops, Oundle Marina and the units identified at Barnwell Turn off the A605 are protected employment areas.

12.5 11 local businesses responded to our 2018 Questionnaire. All these businesses were micro-businesses employing less than ten people.

12.6 Although there is limited demand for new business space, nor many residents intending to set-up new businesses, we want to support economic growth in Barnwell to create jobs and prosperity, reduce the need for people to travel to work by car, and provide opportunities for the expansion and growth of local enterprise.

Tourism

12.7 The Nene Valley has an important role in providing a sensitively managed, green recreational 'playground' for both the existing population and any population growth planned for Northamptonshire and accompanying new jobs. In addition, it has the potential to provide an important contribution to employment growth in green employment, recreation and tourism. Tourism and the development of a higher value visitor economy is a key economic opportunity for the area. In Barnwell parish, Oundle Marina is one of the largest marinas on the River Nene, while the nearby Barnwell Country Park is an important wildlife and recreation site.

Oundle Marina

12.8 The Marina was created nearly 60 years ago by creating a cut through from the River Nene and flooding the local gravel pits. The site extends to 9.22 hectares. It was originally developed from former gravel workings, and up until recently, the industrial boat building complex of Fairline Boats Ltd. There are three basins, one large central basin with access to the River Nene, and a dock with a 25-tonne crane. There are two smaller basins, which are interconnected and lie to the north and east of the basin. The current marina can accommodate approximately 200 moorings and has the usual marina facilities including a slipway, showers, toilets and laundrette, workshop, hardstanding, fuel and a well-stocked chandlery. The existing boat building complex to the north of the three basins is made up of a mixture of brick sheds, light industrial buildings and concrete hardstanding.

FIGURE 15: OUNDLE MARINA

12.9 As well as the moorings there is also a well-stocked chandlery, a gantry that can launch boats up to 19m long, slipway for launching day boats, diesel & petrol, shower & laundrette and workshops where boat repairs, boat antifouling/blacking and engine servicing are undertaken. Planning permission has been granted for the redevelopment of the site to provide a mixed-use development which included new moorings, holiday accommodation, commercial floorspace, business units, and associated parking and servicing. Development has commenced.

12.10 88% of respondents to our 2018 Questionnaire Survey supported the extension of facilities at Oundle Marina.

12.11 Oundle Marina is identified as a protected employment area in accordance with Policy EN19 of the Pre-Submission Draft East Northamptonshire Local Plan Part 2.

Barnwell Workshops

12.12 Barnwell Workshops, Armston Road form part of the Barnwell Manor Estate Home Farm. The site accommodates several large commercial buildings and associated farm management buildings constructed of brick, corrugated steel and asbestos. There are around 30 units providing offices, workshops and stores for a variety of small businesses.

12.13 Barnwell Workshops are identified as a protected employment area in accordance with Policy EN19 of the Pre-Submission Draft East Northamptonshire Local Plan Part 2.

Business Conversion of Rural Buildings

12.14 We want to expand the diversity of the rural economy while preserving and enhancing the environment of the countryside. Our 2018 Questionnaire demonstrates that local people support (84% of respondents) the conversion of existing rural buildings to business use. However, the proposed uses must be appropriate in scale, form, impact, character and siting to their location in the countryside.

Policy B15: Business conversion of rural buildings

The re-use, adaptation or extension of rural buildings for business use will be supported where:

A. Any enlargement is proportionate to the size, scale, mass and footprint of the original building;
B. The development respects the fabric, character and setting of historic buildings;
C. The development respects local building styles and materials;
D. The use of the building by protected species is surveyed and mitigation measures are approved where necessary;
E. The proposed development respects local character, residential amenity and highway safety.

✓ The unique character and heritage of Barnwell is conserved
✓ A prosperous local economy
✓ The character, beauty and biodiversity of the countryside and the natural environment are safeguarded

Home Working

12.15 There are at least eight home businesses in Barnwell. Planning permission is not normally required to home work or to run a business from home, if a house remains a private residence first and business second. North Northamptonshire Council is responsible for deciding whether planning permission is required and will determine this based on individual facts. Issues which they may consider include whether home working or a business leads to notable increases in traffic, disturbance to neighbours, abnormal noise or smells or the need for any major structural changes or major renovations. Our 2018 Questionnaire showed that 84% of respondents supported home working.

Appendix 1: Designated Heritage Assets

Title	Link	Heritage Category	Grade	Location
SOUTH BRIDGE (THAT PART WITHIN THE DISTRICT OF OUNDLE)	https://HistoricEngland.org.uk/listing/the-list/list-entry/1039843	Listing	II	SOUTH BRIDGE (THAT PART WITHIN THE DISTRICT OF OUNDLE) Barnwell East Northamptonshire Northamptonshire
LATHAMS COTTAGES, ATTACHED WALL, GATE ARCHES AND CHAPEL	https://HistoricEngland.org.uk/listing/the-list/list-entry/1040244	Listing	II	LATHAMS COTTAGES ATTACHED WALL GATE ARCHES AND CHAPEL 1-8 BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
CHURCH OF ST ANDREW	https://HistoricEngland.org.uk/listing/the-list/list-entry/1040245	Listing	I	CHURCH OF ST ANDREW BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
CHEST TOMB IMMEDIATELY SOUTH OF PORCH OF CHURCH OF ST ANDREW	https://HistoricEngland.org.uk/listing/the-list/list-entry/1040246	Listing	II	CHEST TOMB IMMEDIATELY SOUTH OF PORCH OF CHURCH OF ST ANDREW BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
CHEST TOMB APPROXIMATELY 4 METRES EAST OF CHANCEL OF CHURCH OF ST ANDREW	https://HistoricEngland.org.uk/listing/the-list/list-entry/1040247	Listing	II	CHEST TOMB APPROXIMATELY 4 METRES EAST OF CHANCEL OF CHURCH OF ST ANDREW BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
THE RECTORY	https://HistoricEngland.org.uk/listing/the-list/list-entry/1040248	Listing	II	THE RECTORY BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
WALLS AND ATTACHED GATEARCH APPROXIMATELY 50 METRES SOUTH AND EAST OF THE RECTORY	https://HistoricEngland.org.uk/listing/the-list/list-entry/1040249	Listing	II	WALLS AND ATTACHED GATEARCH APPROXIMATELY 50 METRES SOUTH AND EAST OF THE RECTORY BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
FOLLY APPROXIMATELY 15 METRES SOUTH WEST OF THE RECTORY	https://HistoricEngland.org.uk/listing/the-list/list-entry/1040250	Listing	II	FOLLY APPROXIMATELY 15 METRES SOUTH WEST OF THE RECTORY BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
NORTH LODGE FARMHOUSE	https://HistoricEngland.org.uk/listing/the-list/list-entry/1040251	Listing	II	NORTH LODGE FARMHOUSE THURNING ROAD Barnwell East Northamptonshire Northamptonshire
31 AND 32, BARNWELL ALL SAINTS	https://HistoricEngland.org.uk/listing/the-list/list-entry/1040280	Listing	II	31 AND 32 BARNWELL ALL SAINTS Barnwell East Northamptonshire Northamptonshire

Title	Link	Heritage Category	Grade	Location
BARNWELL MANOR	https://HistoricEngland.org.uk/listing/the-list/list-entry/1040281	Listing	II	BARNWELL MANOR BARNWELL ST MARY Barnwell East Northamptonshire Northamptonshire
BARN APPROXIMATELY 65 METRES NORTH WEST OF BARNWELL MANOR	https://HistoricEngland.org.uk/listing/the-list/list-entry/1040282	Listing	II	BARN APPROXIMATELY 65 METRES NORTH WEST OF BARNWELL MANOR BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
MONTAGUE ARMS PUBLIC HOUSE	https://HistoricEngland.org.uk/listing/the-list/list-entry/1040283	Listing	II	MONTAGUE ARMS PUBLIC HOUSE BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
SAKHITAWAK	https://HistoricEngland.org.uk/listing/the-list/list-entry/1040284	Listing	II	SAKHITAWAK 42 BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
45 AND 46, BARNWELL ST ANDREW	https://HistoricEngland.org.uk/listing/the-list/list-entry/1040285	Listing	II	45 AND 46 BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
DAVIDS VILLAGE SHOP, IONA COTTAGE	https://HistoricEngland.org.uk/listing/the-list/list-entry/1040286	Listing	II	DAVIDS VILLAGE SHOP 51/52|50|IONA COTTAGE BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
K6 TELEPHONE KIOSK	https://HistoricEngland.org.uk/listing/the-list/list-entry/1067762	Listing	II	K6 TELEPHONE KIOSK VILLAGE GREEN Barnwell East Northamptonshire Northamptonshire
STABLE APPROXIMATELY 30 METRES NORTH OF BARNWELL MANOR	https://HistoricEngland.org.uk/listing/the-list/list-entry/1189170	Listing	II	STABLE APPROXIMATELY 30 METRES NORTH OF BARNWELL MANOR BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
RAISED WALK APPROXIMATELY 20 METRES NORTH OF BARNWELL CASTLE	https://HistoricEngland.org.uk/listing/the-list/list-entry/1189173	Listing	II	RAISED WALK APPROXIMATELY 20 METRES NORTH OF BARNWELL CASTLE BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
9, BARNWELL ST ANDREW	https://HistoricEngland.org.uk/listing/the-list/list-entry/1189715	Listing	II	9 BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
BRIDGE APPROXIMATELY 10 METRES WEST OF THE MONTAGUE ARMS PUBLIC HOUSE	https://HistoricEngland.org.uk/listing/the-list/list-entry/1189717	Listing	II	BRIDGE APPROXIMATELY 10 METRES WEST OF THE MONTAGUE ARMS PUBLIC HOUSE BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
40, BARNWELL ST ANDREW	https://HistoricEngland.org.uk/listing/the-list/list-entry/1189720	Listing	II	40 BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
44, BARNWELL ST ANDREW	https://HistoricEngland.org.uk/listing/the-list/list-entry/1189726	Listing	II	44 BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire

Title	Link	Heritage Category	Grade	Location
TUDOR COTTAGE	https://HistoricEngland.org.uk/listing/the-list/list-entry/1189742	Listing	II	TUDOR COTTAGE 49 BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
BARN AND ATTACHED OUTBUILDING 50 METRES NORTH WEST OF CASTLE FARMHOUSE	https://HistoricEngland.org.uk/listing/the-list/list-entry/1294064	Listing	II	BARN AND ATTACHED OUTBUILDING 50 METRES NORTH WEST OF CASTLE FARMHOUSE THURNING ROAD BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
BARNWELL CASTLE	https://HistoricEngland.org.uk/listing/the-list/list-entry/1294426	Listing	I	BARNWELL CASTLE BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
ALL SAINTS CHANCEL	https://HistoricEngland.org.uk/listing/the-list/list-entry/1294446	Listing	II*	ALL SAINTS CHANCEL BARNWELL ALL SAINTS Barnwell East Northamptonshire Northamptonshire
30, BARNWELL ALL SAINTS	https://HistoricEngland.org.uk/listing/the-list/list-entry/1371912	Listing	II	30 BARNWELL ALL SAINTS Barnwell East Northamptonshire Northamptonshire
BARNWELL MILL RESTAURANT	https://HistoricEngland.org.uk/listing/the-list/list-entry/1371913	Listing	II	BARNWELL MILL RESTAURANT BARNWELL ROAD OUNDLE Barnwell East Northamptonshire Northamptonshire
BRIDGE APPROXIMATELY 50 METRES SOUTH OF BARNWELL MANOR	https://HistoricEngland.org.uk/listing/the-list/list-entry/1371914	Listing	II	BRIDGE APPROXIMATELY 50 METRES SOUTH OF BARNWELL MANOR BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
21 AND 22, BARNWELL ST ANDREW	https://HistoricEngland.org.uk/listing/the-list/list-entry/1371915	Listing	II	21 AND 22 BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
48, BARNWELL ST ANDREW	https://HistoricEngland.org.uk/listing/the-list/list-entry/1371916	Listing	II	48 BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
PARKERS PATCH	https://HistoricEngland.org.uk/listing/the-list/list-entry/1371937	Listing	II	PARKERS PATCH 55 BARNWELL ST ANDREW Barnwell East Northamptonshire Northamptonshire
CASTLE FARMHOUSE	https://HistoricEngland.org.uk/listing/the-list/list-entry/1371938	Listing	II	CASTLE FARMHOUSE THURNING ROAD Barnwell East Northamptonshire Northamptonshire
Barnwell War Memorial	https://HistoricEngland.org.uk/listing/the-list/list-entry/1429181	Listing	II	The churchyard of St Andrew's Church Church Lane Barnwell Northamptonshire PE8 5PG Barnwell East Northamptonshire Northamptonshire
Barnwell Castle	https://HistoricEngland.org.uk/listing/the-list/list-entry/1003624	Scheduling		Barnwell Castle Barnwell Manor Near Oundle Peterborough Northamptonshire PE8 5PJ Barnwell East Northamptonshire Northamptonshire
South Bridge	https://HistoricEngland.org.uk/listing/the-list/list-entry/1003627	Scheduling		Oundle East Northamptonshire Northamptonshire

Title	Link	Heritage Category	Grade	Location
Site of manor house and gardens	https://HistoricEngland.org.uk/listing/the-list/list-entry/1003631	Scheduling		Barnwell East Northamptonshire Northamptonshire
BARNWELL, ST ANDREW'S MANOR	https://HistoricEngland.org.uk/listing/the-list/list-entry/1001026	Park and Garden	II	BARNWELL CASTLE Barnwell East Northamptonshire Northamptonshire
BARNWELL, ALL SAINTS MANOR	https://HistoricEngland.org.uk/listing/the-list/list-entry/1001027	Park and Garden	II	BARNWELL MANOR Barnwell East Northamptonshire Northamptonshire

Appendix 2: Features of Local Heritage Interest

No.	Address	Description	Criteria met[4]	
1.	Station	The original station building - offices/waiting room etc. The elevations to Well Lane and the A605 remain in original condition including the complete canopy. It was converted to a dwelling c.1930 having been in part displaced by the wooden building erected by the LNWR c. 1875 and now at Wansford, NVR. It is the only survivor of John Livock's small station design for the N&PR.	Asset type ✓ Age ✓ Rarity ✓ Architectural and artistic interest Group value Archaeological interest Historic interest ✓ Landmark status	
2	The Old School	Fine stone building on Church Lane	Asset type ✓ Age ✓ Rarity Architectural and artistic interest ✓ Group value Archaeological interest Historic interest ✓ Landmark status	

[4] Historic England Advice Note 7- Local Heritage Listing: Identifying and Conserving Local Heritage

No.	Address	Description	Criteria met[4]	
3	4 Church Hill	Well preserved stone/pantile cottage	Asset type ✓	
			Age ✓	
			Rarity	
			Architectural and artistic interest ✓	
			Group value	
			Archaeological interest	
			Historic interest ✓	
			Landmark status	
4	Manor Cottage	Single-storey stone former Girl's School	Asset type ✓	
			Age ✓	
			Rarity	
			Architectural and artistic interest ✓	
			Group value	
			Archaeological interest	
			Historic interest ✓	
			Landmark status	

No.	Address	Description	Criteria met[4]	
5	23 Main Street	Stone/thatch cottage - attached to no. 21/22 (Grade II Listed)	Asset type ✓	
			Age	
			Rarity	
			Architectural and artistic interest ✓	
			Group value ✓	
			Archaeological interest	
			Historic interest	
			Landmark status	
6	Montagu House (on the Friar's Close Farm)	Stone/slate example of imposing late 19th century farmhouse	Asset type ✓	
			Age ✓	
			Rarity	
			Architectural and artistic interest ✓	
			Group value	
			Archaeological interest	
			Historic interest	
			Landmark status ✓	

No.	Address	Description	Criteria met[4]	
7	Lower Farm	Stone/slate example of simple early farmhouse	Asset type ✓ Age ✓ Rarity Architectural and artistic interest ✓ Group value Archaeological interest Historic interest ✓ Landmark status	

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Appendix 3: Local Green Space- Summary of Reasons for Designation

No.	Local Green Space	Holds a particular local significance, for example because of its beauty	Holds a particular local significance for example because of its historic significance	Holds a particular local significance, for example because of its recreational value	Holds a particular local significance, for example because of its tranquillity	Holds a particular local significance, for example because of the richness of its wildlife	Holds a particular local significance, for any other reason
1	Village Hall Field	×	×	✓	×	×	×
2	Church Walk and Close	✓	✓	×	✓	✓	×
3	Tilting Ground	✓	✓	×	✓	✓	×
4	Parson's Close	✓	✓	×	×	×	×
5	Recreation Field	×	×	✓	×	✓	×
6	The Green	✓	✓	✓	✓	✓	×
7	St Andrew's Brook	✓	✓	✓	✓	✓	×
8	All Saints Brook	✓	✓	✓	✓	✓	×
9	Lower Barnwell Brook	✓	✓	✓	×	✓	×
10	All Saints Churchyard	✓	✓	×	✓	×	×
11	St Andrews Churchyard	✓	✓	×	✓	×	×
12	Frontage to Manor House and Gardens	✓	✓	×	×	×	×
13	Frontage to Montagu House and Friars Close Farm	✓	×	×	×	✓	×

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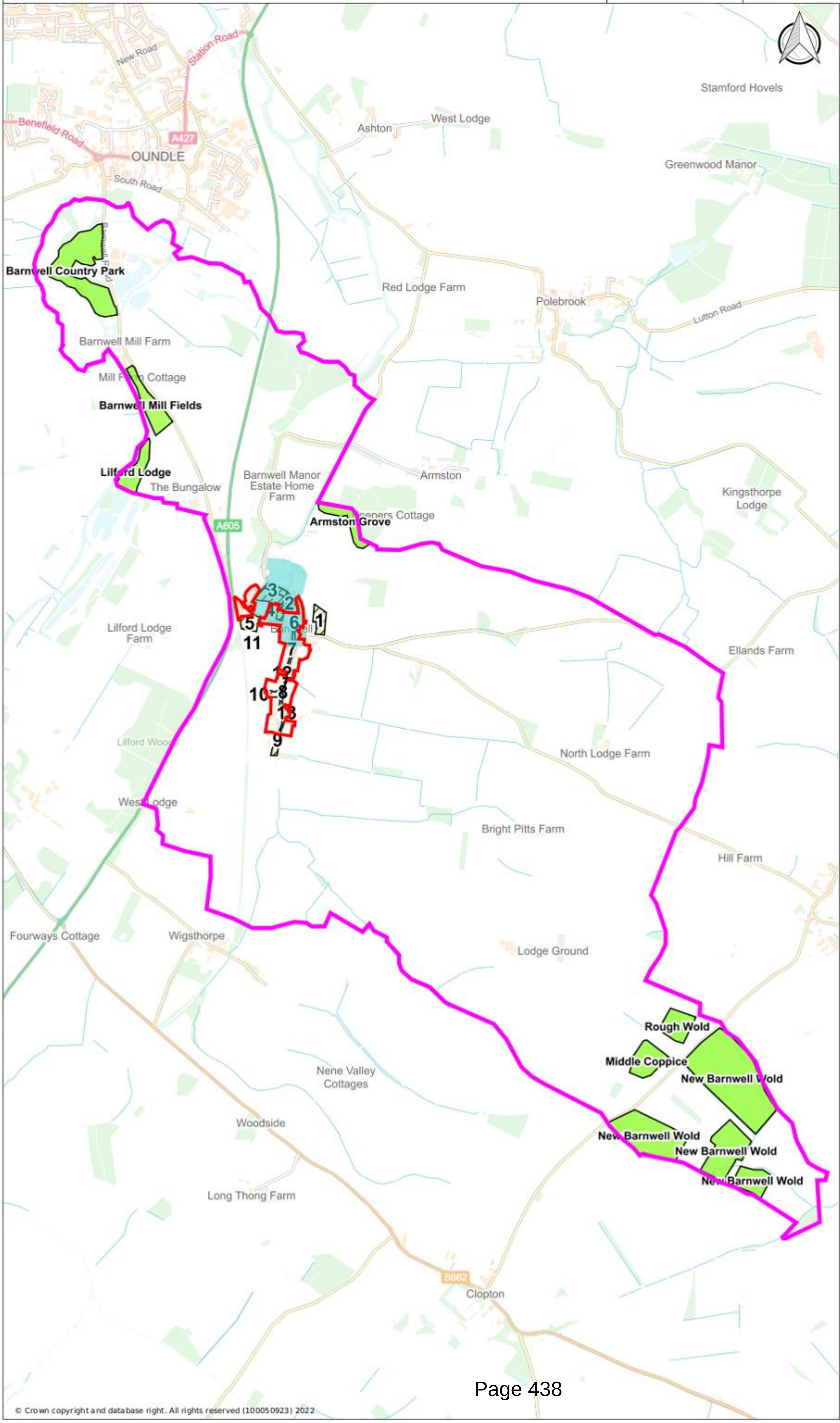
Policies Map | Barnwell
Parish

Author:
Date: 08/08/2022

0 400m
Scale: 1:25000



Local Green Space

Local Wildlife Site

Conservation Area

Neighbourhood Area Boundary

Settlement Boundary

Policies Map | Barnwell

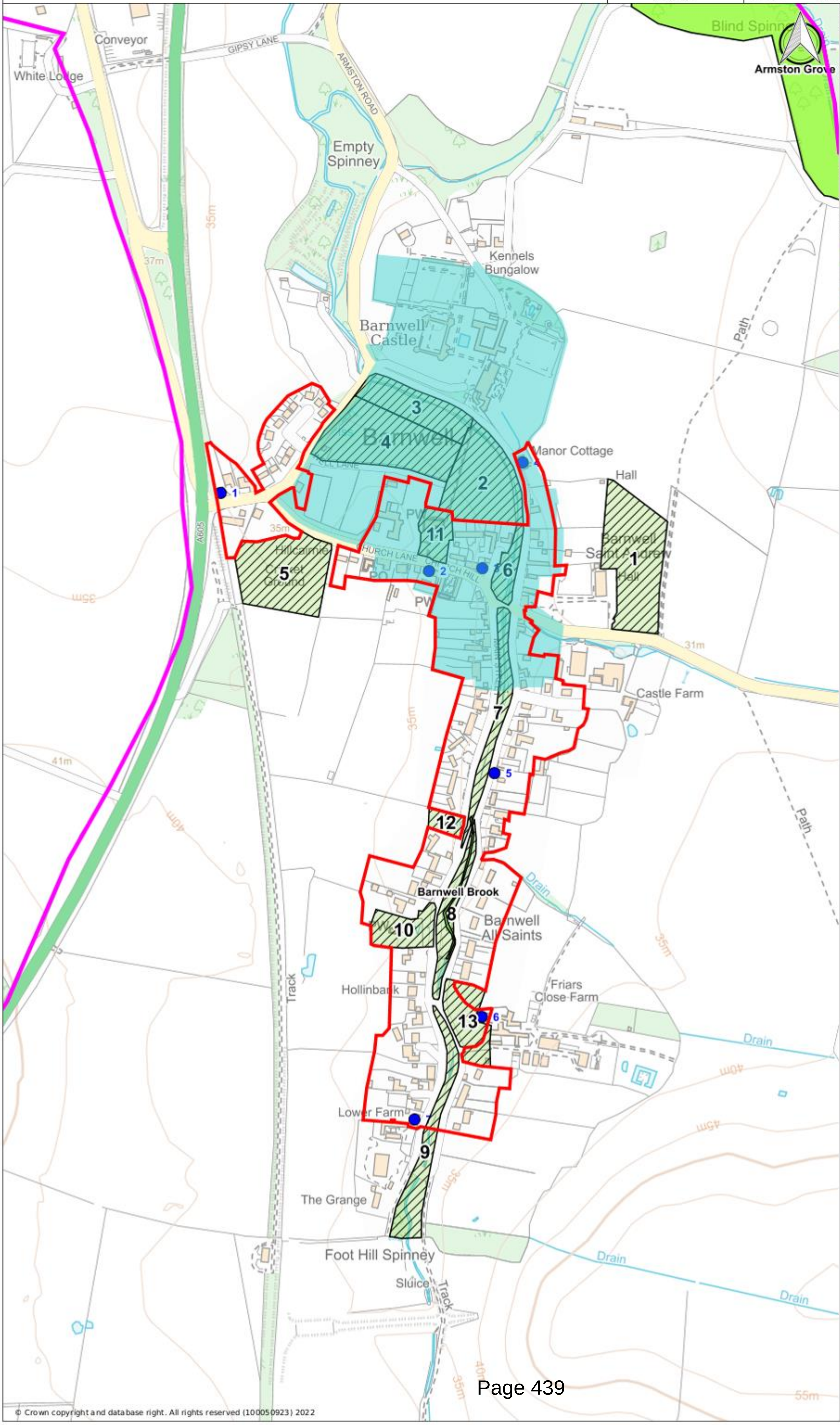
Village

20 80m
Scale: 1:5000

Author:

Date: 08/08/2022

Parish Online



Features of Local Heritage Interest

Local Green Space

Local Wildlife Site

Conservation Area

Neighbourhood Area Boundary

Settlement Boundary

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North Northamptonshire Council

BARNWELL NEIGHBOURHOOD PLAN

Decision Statement published pursuant to Section 38A (9) of the Planning and Compulsory Purchase Act 2004 and Regulations 19 and 20 of the Neighbourhood Planning (General) Regulations 2012 (as amended)

North Northamptonshire Council on 9 February 2023 resolved to make the Barnwell Neighbourhood Plan under Section 38A (4) of the Planning and Compulsory Purchase Act 2004. The Barnwell Neighbourhood Plan will, on its making, now form part of the development plan for the area.

Reasons for the Decision

The Neighbourhood Plan meets the basic conditions and is compliant with legal and procedural requirements. Paragraph 38A(4)(a) of the Planning and Compulsory Purchase Act 2004 requires the Council to make the Neighbourhood Plan if more than half of those voting in the referendum upon the plan have voted in favour of the plan being used to help decide planning applications in the area, 79% of those voting supported the plan in a referendum on 15 December 2022.

The Council has assessed that the making of the plan would not breach or would not otherwise be incompatible with, any EU obligation or any Convention rights (within the meaning of the Human Rights Act 1998).

In accordance with the regulations the Barnwell Neighbourhood Plan is ‘made’ and will be used to help decide planning applications in the neighbourhood area alongside existing development plan policies and their successor.

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North Northamptonshire Council

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

Requirement	Detail
Title of proposal	Barnwell Neighbourhood Plan
Type of proposal: new policy / change to policy / new service / change to service / removal of service / project / event/ budget	New policy
What is the objective of this proposal?	The plan will guide development decisions within the parish of Barnwell. It will be used alongside the North Northamptonshire Joint Core Strategy and East Northamptonshire Local Plan Part 2 when adopted and other material considerations to make decisions on planning applications for individual development proposals in the parish.

Appendix C

Requirement	Detail
Has there been/when will there be consultation on this proposal? (List all the groups / communities, including dates)	Preparation of the plan included extensive community engagement and culminated in a successful referendum. Details of the engagement are set out in the Statement of Consultation prepared by the Parish Council which is available at https://www.barnwellparishcouncil.org.uk/neighbourhood-plan
Did the consultation on this proposal highlight any positive or negative impact on protected groups? (If yes, give details)	No
What processes are in place to monitor and review the impact of this proposal?	Barnwell Parish Council has a duty to keep the plan under review. The Neighbourhood Plan will need to be monitored and reviewed in light of the emerging results of the Census 2021.
Who will approve this proposal? (Committee, CLT)	Executive

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 • 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?**	Changes • What changes can be made to mitigate any negative impact? • Are there opportunities to **remove possible barriers or disadvantages** that a group may face?	Impact Delete as appropriate. There can be more than one answer per protected group.
Age	With regard to age, North Northamptonshire has a youthful population, with more than a fifth of the		Positive

Protected Groups	General Equality Duty Considerations • 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?**	Changes • What changes can be made to mitigate any negative impact? • Are there opportunities to **remove possible barriers or disadvantages** that a group may face?	Impact Delete as appropriate. There can be more than one answer per protected group.
Different age groups that may be affected by the proposal in different ways.	demographic being under 15 years old, but the North Northamptonshire Strategic Housing Market Assessment and the Study of Housing and Support Needs of Older People across Northamptonshire identify growth in older households as a pressing housing need facing North Northamptonshire in the future. The neighbourhood plan includes local planning policies against which development proposals will be considered. It will be the proposals themselves that will introduce new development that may affect protected groups, rather than the plan itself. The plan is in general conformity with the strategic policies of the North Northamptonshire Joint Core Strategy, which itself has been through an Equality Impact Assessment. Nonetheless, there are components of the neighbourhood plan that promote equality of opportunity and offer general benefit for all age groups. This is in respect of policies which will for example, improve accessibility, retain access to open space and		

Protected Groups	General Equality Duty Considerations • 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?**	Changes • What changes can be made to mitigate any negative impact? • Are there opportunities to **remove possible barriers or disadvantages** that a group may face?	Impact Delete as appropriate. There can be more than one answer per protected group.
	address the need for older persons accommodation and identified housing requirements, including affordable, lower cost units		
Sex Is one sex affected more than another or are they affected the same?	Locally there are 51% females and 49% males in North Northamptonshire that mirrors the national picture1 . The neighbourhood plan includes local planning policies against which development proposals will be considered. It will be the proposals themselves that will introduce new development that may affect protected groups, rather than the plan itself. The plan is in general conformity with the strategic policies of the North Northamptonshire Joint Core Strategy, which itself has been through an Equality Impact Assessment. The neighbourhood plan is inclusive to all members of the community and makes no distinction between genders. It is considered that the plan offers opportunity to have a positive impact on all characteristic groups.		Positive

Protected Groups	General Equality Duty Considerations • 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?**	Changes • What changes can be made to mitigate any negative impact? • Are there opportunities to **remove possible barriers or disadvantages** that a group may face?	Impact Delete as appropriate. There can be more than one answer per protected group.
Disability It is likely to have an effect on a particular type of disability? Why?	In the 2011 Census 17% of residents reported a long-term condition that limited them; this includes those with physical and mental disabilities as well as illness. The neighbourhood plan includes local planning policies against which development proposals will be considered. It will be the proposals themselves that will introduce new development that may affect protected groups, rather than the plan itself. The plan is in general conformity with the strategic policies of the North Northamptonshire Joint Core Strategy, which itself has been through an Equality Impact Assessment.		Positive
Gender Reassignment Will there be an impact on trans males and/or trans females?	The Office of National Statistics recognises the need to improve data collection on the LGBT community, to enable service providers to be able to direct support to people and groups in the community. The neighbourhood plan includes local planning policies against which development proposals will be considered. It will be the proposals themselves that will introduce new development that may affect protected		Positive

Protected Groups	General Equality Duty Considerations • 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?**	Changes • What changes can be made to mitigate any negative impact? • Are there opportunities to **remove possible barriers or disadvantages** that a group may face?	Impact Delete as appropriate. There can be more than one answer per protected group.
	groups, rather than the plan itself. The plan is in general conformity with the strategic policies of the North Northamptonshire Joint Core Strategy, which itself has been through an Equality Impact Assessment. The neighbourhood plan is inclusive to all members of the community and no specific planning policies have been identified within the plan that promote equality of opportunity or have differential impact on gender assignment groups. Nonetheless, it is considered that the scope of the plan offers opportunity to have a positive impact on all characteristic groups		
Race Are people from one ethnic group affected more than people from another ethnic group?	In North Northamptonshire 93.4% of the population is White British, the largest ethnic group is Asian/Asian British, who make up 3% of the population followed by Black/Black British who make up 1.7%. The neighbourhood plan includes local planning policies against which development proposals will be considered. It will be the proposals themselves that will introduce new development that may affect protected		Positive

Protected Groups	General Equality Duty Considerations • 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?**	Changes • What changes can be made to mitigate any negative impact? • Are there opportunities to **remove possible barriers or disadvantages** that a group may face?	Impact Delete as appropriate. There can be more than one answer per protected group.
	groups, rather than the plan itself. The plan is in general conformity with the strategic policies of the North Northamptonshire Joint Core Strategy, which itself has been through an Equality Impact Assessment. The neighbourhood plan is inclusive to all members of the community and no specific planning policies have been identified within the plan that promote equality of opportunity or have differential impact on different racial or ethnic groups. Nonetheless, it is considered that the plan offers opportunity to have a positive impact on all characteristic groups		
Sexual Orientation Are people of one sexual orientation affected differently to people of another sexual orientation?	There are no local statistics for sexual orientation. The neighbourhood plan includes local planning policies against which development proposals will be considered. It will be the proposals themselves that will introduce new development that may affect protected groups, rather than the plan itself. The plan is in general conformity with the strategic policies of the North Northamptonshire Joint Core Strategy, which itself has		Positive

Protected Groups	General Equality Duty Considerations • 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?**	Changes • What changes can be made to mitigate any negative impact? • Are there opportunities to **remove possible barriers or disadvantages** that a group may face?	Impact Delete as appropriate. There can be more than one answer per protected group.
	been through an Equality Impact Assessment. The neighbourhood plan is inclusive to all members of the community and no specific planning policies have been identified within the plan that promote equality of opportunity or have differential impact on this group.		
Marriage & Civil Partnership Are people in a Marriage or Civil Partnership treated less favourably?	In 2011 the percentage of people married locally was higher than the national average whilst the percentage of people in a civil partnership mirrored the UK rate2 . The plan is inclusive to all members of the community. No specific opportunities have been identified within the plan that promote equality of opportunity or have differential impact on married or civil partnership couples.		Positive
Pregnancy & Maternity Are people who are pregnant, or have a baby of 6 months old or younger, effected by this proposal?	The neighbourhood plan includes planning policies against which development proposals will be considered. It will be the proposals themselves that will introduce new development that may affect protected groups, rather than the plan itself. The plan is in general conformity with the strategic policies of the North		Positive

Protected Groups	General Equality Duty Considerations • 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?**	Changes • What changes can be made to mitigate any negative impact? • Are there opportunities to **remove possible barriers or disadvantages** that a group may face?	Impact Delete as appropriate. There can be more than one answer per protected group.
	Northamptonshire Joint Core Strategy, which itself has been through an Equality Impact Assessment.		
Religion or Belief Does the proposal effect people differently depending on whether they have or do not have a religion or a belief?	60% of residents in North Northamptonshire are Christian. 37.5% of the population had no religion or did not say. The plan is inclusive to all members of the community. No specific opportunities have been identified within the plan that promote equality of opportunity or have differential impact on this protected group. The neighbourhood plan includes planning policies against which development proposals will be considered. It will be the proposals themselves that will introduce new development that may affect protected groups, rather than the plan itself. The plan is in general conformity with the strategic policies of the North Northamptonshire Joint Core Strategy, which itself has been through an Equality Impact Assessment.		Positive
Health & Wellbeing 1. Health behaviours (E.g. diet, exercise, alcohol, smoking)	Public Health England's Health Profile 2019 covering the former East Northamptonshire District notes the health of people in East Northamptonshire is varied compared		Positive

Protected Groups	General Equality Duty Considerations • 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?**	Changes • What changes can be made to mitigate any negative impact? • Are there opportunities to **remove possible barriers or disadvantages** that a group may face?	Impact Delete as appropriate. There can be more than one answer per protected group.
2. Support (E.g. community cohesion, rural isolation) 3. Socio economic (E.g. income, education). 4. Environment (E.g. green spaces, fuel poverty, housing standards).	with the England average. About 11.2% (1,795) of children live-in low-income families. Life expectancy is 6.3 years lower for men and 5.0 years lower for women in the most deprived areas of East Northamptonshire than in the least deprived areas. The neighbourhood plan includes planning policies against which development proposals will be considered. It will be the proposals themselves that will introduce new development that may affect protected groups, rather than the Plan itself. The plan is in general conformity with the strategic policies of the North Northamptonshire Joint Core Strategy, which itself has been through an Equality Impact Assessment.		

3: Equality Impact

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.	Positive Impact
Does an Equality Impact Assessment need to be completed? (Yes, if any negative impact is found.)	No

Question	Response
	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	Place and Economy
Service area	Planning Policy
Lead officer's name	Richard Palmer
Lead officer's job title	Planning Policy Manager
Lead officer's contact details	richard.palmer@northnorthants.gov.uk
Lead officer's signature	
Date completed	18/01/2023

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

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