



**North
Northamptonshire
Council**

Finance and Resources Scrutiny Committee

Held on Tuesday 13th December 2023

At 7:00 pm in the Council Chamber, The Cube, George Street, Corby.

Present: -

Members

Councillor Mark Pengelly (Chair), Councillor Jim Hakewill, Councillor King Lawal, Councillor Paul Marks, Councillor Mark Rowley.

Officers

Janice Gotts (Executive Director of Finance and Performance), Guy Holloway (Assistant Chief Executive), Jo Hutchinson (NNC Senior School Improvement Manager), Claire Edwards (Assistant Director Finance Accountancy), David Watts (Executive Director Adults, Health Partnerships and Housing), Paul Goult (Democratic Services).

Also in attendance – Councillor Lloyd Bunday (Executive Member).

76. Appointment of Vice Chair

A vacancy had arisen in the position of Vice Chair of the Committee. The Chair and committee registered its thanks to Councillor Richard Levell for his work and commitment as Vice Chair since the formation of the committee.

The nomination of Councillor King Lawal as Vice Chair was duly **MOVED** and **SECONDED**. There were no other nominations.

RESOLVED that: -

Councillor King Lawal be appointed as Vice Chair of the Finance and Resources Scrutiny Committee for the remainder of the Municipal Year 2022/2023.

77. Apologies

Apologies for absence were received from Councillor William Colquhoun, Councillor Richard Levell, Councillor Malcolm Ward, Councillor Anup Pandey, Councillor Ken Harrington, Councillor Steven North, Councillor Ian Jelley.

78. Members' Declarations of Interest

None on this occasion.

79. Minutes of the meeting held on 18th October 2022

RESOLVED that: -

Approval of the minutes of the meeting held on 18th October 2022 be deferred to the next meeting.

80. Budget Forecast 2022/23 as at Period 6

The report before Committee set out the Revenue Budget forecast 2022/23 for consideration. A copy of the forecast report submitted to the Executive at its meeting on 10th November 2022 was attached as Appendix A.

The Period 6 forecast position of the General Fund was showing an overspend of £3.857m, with the Housing Revenue Account (HRA) showing an underspend of £93k.

The Executive Report (Appendix A) detailed the current pressures on the General Fund during the first 6-months of the financial year, the forecast position for each directorate, the Housing Revenue Account (HRA) position and the impact of the recent NJC staff pay award.

The Committee noted the pressures being faced by the Council in relation to higher energy costs, inflation, increased borrowing charges etc.

Councillor Lawal queried whether any significant contracts were currently being negotiated and whether there were any related financial pressures.

The Executive Director confirmed that the Home to School Transport contract was currently being procured, this was resulting in increased financial pressures.

Councillor Lawal queried the Government's scheme (announced on 21/09/22) in relation to energy costs for businesses and other non-domestic energy users. The Executive Director confirmed that NNC was a beneficiary of this scheme.

The report's recommendation was **MOVED** by Councillor Paul Marks and **SECONDED** by Councillor Mark Rowley.

RESOLVED that: -

- (i) The Committee note the report.

81. Capital Forecast 2022/23 as at Period 6

The report before Committee set out the Capital forecast 2022/23 as at Period 6 and had been presented to the Executive at its meeting on 10th November 2022. A copy of that report was attached as Appendix A.

The Period 6 forecast position for the General Fund was showing an underspend of £50.2m and an underspend of £17m for the Housing Revenue Account (HRA).

The Assistant Director clarified that an exercise was currently being undertaken to reprofile projected capital spend. There was a need to ensure that proposed projects were still deliverable both in terms of cost and completion. It may prove necessary to reprioritise capital spend to ensure that projects were able to be commenced and completed, and that timescales were realistic in the current financial environment.

The Chair queried regarding the potential for NNC to purchase a facility from the Children's Trust and where this would feature in the report. The Assistant Director confirmed that if that were to occur it would feature in the Period 9 report.

The Chair asked whether any of the "Corby" projects were at risk of being delayed or cancelled. The Assistant Director confirmed that all projects were being reprofiled in order to maximise the ability to deliver the programme.

It was noted that given rising costs, particularly in construction, the potential for readjustment in the programme was high.

Councillor Lawal requested clarification of the reprofiling exercise and the likely approach to be taken. The Assistant Director confirmed that consideration needed to be given to some projects being given a later commencement date, an extended period for completion, a value engineering exercise to be undertaken etc.

Councillor Lawal queried the funding of the Isham Bypass and whether this was at risk? The Executive Director confirmed that a Government announcement on transport funding was awaited.

Councillor Hakewill expressed disappointment that potentially some capital projects were at risk of delay or potentially cancellation. The sustainability and deliverability of the capital programme had been highlighted as a concern during the budget scrutiny process for 2022/23.

The Executive Member reminded the Committee that the current capital programme was essentially an amalgamation of projects inherited from the former sovereign councils. As a new authority there was no historic information or record of accomplishment to measure aspirations and deliverability of the programme. This was being developed as each year went by. There was vigorous challenge of client officers to check that projects could be delivered on time and within approved budgets.

Councillor Hakewill felt that the Council should now be in a position to set a realistic and sustainable programme and queried whether officers had adequate resources to undertake the vigorous challenge required.

The Assistant Director confirmed that there had been a strain on resources, as the need to have 6 legacy accounts signed-off was a priority. This would enable greater robust budget setting and ensure that the Council's aspirations were deliverable and achievable.

The current economic environment that the Council was operating within could not have been predicted 12-months ago, so the need for a reassessment was required.

The Committee briefly discussed the HRA and in particular the need to ensure that Right to Buy (RTB) receipts were spent on time. It was noted that the Council had a 5-year period to spend RTB receipts or risk claw-back of these monies by Government. There was a continuing need to check the affordability and viability of HRA spend on new build, conversions etc. It was further noted that the cost of borrowing had increased.

Officers confirmed that every opportunity was being taken to talk to Government about relaxing the rules around RTB receipt spending limitations.

Councillor Hakewill sought confirmation that an assessment of the viability of some construction projects was being undertaken. This was confirmed and a draft position statement was being developed.

Councillor Hakewill queried whether NNC could consider buying new build properties from private developers, an option used by former sovereign councils. Officers confirmed that this was an option however there were Government restrictions on the amount of RTB receipts that could be spent on this option. The current cost of borrowing to cover the cost of the HRA programme was a further complication.

The report's recommendation was **MOVED** by Councillor Paul Marks and **SECONDED** by Councillor Mark Rowley.

RESOLVED that: -

- (i) The committee note the report.

82. Performance Indicator Report for Corporate Services – Period 6 (September)

The Committee received a report providing an update on the performance of the Council's corporate support services as at Period 6 2022/23 as measured by agreed performance indicators. These were contained in Appendix A.

The report also included details of actions being taken to develop the Council's performance monitoring arrangements.

In addition, the Committee received additional Human Resources workforce data as Appendix B.

Councillor Lawal noted that there had been one reportable data breach and sought clarification on this. The Assistant Chief Executive explained that some potential data breaches required reference to the Information Commissioner. The case related to a letter delivered to the incorrect address; the letter did get passed to the intended recipient. It was felt appropriate to refer to the Commissioner. No further action was required. The Assistant Chief Executive did stress that NNC staff were regularly reminded of the council's requirements under GDPR and refresh training was provided and accessible.

Councillor Lawal also queried the use of agency staff by Adult Social Care and whether NNC were fully engaging with local care providers regarding meeting service requirements. The Executive Director confirmed that as part of the Adult Social Care Strategy, NNC were keen on improving terms and conditions in order to attract and retain staff. The Strategy emphasised the need to ensure that the council could develop career pathways for staff and provide an attractive working environment. The Executive Director stressed that both public and private sectors faced fierce competition in the job market, and there was a need to attract a new influx of staff.

The Chair noted details regarding agency costs in relation to Opus. The Chair wondered what the total agency spend was for the Council, as he was aware that other agencies were used. The Assistant Chief Executive confirmed that Opus could not deal with all of the Council's requests, and more specialised professions required contracts with other agencies. The Assistant Chief Executive confirmed that a separate exercise was underway to confirm total spend.

The Committee noted that a number of service areas were currently undertaking reviews and conducting restructuring exercises. Whilst these were underway there was a likelihood that vacancies would not be subject to recruitment, and there was likely to be a greater use of agency staff. Staffing data held by the Council was gradually being "cleansed" of redundant and superfluous posts; this was a challenging exercise.

Councillor Lawal noted the level of sickness absence and queried whether this was "acceptable" and were trends being monitored. The Assistant Chief Executive confirmed that trends were monitored and each case was subject to appropriate action, including referral to the Occupational Therapist or counselling service where appropriate. The current levels were within the parameters expected and there were no unusual trends. Covid was still a factor. The Council acted as a "responsible employer" and provided appropriate levels of support to staff.

Councillor Hakewill raised concern whether the high level of vacancies indicated was resulting in staff having to take on excessive workloads and try to do “two peoples” jobs. The Assistant Chief Executive confirmed that managers had a duty of care to try to avoid individuals being set unachievable targets. The use of agency staff helped minimise this situation, until longer term solutions could be found.

The report’s recommendations were **MOVED** by Councillor Paul Marks and **SECONDED** by Councillor Mark Rowley.

RESOLVED that: -

- (i) The Committee note the report;
- (ii) The Committee noted the actions being taken to develop the Council’s performance monitoring arrangements.

83. Update – Maintained Nurseries

The Committee noted as North Northamptonshire Council was only funded for the 15 hours universal entitlement based on participation in Maintained Nursery Supplement (MNS), it had been decided to move towards a participation model of funding for MNS in 2023-24. This was deemed the only proportionate, fair and sustainable mechanism. This was presented to School Forum earlier in the year.

In order to ensure MNS funding was being spent appropriately and to ensure future sustainability of the four maintained nurseries a Scrutiny sub-committee was set up to visit the four maintained nurseries and review the outcomes of the financial audits that took place in the summer in order to arrive at a decision as to whether moving to participation-based funding as agreed at School Forum was the right decision.

The report included a summary of all activity that had taken place to date:

Finance and Compliance Audit

An in depth financial/compliance audit of each of the four maintained nurseries had now been completed and the final reports with minimal recommendations had been agreed with Heads and circulated to the Scrutiny Panel for oversight. All recommendations and actions would be re-visited in spring/summer term 2023.

Due to the complexities of staffing and financial processes in one of the nurseries, it resulted in the need to make additional audit enquiries in relation to safer recruitment processes, this audit was completed and recommendations were put in place and addressed by the setting.

Further to the October 2022 update to the Committee, an independent provider had now been identified and procured to undertake a complete Safeguarding Audit in each of the four maintained nurseries. This audit would appraise measures currently in

place to ensure that they are up to standard and effective, fully compliant legally but also that all policies and procedures were read and understood by staff. The audits are scheduled to take place in January 2023.

Maintained Nursery Schools Review - Task & Finish Group

The sub-committee was convened to undertake visits to each of the four nurseries and these had now been completed.

An officer accompanied the committee on their visits and the committee was supported in the compilation of questions and gathering of additional information. The outcome of the visits and questions were summarised for consideration by the panel however the meeting set for 14th December 2022 had been postponed and another date was in the process of being arranged, as a decision on the outcome of the Scrutiny review would need to be reflected at School Forum in January 2023 when the funding amounts would need to be announced for 2023/24.

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 were now in receipt of funding. In addition, the first monitoring meeting had taken place and all settings had a plan in place to evidence spend of the grant by March 2023. The second monitoring meetings were due to take place in January following the outcome of the Scrutiny decision.

The Chair confirmed to the Committee that there were two action points requiring completion, the meeting to consider the Audit Outcome report (postponed from 12th December 2022) and a meeting with the Chair of the School Forum. These would be completed as soon as possible. On conclusion, the task & finish group would have a final meeting prior to submitting its findings and comments to the Committee. The outcome of the Committee's deliberations would be forwarded directly to the Executive. It was confirmed that there was no requirement to refer to the Scrutiny Commission.

There was a brief discussion regarding the likely level of Government grant funding for 2023/2024 and when this was likely to be known.

Councillor Hakewill stressed the importance of the maintained nurseries knowing as soon as possible what level of funding they could expect for 2023/24. Councillor Hakewill was concerned that the maintained nurseries needed to start assessing the

positive or negative impact of their respective grant funding as soon as possible, in order that appropriate financial and staffing planning could be undertaken.

The Committee agreed that the maintained nurseries should be provided with a timeline of decision-making, in order that they knew when to expect to hear their proposed financial position. The Senior School Improvement Manager would liaise with the Director of Children's Services to communicate this information to the maintained nurseries.

The report's recommendation was **MOVED** by Councillor Paul Marks and **SECONDED** by Councillor Mark Rowley.

RESOLVED that: -

- (i) The Committee note the report.

84. Close of Meeting

Meeting closed at 8:28 pm.