

EXECUTIVE

14th July 2022

Report Title	Revenue Budget - Draft Outturn Forecast 2021/22
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Lead Member	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

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

List of Appendices

Appendix A – Savings Schedule

1. Purpose of Report

- 1.1. The revenue budgets (2021/22) and Medium-Term Financial Plans for North Northamptonshire Council for the General Fund and the Housing Revenue Account were approved by the Shadow Authority at its meeting on 25th February 2021. The purpose of this report is to set out the draft outturn position for 2021/22 for the General Fund and the Housing Revenue Account.
- 1.2. The monitoring report sets out the material financial issues identified since the 2021/22 budget was set in February 2021 and is based on the draft outturn for 2021/22.
- 1.3. Some areas remain unchanged from the previous report, however, the detail of those variations is included within the report for completeness.

2. Executive Summary

- 2.1 The report provides commentary on the Council's draft financial revenue outturn position for 2021/22 for both the General Fund and the Housing Revenue Account. With the move to a new Unitary Council from 1st April 2021 and the continuing issues presented by COVID-19, financial forecasting has been challenging during 2021/22.
- 2.2 There are a number of areas which could impact on the forecast outturn that are still being finalised, these include the charging arrangements for the lead/host arrangements between West Northamptonshire Council and North Northamptonshire Council following the Local Government Reorganisation across the County, with work continuing between the two authorities to confirm the charges.
- 2.3 The Council retained a level of contingency within the base budget for 2021/22 this was £5.724m and this is referred to elsewhere in this report. The contingency was set up to manage risks including pressures that were unknown at the time the budget was set. The unused balance on the contingency is estimated to be £3.619m and the outturn reflects a transfer of £3.619m to reserves to support future years budgets.
- 2.4 The balances on the reserves brought forward to the Council will not be complete until the accounts of its predecessor Councils are signed off. The following table provides an update on the current position for the four former Council's in North Northamptonshire;

Legacy Authority	2019/20	2020/21	Comments
Kettering	Completed	Completed	
Wellingborough	Completed	Completed	
Corby	Audited	Draft Accounts	Awaiting outcome of asset valuation to sign off accounts for 2019/20. Draft accounts for 2020/21 being finalised.
East Northants	Completed – awaiting formal sign off through delegated authority	Draft Accounts	Draft Accounts have been Issued for 2020/21. Audit commenced June 2022.

- 2.5 The closure of the 2020/21 accounts for the former County Council is being led by West Northamptonshire Council. This has been progressing well, with a small number of outstanding items requiring confirmation, this includes a national issue regarding the treatment of infrastructure assets.

3. Recommendations

3.1 It is recommended that the Executive:

- a) Note the Council's draft outturn position for the General Fund 2021/22 which is an underspend of £1.771m and the Housing Revenue Account 2021/22 which is an underspend of £0.538m as summarised in section 4, alongside the further analysis which is set out in Section 5 and Section 6 of this report.
- b) Approve the following transfers to reserves which are reflected in the draft outturn position.

Transfer to reserves included within individual Directorates:

- Homelessness (Section 5.30) - £228k
- General Risk Reserve (Leisure – Section 5.36) - £0.556m
- Planning Reserve (JPU – Section 5.47) - £224k
- Capital General Fund (MRP – Section 5.98) - £1.494m

Transfer to Earmarked Reserves from Available Resources:

- Smoothing Reserve – Home to School Transport £2.500m
- Smoothing Reserve – Knuston Hall - £0.600m
- Smoothing Reserve – NORSE - £1.100m
- Budget Delivery Reserve - £0.750m
- Members Empowerment Fund - £78k

- c) Note the assessment of the 2021/22 savings as shown in Appendix A.

3.2 Reason for Recommendations – to note the draft outturn position for 2021/22, approve the transfer to reserves and consider the impact on this year and future years budgets.

4. Report Background

General Fund

- 4.1 The Council's Revenue Budget for 2021/22 was set at the meeting of the Shadow Authority in February 2021. The overall draft outturn for the General Fund for 2021/22, is a forecast underspend of £1.771m against the approved budget of £292.5m allowing for the transfer to earmarked reserves. This is summarised in the table below:

General Fund Draft Outturn 2021/22			
	Net Budget	Draft Outturn Position at 31/03/22	Draft Outturn Variance at 31/03/22
	£'000	£'000	£'000
Net Total Available Resources	292,505	287,477	5,028

General Fund Draft Outturn 2021/22			
	Net Budget	Draft Outturn Position at 31/03/22	Draft Outturn Variance at 31/03/22
	£'000	£'000	£'000
Total Corporate Budgets	23,950	19,919	(4,031)
Children's and Education	59,498	58,587	(911)
Adults Communities and Wellbeing Services	120,581	120,542	(39)
Place and Economy	54,617	52,601	(2,016)
Enabling and Support Services	33,859	34,057	198
Total Directorate Budgets	268,555	265,787	(2,768)
Total Budget	292,505	285,706	(6,799)
Net Position 2021/22	0	(1,771)	(1,771)

Note - Favourable variances are shown in brackets

- 4.2 The draft outturn for Period 12 is an underspend of £1.771m this is an adverse movement of £137k since the last report to Executive (Period 11) where an underspend of £1.908m was reported. There have been a number of movements since Period 11 and these are summarised in the table below:

General Fund Forecast Movement (Period 11 v Period 12)				
	Report Reference	P11 Variance £000	Movement in Forecast £000	P12 Variance £000
Children's				
Children's - Education	5.12	0	(708)	(708)
Children's - Commissioning	5.13	0	(203)	(203)
Adults, Communities and Wellbeing (ACW)				
ACW – Adult Social Care	5.16 – 5.23	(227)	(202)	(429)
ACW – Public Health	5.24 – 5.26	596	0	596
ACW – Housing and Community	5.27 -5.37	250	(456)	(206)
Place – Growth and Regeneration				
Place – Planning Service	5.43 – 5.46	580	(107)	473
Place – Temporary Toilets	5.45	36	0	36
Place – Markets	5.46	16	30	46
Place - Joint Planning	5.47	(224)	224	0
Place - Enterprise Centre	5.48	0	(143)	(143)
Place - Environmental Management	5.49	0	(79)	(79)
Place - Economic Development	5.50	0	(166)	(166)
Place - Planning Policy	5.51	0	(143)	(143)

General Fund Forecast Movement (Period 11 v Period 12)				
	Report Reference	P11 Variance £000	Movement in Forecast £000	P12 Variance £000
Place –Other	5.52	(108)	7	(101)
Place – Assets and Environment				
Place – Car Parking Income	5.53 – 5.54	651	(156)	495
Place – Facilities Management	5.55 – 5.63	316	(1,162)	(846)
Place – Commercial Income	5.64	(834)	(117)	(951)
Place – Transport	5.65	(480)	(28)	(508)
Place – Other	5.66 – 5.68	102	187	289
Place – Highways and Waste				
Place – Highways	5.69 – 5.70	185	274	459
Place – Waste Management	5.71 – 5.76	(1,412)	(31)	(1,443)
Place – Concessionary Travel	5.77 – 5.79	(842)	0	(842)
Place – Bus Service	5.80 – 5.82	16	0	16
Place – Transport	5.83 – 5.85	735	1,109	1,844
Place – Other	5.86	(125)	268	143
Place – Regulatory				
Place – Emergency Planning	5.87 – 5.88	(556)	146	(410)
Place – Trading Standards	5.89	77	(2)	75
Place – Environmental Health	5.90	(221)	(189)	(410)
Place – Other Regulatory	5.91	(61)	191	130
Place – Other	5.92	0	20	20
Enabling Services	5.93 – 5.117	(378)	576	198
Corporate Services	5.4 – 5.6	0	(4,031)	(4,031)
Available Resources	5.118 – 5.119	0	5,028	5,028
Total		(1,908)	137	(1,771)

Housing Revenue Account

- 4.3 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.
- 4.4 Within North Northamptonshire prior to 1st April 2021 there were two HRA accounts, covering the sovereign Councils of Kettering and Corby respectively. As part of the move to a single unitary council for North Northamptonshire, there was a statutory requirement to create a single HRA for the area. Whilst North Northamptonshire Council must only operate one HRA it will, for a period of time, operate two separate Neighbourhood Accounts, these being:

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

The Council's overall draft outturn forecast for the Housing Revenue Account is a forecast underspend of £0.538m (Period 11 £192k) against the approved budget of £35.150m. This is summarised in the table below and further details are set out in Section 6.

Housing Revenue Account Forecast Outturn 2021/22				
Directorate	Budget			Draft Forecast Outturn Variance at 31/03/22
	Expenditure	Income	Net	
	£'000	£'000	£'000	£'000
Corby Neighbourhood Account	19,647	(19,647)	0	(210)
Kettering Neighbourhood Account	15,503	(15,503)	0	(328)
Net Position 2021/22	35,150	(35,150)	0	(538)

5. Overview of Forecast Position 2021/22

Available Resources and Corporate Costs

- 5.1 The Council is responsible for the collection of local taxes (Council Tax and Business Rates). At the end of March 2022 96.42% of Council Tax had been collected (2020/21 95.87%). The Council re-introduced debt collection procedures for Council Tax following their suspension during 2020/21 as a result of the uncertainties posed by COVID-19 at that time.
- 5.2 Business Rates collection at the end of March 2022 was 95.77% (2020/21 94.52%). The sum of Business Rates collected is particularly impacted by the volatility of appeals and the effect of COVID-19. A number of businesses were in receipt of business rates relief and other financial support because of COVID-19. The Government for the first three months of the 2021/22 financial year (April to June) extended the 100% relief available throughout 2020/21 so that there is 100% business rate relief for properties in the retail, hospitality and leisure sectors. From July 2021, those properties received 66% relief until March 2022.
- 5.3 It is unknown how businesses will be affected in the longer term following the reduction / cessation of financial support. Further to this discretionary rate relief applications have been issued and the impact of the subsequent awards is likely to be positive on the collection rate.

Corporate Resources – Underspend £4.031m

- 5.4 The total net budget for Corporate Resources is £23.950m which consists of the contingency budget and budgets for treasury related costs.

- 5.5 The contingency budget is held to meet unforeseen or unplanned/unbudgeted costs. The balance on the contingency budget as the end of Period 12 was £3.619m which is unchanged to that reported in Period 11. The outturn reflects a transfer of £3.619m to reserves to support future years budgets.
- 5.6 In addition, following disaggregation there was a budgetary provision of £412k which has not been utilised in the year, giving rise to an underspend.

Directorate Budgets

- 5.7 This section of the report provides an analysis of the forecast variations against the 2021/22 General Fund for each of the Directorates as set out in the table at paragraph 4.2.

Children's and Education Services – Underspend £911k

- 5.8 The net revenue budget for Children's Services is £59.498m which includes the Northamptonshire Children's Trust and Education Services not funded by the Dedicated Schools Grant.
- 5.9 The budgeted figure for the Children's Trust is £137.18m for 2021/22. This is split £60.57m (44%) to North Northamptonshire Council and £76.61m (56%) to West Northamptonshire Council. The original contract for the services of the Trust will run for 17 months to 31st March 2022. It is currently forecast that the outturn position for the Trust will be within the contract sum, which has been confirmed with the Trust.
- 5.10 The Children's and Education Services remaining in the Council include the Intelligent Client Function for the Northamptonshire Children's Trust (NCT) and the Local Authority statutory education functions as listed below:
- Education Inclusion
 - Education Psychology
 - Support for children with Special Educational Needs and Disabilities (SEND)
 - School Improvement
 - Virtual Schools (lead in the North Northamptonshire Unitary Authority)
 - School admissions and school place planning
 - Early Education and Child Care
- 5.11 The full year effect of prior year savings decisions already built into the budget is £1.7m with the bottom line having been adjusted to reflect this planned level of savings. The savings include improving the edge of care support and intervention (£400k), working to minimise the amount of time a child is in care (£300k), step down from high end residential placements to fostering placements (£200k), reduced requirement for inflation (£300k), reducing agency staff (£100k) and capacity building within foster care (£400k). These services and savings are currently being delivered through Northamptonshire Children's Trust.
- 5.12 The draft outturn for 2021/22 for Children's and Education Services is an underspend of £911k which includes the delivery of the savings targets. This is a favourable movement to the balanced position reported in Period 11. The

forecast outturn position consists of a net underspend of £708k in Education Services, and £203k in Commissioning and Partnerships, which also includes the Northamptonshire Children's Trust contract sum.

The draft underspend in Education Services comprises of the following variances:

- There has been a number of vacancies and one-off costs during the course of 2021/22, resulting in a net underspend of £872k on salaries. These have been partially offset through the use of agency staff which amounts to £486k resulting in a net underspend of £386k.
- The Teacher's Pension Strain was disaggregated between the North and West, the 2021/22 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 an underspend of £275k.
- The Teacher's Pension Strain is funded from DSG and was previously understated this has resulted in additional DSG income of £462k. This has been partially offset by reduction of £138k in DSG funding across Education Services resulting in a net benefit of £324k.
- The School Improvement grant allocated to allow the Council to continue to monitor performance of maintained schools, broker school improvement provision, and intervention has reduced, resulting in the Council receiving £90k income less than budget.
- There are other minor variances across the directorate which result in a net overspend of £184k.

5.13 In relation to Commissioning and Partnerships the draft outturn shows an underspend of £203k. The composition of this is as follows:

- The draft outturn reflects an underspend of £76k on staffing costs, there has been an underspend of £414k on salaries which is partially offset by spend of £338k on agency staff.
- The Council's share of the NCT contract agreement was £60.7m. Included within the contract sum was an amount for support services provided to NCT by both the North and West Northamptonshire Councils, 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, due to North Northamptonshire Council providing less support services the Council's income had been reduced to £1.258m resulting in a pressure of £500k. In addition, the Council budgeted to receive DSG income of £619k however, the actual DSG received was £464k, resulting in pressure of £155k. This has been mitigated in full through budgetary provision of £691k which was to meet any unforeseen pressures within the Commissioning Service, resulting in a net underspend of £36k.
- The NCT contract sum of £60.7m included government grants that were in scope and were to be paid over to NCT via both the North and West.

The North's budget included £3.014m for these grants, however the actual level of grant based on the contract split amounts to £3.415m, which results in a net benefit to NNC of £401k.

- The draft outturn reflects a reduction in external funding of £134k and reflects additional pressures of £119k relating to costs associated with the Eclipse Systems and further minor pressures of £57k.

5.14 The Finance Director for the Trust met regularly with senior finance officers of both North and West Northamptonshire Councils to provide a detailed update on the budget position during the course of the 2021/22 financial year. The Children's Trusts draft outturn position was showing a pressure of £3.701m (across the County). This will, in part, be mitigated through bids for COVID related funding totalling £2.631m. These bids would reduce the overspend to £1.070m, which would be met using the carry forward reserve within the Trust, which relates to the period November 2020 to March 2021. The main pressure item within the Trust's budget continues to relate to the numbers and costs for Looked After Children placements.

Adults, Communities and Wellbeing Directorate Underspend £41k

5.15 The net revenue budget covers Adult Social Services, Community Services and Public Health and Wellbeing totals £120.581m in 2021/22. Significant work continues to be undertaken to understand the likely ongoing commitment to packages of care within the Council following disaggregation and the impact of the pandemic.

Adult Social Care, Safeguarding and Wellbeing and Commissioning and Performance Services – Underspend £429k

5.16 Under the 2014 Care Act, local authority Adults Services have a responsibility to make sure that people aged over 18 years who live in their areas are provided with personal day to day care (helping people get dressed, washed, going to the bathroom, eating etc.) where they cannot do things for themselves or access family support. The service also provides other physical or psychological support to people with disabilities in order to help them live a full life. The overriding responsibility is to keep people safe and protect them from harm or neglect.

5.17 Care can take in many forms and can be provided directly by the Council, through contracted organisations or families can receive a personal budget to buy suitable care for themselves. Although receiving formal or long-term care is subject to people meeting the Council's eligibility criteria, the service also has a key responsibility for helping people to stay independent and preventing or delaying the need for care.

5.18 The service has supported an uplift award ranging between 2.2% and 2.65% to care providers for providing care packages on framework rates during 2021/22, this is expected to cost approximately £1.2m during the year which has been met through additional investment in Adult Social Care as part of the 2021/22 budget setting process.

5.19 Within Adult Social Care there is £1.3m for demographic growth of which £0.3m relates to Mental Health Services; these are driven by the forecast number of

additional clients requesting care. The past four years' growth in adult social care costs in Northamptonshire have tended to be driven by two factors, general market inflation (predominately wage related) and acute care needs for existing clients, rather than increased clients due to demographic changes. However, it is too early to confirm whether this trend will continue in North Northamptonshire.

5.20 COVID-19 has had a significant impact in Adult Care budgets with additional pressures forecast in 2021/22 of £4.6m of which £3.9m relates to CCG discharges in to care facilities as part of the rapid response discharge process from hospital and £0.7m relates to pressures within the Mental Health Pooled Fund. There are budgeted care related savings of £4.4m proposed to be delivered by Adult Social Care in 2021/22. Prior year savings of £2.1m are also assumed to be delivered. The 2020/21 savings were not achieved in full due to the impact of the COVID-19 pandemic, however due to a revised phasing methodology adopted as part of the 2021/22 budget proposals this has partly been mitigated down to £1.1m, and it is currently forecast that these will be met in 2021/22. The position will continue to be monitored throughout the year.

5.21 The existing savings programme includes saving proposals being delivered over a number of financial years. These include savings proposals that formed part of the Future Northants Transformation Programme covering:

- Admissions Avoidance Service (£1.9m), which is a new service (initially funded by the business rates pilot fund) provided by Adult Social Care with health partners. The Admission Avoidance care model focuses on patients/clients presenting at acute hospitals with relevant conditions who can be rapidly assessed, diagnosed and treated without being admitted to a ward, if clinically safe to do so. Currently the Crises Response Team supports the back door discharges at the acute hospitals, where Admission Avoidance will focus on the significant opportunity to provide care on/at the front door to avoid hospital admissions and care costs increases client outcomes. These savings have been adversely impacted in 2021/22 as a result of COVID-19, however they have been mitigated in part through early discharge income.
- Strength Based Working Project (£2.2m) which is the Transformation of Adults Services pathways and processes to ensure focus on client outcomes, independence, better decision making, and best practice approaches reduce delays and spend.

5.22 Additional savings for 2021/22 total £0.6m and cover Learning Disability Provider Framework efficiencies, Specialist centre for Step down Care Mental Health and Acquired brain injury, Prevention contract cessation/redesign and Sheltered Housing Contracts cessation/redesign.

5.23 The draft outturn reflects a £429k underspend against budget, the main variances are reductions in the volume and acuity for those residents with Specialist and Complex needs which amounts to £1.571m. These savings are offset with additional Hospital Discharge costs of £3.2m which has been partially offset with £1.2m of income received from health partners to cover the first 4 weeks cost of care following hospital discharge. This overspend relates to a mix of client numbers and cost of care packages.

Public Health – Pressure £0.596m

- 5.24 Public Health and Wellbeing led Northamptonshire's response to the COVID-19 pandemic. The gross expenditure budget is funded by Public Health England.
- 5.25 The service worked with a number of funding streams that were made available as a result of COVID-19 such as the Contain Outbreak Management Fund.
- 5.26 A draft outturn of £0.596m overspend reflects the split between grant and expenditure following disaggregation of the Public Health budget, this remains unchanged from that previously reported.

Housing and Community Services – Underspend £206k

- 5.27 Housing and Community Services includes provision of housing services and support for homeless people. It also includes libraries, cultural facilities (such as museums, theatres, art galleries and heritage sites), sports and leisure facilities (such as swimming pools, tennis courts, golf, playing pitches, indoor courts/sports halls etc), archaeological archiving and activities and access to parks and open spaces for play and recreation. The Service is also responsible for community grants as well as providing education and outreach services and advice and support.
- 5.28 The draft outturn reflects an overspend of £64k (Period 11 £100k) relating to staffing costs within Housing, Homelessness and Community Leisure services due to a number of temporary staff employed to cover vacant permanent posts. This is being reviewed by the service at present with a view to exploring ways to address this position going into 2022/23.
- 5.29 The outturn also includes a pressure of £0.692m (Period 11 £0.600m) related to a reduction of income across leisure services, mainly at the Corby International Pool £447k (Period 11 £300k) and Corby Lodge Park Sports Centre £181k (Period 11 £200k) with a further £0.064m in other areas, this was largely due to restrictions on visitor numbers during the course of 2021/22. The service made a claim against COVID-19 funding which was available from Government, until the end of June 2021. This reduced the pressure by £293k which has been included in the draft outturn, making the net pressure across Leisure Services £399k.
- 5.30 Additional income of £0.641m has been received across housing services the majority of this has been received within the Homelessness service, as a result of Government grants. An amount of £228k has been transferred to reserves for use in 2022/23 which accords with the purpose of the grant. There is also an increase in income received for temporary accommodation, this is as a result of the alignment of the process of recovery of temporary accommodation across the sovereign councils. Further work is being undertaken to understand the affect this will have on 2022/23.
- 5.31 The draft outturn for Library Services is showing an underspend of £136k – this service forms part of the Inter Authority Agreement (IAA's) and is a service hosted

by the West. The main reasons for the variance are lower staffing and lower running costs.

- 5.32 The Chester House Estate Business Plan had projected a £115k pressure in the first six months of trading to the end of the 2021/22 financial year. The outturn position is a shortfall of £24k (Period 11 - £41k). West Northamptonshire Council withdrew from the service from 23rd October 2021 and there was a reduction in contributions of £124k which were met from the Council's Corporate Contingency budget in 2021/22.
- 5.33 A budget of £0.962m was agreed by North Northamptonshire Council Shadow Authority in 2021/22 for "additional pressures relating to the running of leisure centres in NNC"; £0.850m of this related to externally operated leisure facilities. Payments were only to be made to leisure contractors based on receipt of their full open book accounts and evidence of costs and agreements were reached to support the leisure services contractors up to 31 March 2021.
- 5.34 In addition to the Council's Covid funding three sovereign councils with outsourced leisure contracts all applied for National Leisure Recovery Funds (NLRF) to support their leisure services operators. This grant application was successful and amounted to £352k.
- 5.35 During this period Leisure services contractors have provided financial forecasts to the Council for the period 1st April 2021 to 31st March 2022 showing their estimated contract deficits during this period of recovery. These showed that the contract deficit position improved month on month based on their ability to generate higher levels of income as customer confidence levels returned, social distancing requirements were relaxed, and they had the ability to provide services similar to pre-covid operating conditions.
- 5.36 As at 31st March 2022 the amount paid out to external leisure providers was £0.673m which has been funded by £267k of NLRF (the unallocated balance from 2020/21) and £406k from the additional budget allocated in 2021/22 of £0.962m which recognised potential pressures facing the Leisure sector, this results in an underspend of £0.556m which has been transferred to a smoothing reserve to help mitigate any future pressures across the leisure sector. This will reduce the variance to nil and this has been reflected in the outturn.
- 5.37 There are other minor variances across the directorate which result in a net underspend of £120k.

Place and Economy - £2.016m Underspend

- 5.38 The Place and Economy net budget totals £54.617m and is forecasting an underspend of £2.018m. This is an adverse movement of £131k from that reported at Period 11. Place and Economy covers the following four areas:
- Growth and Regeneration
 - Assets and Environment
 - Highways and Waste
 - Regulatory Services

- 5.39 Services within Asset Management includes the management of the Council's corporate assets and capital programmes, together with the effective management of the Council's strategic assets and landholdings.
- 5.40 Other key components within Place and Economy are Waste Management, Highways and Transportation, (including the Streetlighting PFI), Economic Development, Infrastructure and Funding, Trading Standards and Flood and Water Management.
- 5.41 Within Place the key budgets affected by demand/volumes are Home to School Transport, Concessionary Fares and Waste Disposal and Collection. The Directorate also includes responsibility for the Council's commercial estate which will often be influenced by economic conditions.
- 5.42 The Service has a forecast underspend of £2.016m which consists of the following main movements as outlined in the paragraphs below.

Growth and Regeneration – £77k Underspend

Planning - £473k Pressure

- 5.43 Income from Planning Fees is £75k lower than budget, this is an improvement from Period 11 where Planning Fees were forecast to be £253k lower than budget. The change between Period 12 and Period 11 is a result of an increase in applications. Consultancy and legal costs have increased by £70k from an overspend of £9k in Period 11 to an overspend of £79k.
- 5.44 Staffing pressures relating to Development Management, due to agency costs covering vacant posts and increased workload across the service, have remained unchanged from Period 11 (£319k).

Temporary Toilets - £36k Pressure

- 5.45 During COVID-19 temporary toilets were set up at Meadow Road in Kettering which has resulted in an overspend of £36k this remains unchanged to Period 11.

Kettering Markets - £46k Pressure

- 5.46 The draft outturn reflects an overspend of £46k, (Period 11 - £16k overspend) as fees for market stalls were suspended due to COVID but operating costs were still incurred. A decision was made by NNC to transfer responsibility for the management of the markets to Kettering Town Council (KTC) from 1 April 2022.

Joint Planning Unit - balanced

- 5.47 The Joint Planning Unit reflected an underspend of £224k this is due to peaks and troughs in the work being undertaken by the JPU. The underspend has been transferred to the Planning Reserve to manage any increases in workloads in future years, resulting in a balanced position.

Enterprise Centre - £143k Underspend

- 5.48 The draft outturn has resulted in an underspend of £143k this results from technical changes, where previously provision of £143k had been made within the service for a historical repayment of a loan (£77k) and interest payments (£67k). All Treasury costs are reflected within corporate.

Environmental Management (Flood and Water) £79k Underspend

- 5.49 The majority of the underspend relates to lower professional fees for Environmental Management (Flood and Water) (£75k) as there were no major flood issues during 2021/22. There were also minor favourable variances amounting to £4k.

Economic Development - £166k Underspend

- 5.50 This is as a result of underspends of £134k for works relating to the Heritage Action Zone and an underspend of £32k across Economic Development.

Planning Policy - £143k Underspend

- 5.51 The underspend relates to the local plan examination for which there have been delays whilst some work was carried out in 2021/22 these works will be ongoing into 2022/23 and will be funded through the 2022/23 budget.

Payments to other Establishments - £101k Underspend

- 5.52 There is an underspend of £101k within Environment, Planning and Transport management and Development Control which relates to a legacy budget for which the budget of £55k which is no longer required. There was also provision of £46k for the IDOX which was not required.

Assets and Environment – £1.521m Underspend

Car Parking Income - £495k Pressure

- 5.53 The draft outturn for Corby car parking income is an underachievement of budgeted income of £120k (Period 11 £135k). Although charging has been in place, receipts have been lower than would normally have been expected. The Council sought support from the Government Scheme to reimburse Local Authorities for lost income which was paid at 75% once the Council had met losses equivalent to 5% of the budgeted amount. This funding was only payable in respect of claims for losses in the first quarter of 2021/22 and was not available where Councils have chosen to suspend car parking charges. The funding received is reflected in the above figure.

The draft outturn for car parking income in relation to Kettering, is an underachievement of budgeted income of £170k (Period 11 - £260k). This was as a result of the decision to suspend charging in Kettering car parks for a number of months. Car Parking charges were reintroduced from 9 August 2021 following the removal of COVID-19 restrictions on 19 July 2021. There is an overspend of £29k (Period 11 £46k) relating to additional costs for maintenance work at the car parks in Corby.

- 5.54 The draft outturn on the number of Fixed Penalty Charges for on-street parking is an under achievement of budgeted income of £176k (Period 11 - £210k).

Facilities Management - £846k Underspend

- 5.55 There is a reduction in budgeted income received due to the expiry of a lease at Eaton Walk in May 2021. The outturn impact of this is a loss of income of £158k (Period 11 £143k). These are also minor overspends in various areas of the service of £112k (Period 11 £75k).
- 5.56 The draft outturn for Street Lighting PFI is an underspend of £46k (Period 11 £5k). This consists of lower payments to private contractors of £32k and various minor net underspends of £14k.
- 5.57 There were various minor underspends of £17k on the stagecoach subsidised bus contract.
- 5.58 The draft outturn for Facilities Management at Grosvenor House and Corby Cube is a £10k underspend, the Period 11 forecast was for a £38k overspend, the change in forecast is as a result of planned remedial works now being undertaken in 2022/23 which will be funded from maintenance budgets in 2022/23.
- 5.59 The outturn in Assets and Capital management is an underspend of £0.514m of which £168k relates to property disposal professional fees as no properties were disposed of in 2021/22, £50k on building cleaning as buildings were not occupied, £49k on structural maintenance, £208k on staff vacancies (offset by £33k on agency staff) and other various minor net savings on running costs of £72k.
- 5.60 The outturn relating to Knuston Hall, which is a facility that provides various types of learning, both residential and day courses, for international and national customers, is an overspend of £309k (Period 11 - £255k). Knuston Hall has been impacted by the pandemic and has seen reductions in income as a result. The facility is now providing a significantly reduced service as clients have moved to virtual meetings. In addition, due to the need for further maintenance work the site is not providing accommodation for overnight guests. There are also major restrictions to repairs being carried out, due to this being a listed building.
- 5.61 The outturn for Facilities Management at sites in Kettering is an underspend of £326k (Period 11 - £171k) this results from an underspend on running costs (£240k) and an underspend on salaries of £86k.
- 5.62 There are various underspends in Parks and Play areas of £16k (Period 11 - £144k overspend) on maintenance and cleaning costs. The change between forecasts is as a result of £160k of external funding being reflected in the draft outturn.
- 5.63 The Draft Outturn includes underspends of £496k this is due to vacancies within Facilities Management (£192k underspend), premises and utility costs (£155k underspend), and additional income for Unit 14 Orion Way (£149k).

Commercial Income – £0.951m Underspend

- 5.64 The Council's commercial estate remains an important source of income to the Authority as well as providing a good basis for regeneration and increasing economic activity and jobs creation. The Council's Property Management Team continue to work closely with tenants and despite the challenging economic climate the commercial income portfolio is £951k better than budget. (Period 11 £834k).

Transport - £0.508m Underspend

- 5.65 Additional income of £508k was identified in relation to identifying dedicated routes across North Northamptonshire which aim to aid traffic flow in Wellingborough.

Fleet Costs - £115k Pressure

- 5.66 The draft outturn reflects an overspend of £115k (Period 11 £93k) on fleet costs. Whilst fuel consumption remains broadly on budget the cost of fuel has increased and results in a pressure of £80k. The balances of £35k relates to increased leased costs.

Other Assets and Environment Areas - £174k Pressure

- 5.67 The draft outturn reflects an overspend of £100k in Grounds Maintenance and Country Parks due to an overspend on tree maintenance of £82k due to adverse weather, there are further pressures in supplies and services of £31k and increased waste disposal costs of £45k and minor pressures of £13k these are offset by vacancy savings of £71k.
- 5.68 Public Realm project works were carried out on the Corby Town Investment Plan resulting in additional staff costs of £74k (Period 11 - £68k).

Highways and Waste – £177k Pressure

Highways and Traffic Management - £459k Pressure

- 5.69 The draft outturn reflects a pressure of £21k relating to highways and grass verge maintenance (Period 11 - £24k). There are also further pressures from costs associated with street lighting of £17k (Period 11 - £84k).
- 5.70 The Winter and Highway maintenance contract is managed collectively. There is a pressure relating to highways maintenance of £421k (Period 11 £187k).

Waste Management - £1.443m Underspend

- 5.71 There is a net underspend of £137k (Period 11 £94k) on the Refuse and Recycling Collection Service across the Kettering and Corby areas. This comprises of savings of £283k on dry recycling waste, a saving of £20k on food waste due to reduced gate fees and additional income from Wellingborough Norse regarding a pension deficit rebate of £140k. This is offset by overspends on garden waste of £162k due to a higher gate fee, a net overspend of £52k as the Council previously received an income stream for paper, refuse and recycling staffing overspend of £69k and minor net overspends of £23k.

5.72 There is an outturn net underspend (overachievement of income) of £536k (Period 11 - £364k) from waste income. This is as a result of additional income from Kettering and Corby trade waste of £252k (Period 11 - £221k), additional recycling income of £203k (Period 11 - £203k) and additional bulk waste income of £186k (£152k - Period 11). This is offset by additional costs of £105k relating to an increase in disposal costs for the Wellingborough area (Period 11 - £199k).

5.73 Work has been undertaken to migrate the Wellingborough disposal service from Norse into an inhouse function. Final migration costs of £76k were incurred which were lower than estimated (Period 11 - £130k). The outturn position was reworked (as it was found that the Period 11 costs were overstated), taking into account, for example, costs originally charged to revenue being capitalised and licencing costs falling into the new year.

5.74 The Waste Management service also has an underspend of £226k (Period 11 - £341k) due to lower than anticipated tonnages for:

- Domestic waste £100k
- Hazardous Waste £59k
- Closed landfill sites £67k

5.75 There are savings relating to Street cleansing staff of £139k (Period 11 - £119k) due to a higher number of vacant posts.

5.76 The Household Waste Recycling Centres outturn position is an underspend of £481k (Period 11 - £624k). The variances relate to:

- Basket price of commodities additional income £239k
- Transportation efficiencies from haulage contractors £36k
- Income from Permits £13k
- Disaggregation savings £187k
- Staffing savings £75k
- Additional Site Opening £37k overspend, and
- Traffic signage overspend £32k

Concessionary Fares - £0.842m Underspend

5.77 The Department for Transport had requested that authorities continue to reimburse bus operators based on the average number of journeys in the winter months prior to the COVID-19 outbreak (December 2019 to February 2020).

5.78 The alternative is that the Council reverts to paying bus operators on the actual number of journeys. Reimbursing bus operators based on the average rather than the actual usage is estimated to be between £500k and £700k higher. The Council's support to the bus industry helps safeguard local bus services for residents throughout the pandemic and during the recovery period. This approach was agreed by the Executive at the meeting on 26th August. The outturn underspend is £242k (Period 11 - £242k).

5.79 Further to this the outturn position is that the Council underspent against the budget determined through the disaggregation principles by £0.6m.

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

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

Transport - £1.844m Pressure

- 5.83 Transport overspends include a contract management overspend of £159k (£163k Period 11). In addition, there is an overspend on the home to school transport of £2.121m (Period 11 £740k). This is mainly due to two items, walking routes which have not been completed as initially envisaged when setting the budget, leading to a pressure of £232k from unachievable savings, additional Covid costs of £778k, together with a £1.111m overspend due to confirmed higher pupil numbers and vehicle related costs.
- 5.84 These pressures have been partially offset by several underspends, these relate to staff savings of £42k, (£61k – Period 12) Highways Contract savings of £380k, and additional net income of £107k.
- 5.85 There is a pressure of £93k (Period 11 - £53k) relating to 'Healthy travel options'. These schemes were previously covered by EATF (Emergency Active Travel Fund) in 20/21, but it was agreed to continue the schemes for this year. These schemes include footway widening, cycle lane temporary barriers - maintenance and removal. There is now only one project pending consultation as to whether it will continue into 2022/23, if it does the cost will be managed within current budgets.

Other Highways and Waste - £143k Pressure

- 5.86 The draft outturn includes additional Insurance charges for Highways and Waste of £201k. These have been partially offset as part of the disaggregation process a budget of £70k remains unallocated, and there are minor pressures of £12k resulting in a net overspend of £143k.

Regulatory Services – £0.615m Underspend

Emergency Planning - £410k Underspend

- 5.87 The outturn position for Emergency Planning is an underspend of £130k, (Period 11 £276k underspend). This is due to higher-than-expected staff turnover which has partially been offset by agency cover.
- 5.88 There is also an underspend of £280k (as reported in Period 11), relating to purchase of PPE, which has been funded through COVID-19 funding.

Trading Standards - £75k Pressure

- 5.89 The draft outturn position reflects a pressure of £75k for Trading Standards (Period 11 £77k). This is due to increased costs of £94k for a new Trading Standards Database; partially offset by costs recovered and received from a fraud prosecution case of £23k. There are also minor adverse variances of £4k.

Environmental Health - £410k Underspend

- 5.90 The draft outturn reflects an underspend relating to staffing vacancies of £252k (Period 11 £196k). There is also an underspend of £73k across the Supplies and Services budgets, additional savings of £25k for licensing budget (CLAU) which is no longer required (same as Period 11) and additional income of £60k.

Other Regulatory Services - £130k Pressure

- 5.91 There is a saving in Licensing amounting to £180k (Period 11 £227k), reflecting staffing savings due to vacant posts. This has been offset by the following overspends:
- Maintenance costs at Wellingborough Cemetery were £73k higher than budget and income was £182k lower than budget.
 - £53k relating to an increase in utility charges at Kettering Crematorium.
 - £2k minor variances

Place Directorate Other Costs - £20k Pressure

- 5.92 Across the Place Directorate there are pressures amounting to £20k which have been reflected in the Draft Outturn.

Enabling and Support Services - £198k Pressure

- 5.93 Enabling and Support Services consists of the following main grouping of services which also includes a number of corporate budget areas:
- Finance, Procurement and Revenues and Benefits Service
 - Human Resources, Legal and Democratic Services

- Transformation, ICT and Customer Services

- 5.94 Overall, for these services the net revenue budget is £33.865m in 2021/22. The draft outturn is a pressure of £0.198m (Period 11 - £378k Underspend) which is set out in the following paragraphs.
- 5.95 There is a forecast overspend of £337k (Period 11 £292k) relating to assumptions within the treasury management function. This is due to pressures which have arisen following the disaggregation of the County Council's budget, the first is a budget for the capitalisation of interest of £282k, the second variance relate to interest on equity of £212k both remain unchanged from Period 11. These areas of income are not considered to be achievable; these have been reflected in the 2022/23 Budget as a pressure. There is a further pressure of £267k relating to the disaggregation of 3rd party loans. These are partly offset by lower borrowing costs of £274k due to lower levels of external borrowing due to lower activity. In addition, a budgetary provision of £150k had been included for inflationary pressures and was not utilised in 2021/22.
- 5.96 In addition, there is a £288k shortfall in investment income which is a favourable movement of £75k from Period 11 where a pressure of £363k was reported.
- 5.97 Work is ongoing to mitigate budget pressures through reviewing the council's investment portfolio and seeking further investment opportunities.
- 5.98 The required level of Minimum Revenue Provision (MRP) for 2021/22 has been reviewed, together with the provisional slippage of the capital programme in 2020/21 from the legacy authorities, realising an in-year underspend of £1.494m (£500k Period 11). The draft outturn reflects the transfer of £1.494m to the General Fund – Capital Reserve and this has been reflected within the Total Available Resources line.
- 5.99 The Council in accordance with best practice is required to provide a bad debts provision and the draft outturn includes a contribution of £640k.
- 5.100 The draft outturn includes a net underspend of £103k an amount of £567k is in relation to the disaggregation of legacy Pension budgets. These underspends are expected to continue into the medium-term and this is partially offset by unachievable income budgets that were disaggregated from the County Council amounting to £464k.
- 5.101 The Revenue and Benefits Service are forecasting an underspend of £138k at the end Period of 12 which is a movement of £211k from Period 11 where an overspend of £73k was reported.
- 5.102 The under recovery of court costs of £295k (£345k Period 11) reflects the decision the Council made in not taking recovery action for Council Tax arrears in the first quarter of the financial year, leaving a shortfall against the budget. Recovery commenced in quarter two of 2021/22.
- 5.103 The Council received additional New Burdens Grant of £181k from Government for the distribution of grants which is a favorable movement of £54k from Period 11 where the estimated level of New Burdens Grant was £127k.

- 5.104 The Council received additional income relating to the business rates cost of collection of £53k (Period 11 - £53k). The additional income for business rates cost of collection reflects the position calculated for the annual estimated return to Government, which was higher than the prior year legacy budgets on which the 2021/22 budget was based. There is further additional grant income of £199k (Period 11 - £148k) for the Housing Benefit Administration which was higher than the prior year legacy budgets on which the 2021/22 budget was based.
- 5.105 During Period 5 an ongoing levy of £31k was identified in relation to the management of historic insurance liabilities associated with the former Councils within North Northamptonshire through Municipal Mutual Insurance (MMI). This remains unchanged in Period 12.
- 5.106 Public Sector Audit Appointments Ltd (PSAA) is the body a number of local authorities have used to appoint external auditors. The revenue PSAA receives covers the costs of its auditors and operating expenses. As PSAA operates on a not-for-profit basis surplus funds are redistributed to those authorities who opted into the PSAA, this amounts to one off income for the Council of £41k. This has been offset by a £10k pressure which relates to additional audit fees for the Kettering audit in 2018/19 due to additional work carried out by the external auditors in relation to valuations and pensions. The fee is set by the PSAA. And there are further audit budget pressures amounting to £146k relating to legacy audits.
- 5.107 Additional Income of £84k was identified in relation to the Dedicated Schools Grant. This income variance reflects the Council's Statutory and Regulatory duties in this area and remains unchanged in Period 12.
- 5.108 Staffing savings of £653k have been identified as a result of in year vacancies, these are partly offset by a pressure of £277k relating to the Lead Authority Finance Operations Function as agreed by the lead authority board.
- 5.109 A pressure of £1.186m reflects the Vacancy factor, corresponding savings are reflected throughout the other directorates, bringing this to an overall net nil impact.
- 5.110 The draft outturn includes a pressure of £998k on Insurance this relates to an increase in premium of £500k and an increase on uninsured losses of £498k, these were previously paid by the County Council through a reserve.
- 5.111 There are other minor variances across the directorate which result in a net underspend of £165k
- 5.112 The contingency budget is held to meet unforeseen or unplanned/unbudgeted costs. The balance on contingency budget for Period 12 is £3.619m which is unchanged to that reported in Period 11. The underspend on the contingency will be transferred to a reserve to mitigate pressures in future years.
- 5.113 North Northamptonshire Council has a dedicated Transformation Team working to deliver the changes required, bringing services together effectively and moving towards more efficient operating models. This will include reviewing how the Council interacts with its customers, residents, partners and other

stakeholders, considering contractual arrangements, opportunities to expand and enhance the digital experience and the realisation of property efficiencies. The key objectives of the service are, therefore, to reduce costs and improve services going forward.

5.114 As approved within the 2021/22 budget the Transformation Team is, in the main, funded through a time limited contribution from reserves. Any variance against the £2.3m budget will be met through an adjustment to the movement to or from reserves.

Transformation

5.115 There is a net underspend of £1.307m on Transformation. The key components of these variance are:

- There is an underspend of £846k in relation to salaries for the Transformation Team. This reflects the significant level of vacancies held by the team during 2021/22 with most of these vacancies now filled. This underspend is partially reduced by £87k in respect of Agency Staff.
- The net underspend on the Transformation Team is £751k. The Transformation team is partially funded from reserves, this results in a reduced contribution from reserves of £538k, with the remainder arising from an unspent legacy budget.
- There is an underspend in relation to salaries within Customer Services of £546k, partially netted down by £97k through the use of Agency Staff. The majority of these vacancies have now been filled.
- There is a salary underspend of £218k within the IT service, partially netted down by £25k through the use of Agency Staff. Again, these vacancies have now been filled.
- A review of income budgets within the Transformation Directorate (which also includes ICT and Customer Services), identified £300k as being unachievable in relation to ex LGSS ICT income budgets for business systems and change management. These budgets were allocated between Councils as part of the general disaggregation principles for the County Council's budget. This has now been reflected as a pressure within the ICT budget.
- The draft outturn includes a £108k pressure within ICT of which £43k relates to inflationary and licence costs associated with the property database software (Local Land and Property Gazetteer) and £65k relates to a legacy budget in relation an IT contract.
- The draft outturn includes a saving of £225k relating to IT hardware purchases and maintenance.
- There are other minor variances across the directorate which result in a net overspend of £35k

HR and Governance

5.116 There is a net underspend of £902k on HR and Governance. The key components of this variance are:

- A net salary underspend of £293k due to vacancies held across the HR Service. This is largely due to the HR team carrying vacancies whilst the service was reviewed.
- A net salary underspend of £114k in Governance Services, as a result of vacancies (£789k), this is offset by the use of agency staff (£642k) and a lower recharge for Learning and Development (£157k) resulting in a net pressure of £43k.
- An underspend of £133k arising from a reduction in the costs of delivering core training courses through the use of a learning development platforms, rather than commissioning in individual training providers.
- Additional one-off income of £393k was received from NCT which was not reflected within the base budget following disaggregation.
- An underspend of £96k in respect of Occupational Health services, where referrals have been lower than anticipated. This reduction is considered to be impacted by the measures introduced as a result of Covid 19 and is anticipated to rise in 2022/23.
- Additional income of £308k was generated by Legal Services, largely in respect of external fees on s106 Agreements.
- A pressure of £146k results from income being lower than budget as a result of courses provided by NNC being impacted by Covid 19, this is expected to recover during 2022/23.
- The Council's Pay and Grading review has resulted in a cost pressure of £105k.
- There is a pressure of £81k in for Coroner's Service, largely due to new storage facilities being brought into use.
- There are other minor variances across the directorate which result in a net underspend of £124k.

Chief Executive

5.117 There is a net underspend of £322k within the Chief Executives Directorate The key components of this variance are as follows:

- A saving on staffing costs of (£265k), which was partially offset by use of agency staff to cover vacant posts (£75k). This has been driven by vacancies within the Performance and Communications teams while they undergo service transformation.
- Savings on Professional Services and Consultancy (£80k) due to budgets not being required to support work undertaken.
- There are other minor variances which result in a net underspend of £52k.

Available Resources

5.118 The total net available resources to fund the 2021/22 budget amounted to £292.505m included within the net available resources are transfers to and from reserves. The movement to reserves which have not been reflected within the Directorates amounts to £5.028m. The contribution to reserves will provide the Council with the ability to meet potential budgetary pressures in 2022/23 and provides a smoothing strategy prior to any pressures being built into the base budget in future years. This has been reflected in the draft outturn and the composition of the proposed transfer to earmarked reserves requested for approval is as follows:

- Smoothing Reserve - Home to School Transport - £2.500m
- Smoothing Reserve - Knuston Hall - £0.600m
- Smoothing Reserve - NORSE - £1.100m
- Members Empowerment Fund - £78k

5.119 In addition, the Council had budgeted for a pay award of 2.50% in 2021/22 – the actual pay award was 1.75% and the differential of 0.75% equates to around £750k; the outturn reflects the transfer of £750k to Budget Delivery Reserve which can assist with pay or price inflation challenges in 2022/23.

Summary of General Fund Savings Delivery

5.120 The Council had a savings requirement of £19.161m (including income proposals) within its 2021/22 budget. The deliverability of these proposals is being monitored by each accountable service lead, budget manager and senior officer up to Service Director level. These are summarised in the following Table and full details are provided in Appendix A.

	Children's and Education	Adults, Communities and Wellbeing Services	Place and Economy	Enabling and Support Services	Total
	£000	£000	£000	£000	£000
Service Savings					
Demographic/ service demand	0	(25)	(2,817)	(750)	(3,592)
Legislative changes	0	0	0	(356)	(356)
Full year effects of previous decisions	(1,706)	(8,637)	(452)	(723)	(11,518)
Pay	(113)	(46)	0	(667)	(826)
Technical changes	(142)	0	(383)	0	(525)
LGR	0	(44)	0	(2,300)	(2,344)
Service Savings	(1,961)	(8,752)	(3,652)	(4,796)	(19,161)

6. Housing Revenue Account

6.1 Within North Northamptonshire prior to 1st April 2021 there were two HRA accounts, covering the sovereign Councils of Kettering and Corby respectively. As part of the move to a single unitary council for North Northamptonshire, there was a statutory requirement to create a single HRA for the area. Whilst North Northamptonshire Council must only operate one HRA it will, for a period of

time, operate two separate Neighbourhood Accounts, these being the Corby Neighbourhood Account and Kettering Neighbourhood Account.

Corby Neighbourhood Account

- 6.2 The draft outturn position for the Corby Neighbourhood Account at the end of Period 12 shows an underspend of £210k which is a favourable movement of £98k from Period 11. This is summarised in the following Table.

Corby Neighbourhood Account			
	Current Budget 2021/22	Draft Outturn 2021/22	Variance
	£000	£000	£000
INCOME			
Rents - Dwellings Only	18,956	18,903	53
Service Charges	622	639	(17)
HRA Investment Income	69	69	0
Total Income	19,647	19,611	36
EXPENDITURE			
Repairs and Maintenance	5,550	5,913	363
General Management	5,176	4,443	(733)
HRA Self Financing	12,963	12,963	0
Revenue Contribution to Capital	3,791	3,791	0
Transfer To / (From) Reserves	(8,946)	(8,946)	0
Special Services	692	664	(28)
Other	421	573	152
Total Expenditure	19,647	19,401	(246)
Net Operating Expenditure	0	(210)	(210)

- 6.3 The draft outturn for rental income from dwellings is £53k less than budget – this is a result of the Right to Buy Sales being 12 more than the budgeted amount of 40 and the void rate being around 1.1% which is 0.2% higher than the budgeted void rate of 0.91%. The reduction in rental income is partially offset by an increase in Service Charge income of £17k.
- 6.4 The expenditure is £246k less than budget - the main variances relate to an increase in the cost of materials and the use of sub-contractors (£781k). There was also an increase around utilities which reflects the rise in prices this amounted to £75k. This is offset through lower salary costs due to staff vacancies (£749k) and a reduction in the insurance premium of £370k due to having a higher excess amount. The contingency budget of £46k was not utilised during the year giving rise to a further favourable variance. There were further minor pressures amounting to £63k.

Kettering Neighbourhood Account

- 6.5 The draft outturn position for the Kettering Neighbourhood Account at the end of Period 12 shows an underspend of £328k which is a favourable movement of £258k to that reported in Period 11. This is summarised in the following Table;

Kettering Neighbourhood Account			
	Current Budget 2021/22	Draft Outturn 2021/22	Variance
	£000	£000	£000
INCOME			
Rents - Dwellings Only	15,066	15,066	0
Service Charges	430	414	16
HRA Investment Income	7	7	0
Total Income	15,503	15,487	16
EXPENDITURE			
Repairs and Maintenance	3,964	4,089	125
General Management	2,784	2,570	(214)
HRA Self Financing	4,585	4,585	0
Revenue Contribution to Capital	2,632	2,632	0
Transfer To / (From) Reserves	(119)	(119)	0
Special Services	1,111	970	(141)
Other	546	432	(114)
Total Expenditure	15,503	15,159	(344)
Net Operating Expenditure	0	(328)	(328)

- 6.6 Rental income from dwellings is forecast to be on budget due, the budgeted number of Right to Buy Sales was 30 and the actual Right to Buy Sales were 22 resulting in there being 8 sales less than budget. This has been offset by the overall average void rate being around 2% which is slightly higher than the budgeted void rate of 1.90%. There were pressures of £16k as a result of income from service charges being lower than budget.
- 6.7 There were pressures in Repairs and Maintenance of £125k, which relates to a higher cost for materials (£228k) which is partly offset by savings on subcontractor costs (£112k) and the pay award was lower than budget (£40k), there were also minor adverse variances of £49k.
- 6.8 There are savings of £214k in General Management and £141k in Special Services which mainly relate to salary savings (£182k) due to vacant posts and the pay award being lower than budget (£35k). In addition, there are further favourable variances of £138k these include a lower spend of £47k on home move grants and £68k lower repairs and maintenance work in sheltered schemes, both of these were a result of COVID. There were further minor favourable variances of £23k.
- 6.9 There are savings of £137k within 'Other' this relates to the unspent contingency budget of £67k and the bad debt provision being £70k less than budgeted. This is partially offset by rates on void properties being £23k higher than budget which is a result of the higher void rate.

7. Conclusions

- 7.1 The draft forecast outturn for 2021/22 is an underspend of £1.771m which is an adverse movement of £137k since Period 11 where an underspend of £1.908m was reported.

- 7.2 Through good housekeeping, the Council has been able to make a significant contribution to earmarked reserves in order to protect it from continuing spend pressures in 2022/23 that have come to light as part of the outturn but were not envisaged when the budget was set. This will provide the capacity to enable officers to identify longer term solutions within the Council's Medium Term Financial Plan from 2023/24.
- 7.3 The prior year outturn position and accounts of the predecessor Councils are yet to be reported and formally signed off. The Council may be required to consider any legacy issues arising as a result of the closedown and subsequent audits. Further updates relating to this will be provided at future meetings of the Executive.
- 7.4 This is a draft outturn position. The financial position will be subject to external audit.

8. Implications (including financial implications)

Resources and Financial

- 8.1 The resource and financial implications of North Northamptonshire Council are set out in this report. The draft forecast outturn position for the General Fund is an underspend of £1.771m and the Housing Revenue Account is forecasting an underspend of £0.538m.
- 8.2 As reported through the year the Council retains a contingency for in-year, unfunded requirements and any balances at the end of the year would be transferred to a reserve for greater resilience and/or future use – the unused contingency balance was £3.619m.

Legal

- 8.3 The provisions of the Local Government Finance Act 1992 set out requirements for the Council to set a balanced budget with regard to the advice of its Chief Finance Officer (Section 151 Officer).
- 8.4 The robustness of the budget estimates and the adequacy of the proposed reserves were considered under Section 25 of the Local Government Act 2003 prior to the Shadow Authority agreeing its 2021/22 budget.

Risk

- 8.5 The deliverability of the 2021/22 Revenue Budget was monitored by Budget Managers supported by Finance officers.
- 8.6 This is the draft outturn position. The final position will be subject to external audit certification.

- 8.7 Details of pressures, risks and mitigating actions implemented were provided as part of the finance monitoring reports.
- 8.8 The Council held a contingency and a number of reserves to help safeguard against the risks inherent within the budget for 2021/22. Where required pressures and other movements were included as part of the Council's 2022/23 budget and medium-term financial plan approved by Council at its meeting on 24th February 2022.

Consultation

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

Climate Impact

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

Community Impact

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

9. Issues and Choices

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

10. Background Papers

- 10.1 The following background papers can be considered in relation to this report.

Final Budget 2021/22 and Medium-Term Financial Plans, including the Council Tax Resolution, North Northamptonshire Shadow Authority, 25 February 2021.

Monthly Budget Forecast Reports to the Executive.