

EXECUTIVE 12th January 2022

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| Report Title | Budget Forecast 2022/23 as at Period 8 |
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| Lead Member | Councillor Lloyd Bunday, Executive Member for Finance and Transformation |

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|--|---|
| 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 (2022/23) and Medium-Term Financial Plans for North Northamptonshire Council for the General Fund and the Housing Revenue Account were approved by Council at its meeting on 24th February 2022. The purpose of this report is to set out the forecast outturn position 2022/23 for the Council for the General Fund and the Housing Revenue Account.
- 1.2. This monitoring report sets out the material financial issues identified since the 2022/23 budget was set, based on the income and expenditure as at end of November 2022 (Period 8) and reflects the views of the budget managers within the Directorates.
- 1.3. As part of the ongoing monitoring process, work will continue to examine income and expenditure and activity data, against the available budgets to support the position presented and help to shape the medium-term financial plan.
- 1.4. Some areas remain unchanged from the previous report; however, the detail of these variances is included within the report for completeness.

2. Executive Summary

- 2.1 This report provides commentary on the Council's forecast for the revenue outturn position 2022/23, which, for the General Fund, is indicating an overspend of £5.752m based on the information available as at Period 8 (November 2022). With regard to the Housing Revenue Account (HRA) overall, there is a forecast overspend of £281k.
- 2.2 The Council will continue to assess and refine the forecasts on a regular basis using the latest intelligence available. The forecast presented in the report is based on the best available data and information of the operations of the Council.
- 2.3 Whilst there are a number of movements on the General Fund since last month, the overall reduction is predominantly as a result of a reduction in domestic waste disposal costs and a reduction in Adult Social Care pressures.
- 2.4 The Council will seek further efficiencies in year to offset the forecast overspend. In Period 7, the remainder of the Council's contingency budget was applied to reduce the in-year impact of the costs arising from Home to School Transport alongside the pressures from the pay award which exceeded the budget expectations of 3%. The Council also has reserves available to call on for any balance remaining, however, it will look to achieve in- year mitigations in the first instance.
- 2.5 The HRA position is unchanged from Period 7, the main pressure is due to the agreed pay award being higher than budgeted.

3. Recommendations

- 3.1 It is recommended that Executive:
- a) Note 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) Note the assessment of the current deliverability of the 2022/23 savings proposals in Appendix A.
- 3.2 Reason for Recommendations – to note the forecast financial position for 2022/23 as at Period 8 and consider the impact on this year and future years budgets.
- 3.3 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.

4. Report Background

General Fund

- 4.1 The Council's Revenue Budget for 2022/23 was set at the Council meeting on 24th February 2022. The overall outturn forecast for the General Fund for 2022/23, as at Period 8 is a forecast overspend of £5.752m against a budget of £300.075m. This is summarised in the table below

| General Fund Forecast Outturn 2022/23 | | | |
|--|----------------------------|---|---------------------------------------|
| | Net Budget £000 | Forecast Position at 31/03/2023 £000 | Forecast Variance £000 |
| Net Available Resources | 300,075 | 300,075 | 0 |
| Total Corporate Budgets | 26,494 | 26,494 | 0 |
| Children and Education | 64,445 | 68,943 | 4,498 |
| Adults, Communities and Wellbeing Services | 118,694 | 118,582 | (112) |
| Place and Economy | 59,655 | 64,242 | 4,587 |
| Enabling and Support Services | 30,785 | 27,564 | (3,221) |
| Total Directorate Budgets | 273,581 | 279,333 | 5,752 |
| Total Budget | 300,075 | 305,827 | 5,752 |
| Net Position | (0) | 5,752 | 5,752 |

Note – Favourable variances are shown in brackets

- 4.2 The net budget approved by Council was increased by £4.168m from £295.907m to £300.075m in Period 3. This reflects the use of earmarked reserves of £3.938m which was approved by the Executive at the meeting on 14th July 2022 and was to mitigate pressures relating to Home to School Transport, short-term vehicle leasing costs, commercial income for grounds maintenance and facilities management from the previous Wellingborough NORSE contract, and Knuston Hall. The Executive also approved a further contribution of £230k from the Public Health Reserve to underwrite the potential shortfall in the School Holiday Food Voucher Scheme over the Summer break.
- 4.3 The forecast position at Period 8 is an overspend of £5.752m this is a favourable movement of £424k since the last report to Executive (Period 7) where an overspend of £6.176m was reported. The following table summarises the movement.

| | Report Ref | Net Budget | P7 Forecast Variance | Movement in Forecast | P8 Forecast Variance |
|---|------------|----------------|----------------------|----------------------|----------------------|
| | | £000 | £000 | £000 | £000 |
| Children and Education | | 64,445 | 4,266 | 232 | 4,498 |
| Assistant Director of Education | 5.8 | 6,696 | (283) | 232 | (51) |
| Commissioning and Partnerships | 5.9 | 57,749 | 4,549 | 0 | 4,549 |
| Adults, Communities and Wellbeing Services | | 118,694 | 159 | (271) | (112) |
| Adult Services | 5.20 | 89,647 | 260 | (260) | 0 |
| Safeguarding and Wellbeing | 5.20 | 13,033 | 0 | 0 | 0 |
| Commissioning and Performance | 5.20 | 5,099 | 0 | 0 | 0 |
| Public Health | 5.31 | 138 | (138) | 0 | (138) |
| Housing and Community Services | 5.32 | 10,777 | 37 | (11) | 26 |
| Place and Economy | | 59,655 | 5,007 | (420) | 4,587 |
| Assets and Environment | 5.38 | 2,202 | 1,649 | 0 | 1,649 |
| Growth and Regeneration | 5.40 | 4,143 | 133 | (141) | (8) |
| Highways and Waste | 5.42 | 50,378 | 2,905 | (413) | 2,492 |
| Regulatory Services | 5.44 | 2,284 | 320 | 134 | 454 |
| Directorate Management | 5.46 | 648 | 0 | 0 | 0 |
| Enabling and Support Services | | 57,279 | (3,256) | 35 | (3,221) |
| Finance and Corporate | 5.3 & 5.47 | 32,953 | (1,590) | 5 | (1,585) |
| Chief Executive | 5.55 | 2,371 | (492) | 10 | (482) |
| HR, Legal and Democratic Services | 5.57 | 9,003 | (1,015) | 52 | (963) |
| Transformation | 5.64 | 12,952 | (159) | (32) | (191) |
| Total | | 300,075 | 6,176 | (424) | 5,752 |

Housing Revenue Account

- 4.4 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.

4.5 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.

4.6 The Council's overall outturn forecast for the Housing Revenue Account as at Period 8, is a forecast overspend of £281k (Period 7 £281k) against the approved budget of £36.270m. This is summarised in the table below and further details are set out in Section 6. It is important to note that this is subject to continual review.

| Housing Revenue Account Forecast Outturn 2022/23 | | | | |
|---|--------------------|-----------------|--------------|---|
| Directorate | Budget | | | P8 Forecast Variance at 31/03/23 £'000 |
| | Expenditure | Income | Net | |
| | £'000 | £'000 | £'000 | |
| Corby Neighbourhood Account | 20,141 | (20,141) | 0 | 82 |
| Kettering Neighbourhood Account | 16,129 | (16,129) | 0 | 199 |
| Net Position 2022/23 (under)/over | 36,270 | (36,270) | 0 | 281 |

National Context

4.7 The national, and indeed the global, economy is seeing significant inflationary pressures that could not have been foreseen at this scale only a few months ago.

4.8 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. This has led the Office 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 in part has resulted in higher interest rates.

4.9 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, 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.

4.10 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 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.

- 4.11 Central banks across the world have responded to inflationary pressures by tightening monetary policy or signalling their intention to do so. Market interest rates have risen sharply, reflecting expectations of further policy tightening in response to renewed risks of more persistent, higher inflation and increasing credit risk.
- 4.12 The Bank of England increased the Base Rate by 0.50% to 3.50% on the 15th December 2022. This is the ninth consecutive increase since December 2021 and the rate is at its highest level for 14 years (November 2008 – 3%). It is anticipated that more rate rises are likely next year, and some analysts suggest rates could reach 4.5% by the middle of next year.
- 4.13 The inflation figures for November are slightly lower than in October. The 12-month CPI figure for November was 10.7% (October - 11.1%) and the 12-month RPI figure for November was 14% (October - 14.2%).
- 4.14 Councils like most organisations continue to see the impact of price rises, particularly around fuel and energy costs (for example, the street lighting PFI). A number of services are provided under contract, and it is likely that the Authority will experience some pressure from suppliers regarding current arrangements and any new contracts entered in to. As part of the budget setting for 2022/23, the Council included growth to address forecast inflationary increases in light of the position known at the time. However, the significant and continuing increase in the rate of inflation has added further risk to the 2022/23 position and has significantly increased the pressures for the 2023/24 Budget.
- 4.15 Further risk to Local Government funding comes from the high street as the Country enters a recession and individuals have less disposable income. This poses a risk for the Council's future income generation from business rates should businesses cease to trade. It may also see more people seeking to access Council Tax Support and other financial support which could reduce the overall Council Tax yield.
- 4.16 Alongside this there is a recognition that the demand for services may increase and the Council will review its offer in all areas as part of future financial and service planning.
- 4.17 The context of the national and global economy along with potential changes to the local government financial landscape in the future through reforms are key considerations for the Council as it continues to deliver its services for 2022/23 and were key considerations in developing the 2023/24 draft budget proposals

and Medium-Term Financial Plan which were presented at the December meeting of the Executive.

5. Overview of Forecast Position 2022/23

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 November 2022 75.81% of Council Tax had been collected (November 2021 – 75.06%). Business Rates collection is 75.44% at the end of November 2022 (November 2021 – 68.37%). It should be noted that in 2021/22 there were technical changes to the collectable debit owing to how COVID Retail Relief was applied. Initially reliefs for the period April 2021 to March 2022 were granted at 100% and then in July 21 the reliefs were adjusted to 50% for the period July 21 to March 22 in line with the requirements of the scheme, this meant that where businesses had received retail relief, bills for the year were reissued in July and in effect businesses commenced payments from this point rather than April giving rise to a lower collection rate in November 2021 compared to November 2022. Therefore, the figures are not directly comparable, the current collection rate for 2022/23 remains strong.
- 5.2 It is unknown how businesses will be affected in the longer term following the reduction / cessation of financial support. However, the Autumn Statement issued by Government on 17th November did point to further business rates support for businesses in 2023/24 including the protection from an inflationary uplift in the rates payable and this was confirmed in the provisional Local Government Financial Settlement where the Business Rates multiplier remained unchanged for 2023/24.

Corporate Resources

- 5.3 The total net budget for Corporate Resources is £26.494m which consists of the contingency budget and budgets for treasury related costs.
- 5.4 The contingency budget is held to meet unknown or unplanned/ unbudgeted costs. The contingency budget for 2022/23 was £4.750m and the contingency budget had been used in full as at Period 7. This does present a risk to the Council for the remaining four months as any further pressures would not be able to be met through the contingency budget. The following Table provides a summary of how the contingency budget has been used in 2022/23.

| Contingency | Executive Meeting | Amount £'000 |
|---------------------------------|-------------------|-----------------|
| Total Contingency Budget | | 4,750 |
| Virements | | |
| Maintained Nursery Schools | 29/03/22 | (650) |
| Increments | 14/07/22 | (1,150) |
| Energy Costs | 27/09/22 | (500) |
| Pay award | 22/12/22 | (1,532) |
| Home to School Transport | 22/12/22 | (918) |
| Balance | | 0 |

Directorate Budgets

- 5.5 This section of the report provides an analysis of the forecast variations against the 2022/23 General Fund for each of the Directorates as set out in the table at paragraph 4.3.

Children's Services Directorate

- 5.6 The budget for Children's and Education Services includes the Commissioning and Partnerships including Northamptonshire Children's Trust and Education Services not funded by the Dedicated Schools Grant (DSG).
- 5.7 The net forecast position for Period 8 for Children's and Education Services is an overspend of £4.498m (Period 7 - £4.266m overspend). The forecast outturn position consists of a net underspend of £51k (Period 7 - £283k underspend) in Education Services and an overspend of £4.549m (Period 7 - £4.549m overspend) in Commissioning and Partnerships, which also includes the Northamptonshire Children's Trust contract sum.

Education

| Assistant Director of Education | £'000 |
|--|--------------|
| Expenditure | 11,744 |
| Income | (5,048) |
| Net Budget | 6,696 |
| Forecast | 6,645 |
| Variance | (51) |

- 5.8 The forecast underspend relating to Education Services comprises of the following variances.
- 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 is £1.109m, however following a further review, the cost to the North was revised to £834k. This resulted in a forecast underspend of £275k, which is unchanged from Period 7.
 - The Teachers' Pension strain is funded from DSG and the amount of DSG funding was previously understated, resulting in additional DSG income of £462k. Additionally, Specialist Support Service has decided to utilise the additional DSG funding of £20k, reported in period 7, to mitigate the cost pressures relating to professional fees and hired services. This has resulted in a forecast net benefit of £462k (Period 7 - £482k underspend).
 - The School Improvement Monitoring and Brokering Grant was budgeted at £226k. This grant should have been disaggregated between the North and West, however the full grant was reflected in the North. The actual grant is being phased out and 2022/23 is the final year that it will be paid

– the amount that will be received has reduced to £50k in 2022/23 – resulting in a pressure of £176k (Period 7 - £176k pressure).

- There are a number of vacant posts across the service which are currently being filled by agency staff, which is forecast to result in a net pressure of £321k (Period 6 - £125k pressure).
- The Teachers' Pension is mainly funded via the DSG, with the exception of those teachers who were employed post 2013. This post 2013 budget for this amounted to £236k and the forecast is £270k resulting in a pressure of £34k (Period 7 - £34k pressure).
- There is a shortfall of £93k in income from fees and charges. This is mainly due to the increasing demand in the Educational Psychology service area. The service's priority is to cover its core work and statutory assessments which has reduced the time to work on income generating services (Period 7 - £104k pressure).
- There is a forecast pressure of £128k (Period 7 - £71k pressure) in relation to reduced income in Education Services. In addition, there are other minor savings across the service which result in a favourable variance of £66k (Period 7 - £36k saving).

Commissioning and Partnerships

5.9 The net revenue budget for Commissioning and Partnerships is set out in the table below, this includes the Northamptonshire Children's Trust.

| Commissioning and Partnerships | £'000 |
|---------------------------------------|---------------|
| Expenditure | 63,071 |
| Income | (5,322) |
| Net Budget | 57,749 |
| Forecast | 62,296 |
| Variance | 4,549 |

5.10 Commissioning and Partnerships is forecasting a pressure of £4.549m (Period 7 - £4.549m Pressure). The main reason for the forecast overspend relates to pressures at the Children's Trust where the forecast overspend is £11.741m – owing to the timing of the Period 8 reports information in this report continues to be based on Period 7 forecasts the Children's Trust. These pressures pose a significant financial risk to the Council as these pressures are unlikely to be mitigated. The cost to NNC based on an overspend at NCT of £11.741m is £5.185m, this reflects how the contract sum is split between North Northamptonshire Council (44.16%) and West Northamptonshire Council (55.84%). Section 5.16 sets out some further pressures from NCT which were outside of their Period 7 report.

5.11 The main pressure within the Children's Trust relates to placements for children in care – this amounts to £8.584m (Period 7 - £8.584m). 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 the current and in future years. The following table provides further detail around the pressure from placements.

| Placement Type | Net Budget £'000 | Projected Outturn £'000 | Variance £'000 |
|--------------------------------|-----------------------------|--|---------------------------|
| In House Fostering | 8,542 | 8,342 | (200) |
| Agency Foster Care Placements | 14,924 | 16,196 | 1,272 |
| Residential Placements | 17,216 | 20,891 | 3,675 |
| Supported Accommodation | 3,312 | 7,043 | 3,731 |
| 18+ Agency Placements | 4,806 | 5,716 | 910 |
| Welfare Secure | 308 | 93 | (215) |
| Disabled Children's Placements | 3,814 | 3,073 | (741) |
| UASC | 4,569 | 4,824 | 255 |
| Remand Secure | 274 | 171 | (103) |
| Total | 57,765 | 66,349 | 8,584 |

- 5.12 There are also pressures on transport costs of £675k (Period 7 - £675k), this is as a result of an increase in fuel costs. There is a risk that the inflation on transport costs could be above current levels and the recent increase in covid infections, may reduce the opportunities to reduce demand.
- 5.13 The current staffing budget across the Trust is projecting a pressure of £1.796m (Period 7 - £1.796m Pressure). This reflects increases in relation to the uplift in agency rates, which have seen an average increase of 5%. The main pressure relates to the pay award which was budgeted at 2% and reflected in the contract sum but based on the national pay award of £1,925 per employee amounts to around 6.3%.
- 5.14 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 forecast pressure of £844k (Period 7 - £844k Pressure).
- 5.15 There are other variances within the Children's Trust which amount to a saving of £158k (Period 7 - £158k Saving).
- 5.16 In addition to the pressures reported by NCT as part of their P7 monitoring there are further pressures totalling £832k. North Northants share of these pressures amount to £367k (based on the contract split) and consist of the following:
- The Internal foster care provision is more cost effective than paying for external placements, therefore, to ensure the Trust can continue to recruit and retain internal foster carers an inflationary uplift of 4% to foster carer payments has been applied from October 2022. The cost of this is £104k and North Northants Council's share is £46k and West Northants Council's share is £58k.
 - The Trust are continuing to use a managed social care team until the end of the financial year, which will provide additional capacity to the safeguarding service, ensuring that social care caseloads continue at a manageable level. This will result in an additional pressure of £728k, and

North Northants Council's share is £321k and West Northants Council's share is £407k.

5.17 The Children's and Education Services remaining in the Council include the Intelligent Client Function for the Northamptonshire Children's Trust 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

5.18 The forecast underspend relating to Commissioning and Partnership Services comprises of the following variances:

- The Council's share of the NCT contract agreement in 2022/23 is £60.7m. Included within the contract sum was an amount for support services provided to NCT by both 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, it is anticipated that the Council will provide less support services and this will be in line with those provided in the previous year. This will in effect reduce the Council's income to £1.258m, resulting in a pressure of £500k – this is unchanged from Period 7.
- There is budgetary provision of £691k which was to meet any unforeseen pressures within the Commissioning Service, this will be used in full to mitigate the financial pressures being forecast and this position is unchanged from Period 7.
- There is a favourable variance of £172k which relates to the budget provision being higher than the contract with NCT this is unchanged to that reported in Period 7. There are also minor budget pressures of £18k on NCT grants. The service is forecasting to receive less grants than budgeted.
- There is a forecast underspend of £246k (Period 7 - £246k underspend) across Commissioning and Partnerships, of which £262k relates to staffing (Period 7 - £262k saving). The remaining £16k represents minor forecast pressures (Period 7 - £16k saving).
- There was budgetary provision of £412k (Period 7 - £412k) following the disaggregation of NCC this budget has not been utilised and is being reflected as a saving.

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

Adults, Communities and Wellbeing Directorate

- 5.20 The revenue budget covers Adult Social Services, Community Services and Public Health and Wellbeing. The changes following the Leadership Review and change in responsibilities have not yet been reflected in the financial monitoring and will be picked up in due course. The details of the forecast outturn position are set out in the paragraphs which follow.

Adults, Communities and Wellbeing Directorate

Adult Social Care, Safeguarding and Wellbeing and Commissioning and Performance Services

| Adult Services | £'000 |
|-----------------------|---------------|
| Expenditure | 106,602 |
| Income | (16,955) |
| Net Budget | 89,647 |
| Forecast | 89,647 |
| Variance | 0 |

| Safeguarding and Wellbeing | £'000 |
|-----------------------------------|---------------|
| Expenditure | 18,009 |
| Income | (4,976) |
| Net Budget | 13,003 |
| Forecast | 13,033 |
| Variance | 0 |

| Commissioning and Performance | £'000 |
|--------------------------------------|--------------|
| Expenditure | 14,683 |
| Income | (9,585) |
| Net Budget | 5,099 |
| Forecast | 5,099 |
| Variance | 0 |

- 5.21 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.
- 5.22 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.

- 5.23 The service has supported an uplift award of 6.5% to care providers for providing care packages on framework rates during 2022/23, this is expected to cost approximately £2.7m during the year which has been met through additional investment in Adult Social Care as part of the 2022/23 budget setting process.
- 5.24 Within Adult Social Care there is £3.6m for demographic growth of which £0.5m relates to Mental Health Services; these are driven by the forecast number of additional people 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.
- 5.25 To support with the implementation of the Adult Social Care reform £852k of grant has been allocated in 2022/23. The impacts of social care reform include the introduction of the care cap of £86k from October 2023, which is a lifetime contribution of care costs, impact of means testing and fair funding for self-funder – following the Autumn Budget announcement on 17th November this has now been delayed until 2025. It also includes the introduction of fair cost of care.
- 5.26 In addition to this a new grant has been awarded to support local authorities to prepare for reform in Adult Social Care for NNC this is an additional £98k and Members approved the inclusion of this funding and additional expenditure at the July Executive meeting.
- 5.27 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 (£0.647m), 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.
 - 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.
 - Other savings include the increased use of PPP block purchased beds (£0.932m) this will involve reducing the spend within the independent market and increase the use of the beds for hospital discharges.

- 5.28 The current forecast is a breakeven position (Period 7 - £260k Pressure). The forecast assumes that the savings detailed in 5.27 are achieved in year. These savings will continue to be tracked, and any impact of the achievability will form part of future reports. In addition to the in- year monitoring the 2021/22 trends have been used to assist in the monitoring of this year's budget; however, this has limitations as there is only one year's data and this was significantly impacted by the Covid pandemic. The trends of spend and activity will continue to be updated to support future forecasts.
- 5.29 Similar, to the previous reports, the current monitoring identifies a number of pressures within working aged adults, this is being offset by savings within services for older people, work is continuing to realign these budgets and to understand the potential risks to the forecast, particularly in light of inflation and changes in demand.
- 5.30 Such examples of potential pressures include an unexpected increase in demand during the winter period, e.g., an increase in flu and other respiratory diseases, unexpected provider failures, additional pressures from acute hospitals, changes in caselaw and adverse weather. Mitigations would be sought to manage these pressures including, in exceptional circumstances, the use of reserves. This is an area the Council will continue to monitor closely.

Public Health

- 5.31 Public Health and Wellbeing is forecasting an underspend of £138k this reflects the split between grant and expenditure and that Public Health costs are fully funded through the Public Health grant, this is unchanged to Period 7.

| Public Health | £'000 |
|----------------------|--------------|
| Expenditure | 41,822 |
| Income | (41,684) |
| Net Budget | 138 |
| Forecast | 0 |
| Variance | (138) |

Housing and Community Services

- 5.32 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.

| Housing and Community Services | £'000 |
|---------------------------------------|---------------|
| Expenditure | 22,626 |
| Income | (11,849) |
| Net Budget | 10,777 |

| | |
|-----------------|-----------|
| Forecast | 10,803 |
| Variance | 26 |

- 5.33 The forecast includes a pressure of £95k (Period 7 - £95k pressure) relating to the under achievement of income at the Lodge Park Sports Centre in Corby; this has not yet recovered to pre pandemic levels. This is off-set by additional income of £30k (Period 6 - £30k).
- 5.34 The forecast includes a pressure of £299k (Period 7 - £299k pressure) for electricity and gas at the Corby International Pool. This reflects current market conditions where utility costs have increased significantly and reflects the estimated support from Government up to 31st March 2023. This is an area the Council will continue to monitor closely.
- 5.35 These pressures are partially offset by additional revenue of £200k (Period 7 - £200k underspend) for temporary accommodation within the homelessness service where housing policies have been harmonised. There are also savings on staff costs of £127k which are able to be capitalised against the Disabled Facilities capital project – this is unchanged from Period 7.
- 5.36 In addition, there are minor pressures of £11k.

Place and Economy

- 5.37 The Place and Economy budget covers the following four functional areas plus Management Costs:

- Assets and Environment
- Growth and Regeneration
- Highways and Waste
- Regulatory Services

Assets and Environment

- 5.38 Assets and Environment, includes Facilities Management, Property Estate Management, Energy and Fleet Management, Grounds Maintenance, Parks and Open Spaces and On and Off-street parking enforcement. It 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 and heritage sites, demand for commercial rental spaces, use of office space and use of energy.

| Assets and Environment | £'000 |
|-------------------------------|--------------|
| Expenditure | 22,833 |
| Income | (20,631) |
| Net Budget | 2,202 |
| Forecast | 3,851 |
| Variance | 1,649 |

5.39 The Assets and Environment Service is forecasting a pressure £1.649m (Period 7 - £1.649m Pressure). The main variances within the Service are outlined below. Officers are looking to mitigate the in-year pressures detailed below including some specific actions linked to Knuston Hall and Fleet Vehicles detailed below:

- **Country Parks and Outdoor Learning** (£190k Saving – Period 7 £146k Saving)
This relates to a projected saving of £205k (Period 7 - £162k Saving) at Knuston Hall (this is after the budgets were realigned in Period 2 had the budgets not been realigned the pressure would have been £452k). The main variances relating to Knuston Hall comprises of net savings in running costs of £242k plus salary savings of £404k. The savings are offset by £292k due to a reduction in income, and increase in security costs of £149k. This follows the current closure of this facility. There is a projected pressure of £15k (Period 7 - £16k Pressure) within Country Parks relating to salaries and repairs and maintenance. A separate paper on the future of Knuston Hall was considered by the Executive at the September meeting.
- **Grounds Maintenance** – (£69k Saving – Period 7 £69k Saving)
There are additional costs incurred on specialist waste disposal of £47k (as a result of market volatility on costs of disposal), a one-off spend to purchase equipment and tools of £85k and other various net minor overspends of £17k. These are offset by a one-off grant of Local Authority Tree Fund grant of £89k and salary savings due to vacancies of £129k.
- **Car Parks (Corby/Kettering/ENC)** – (£125k Pressure – Period 7 £151k Pressure)
This relates to the cost of Business Rates £62k, for the Corby Car Parks for which no budgetary provision had been included within the legacy authority. There is also a net pressure of £137k due to a reduction in car parking income across Corby sites as this has not returned to pre-pandemic levels and remains under budget. This is offset by net salary savings due to vacancies of £74k.
- **Public Realm** (£88k Pressure – Period 7 £108k Pressure)
This relates to additional staffing costs for works in respect of the Corby Town Investment Plan for which there is no budget.
- **Property and Facilities Management** – (£1.039m pressure – Period 7 £0.904m Pressure)
The majority of the pressure relates to an estimated £800k overspend on utilities across the service. The total forecast pressure is around £1.3m. The Council's corporate contingency included £500k for utility pressures and this was drawn down in Period 5 to partially offset this pressure. Work is ongoing and more accurate figures will be known once suppliers confirm pricing for the next tranche of bills. This is also being reviewed in light of government support announced recently for businesses which will also apply to local councils. The service is continuing to look at ways to mitigate the increase in utility costs.

- Facilities Management (FM) unbudgeted business rates pressures of £38k
 - FM £124k pressure on general security, cleaning, waste disposal.
 - FM additional repairs and maintenance costs of £85k at Eaton Walk
 - FM net salary pressure of £135k
 - Property Management pressures of £87k on business rates on Sheerness House and other sites, and a projected reduction in garage income of £42k.
 - Property Management projected loss of rental income for the Enterprise Centre of £115k and rent for occupying Corby Innovation Hub £23k and other various minor pressures of £26k.
 - The pressures above of £675k are partially offset by additional rental income (due to rent reviews) of £436k.
- **Fleet Vehicles** – (£146k Pressure – Period 7 £153k Pressure)
This relates to an estimated increase in the cost of fuel £272k, and an increase in leasing costs £131k, for 2 extra vehicles partially offset by salary savings of (£21k) and an underspend on fleet costs of £236k. A separate paper on the leasing of fleet vehicles for the Wellingborough area was recently considered by the Executive which should see a positive impact to fleet costs.
- **Parking (Bus Lane Enforcement)-** (£534k Pressure – Period 7 £533k Pressure)
There is a reduction in the forecasted income from bus lane enforcement of £212k and pressures in relation to the car parking service of £322k.
- **Minor variances** for Assets and Environment amount to a saving of £23k (Period 7 £15k Pressure).

Growth and Regeneration

- 5.40 Growth and Regeneration includes Planning Services, Economic Development, Growth and infrastructure, Regeneration, Digital Infrastructure, Climate Change and Flood and 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.

| Growth and Regeneration | £'000 |
|--------------------------------|--------------|
| Expenditure | 7,559 |
| Income | (3,416) |
| Net Budget | 4,143 |
| Forecast | 4,135 |
| Variance | (8) |

- 5.41 The Growth and Regeneration Service is forecasting a saving of £8k (Period 7 – £133k pressure). The main variances within the Service are outlined below.

- **Planning Policy** – (£13k Pressure – Period 7 £15k pressure)
This comprises of a salary underspend of £92k due to staff vacancies and other minor pressures of £5k. This is partially offset by a reduction in income

of £100k due to income no longer being received from the Joint Planning Unit, resulting in an overall pressure of £13k.

- **Development Management** – (£115k Pressure – Period 7 £224k Pressure)
This comprises a projected overspend on staffing of £402k and £193k on legal and professional fees. This is offset by a projected increase in Planning income of £494k and other minor pressures of £14k.
- **Economic Development** – (£29k Underspend – Period 7 £3k Pressure)
This comprises of a salary underspend of £143k due to staff vacancies and is partially offset by a reduction in income of £64k which relates to a grant which is no longer received, an increase in rates of £55k and other various minor savings of £5k.
- **Environment Planning, Transport Management and Climate** – (£107k Underspend – Period 7 £109k Underspend)
There is a net underspend of £135k which relates to a legacy budget. This is offset by additional agency costs of £28k.

Highways and Waste

- 5.42 Highways and Waste includes street cleaning, waste and recycling collections and disposals, including the household waste and recycling centres and Transport Management. The highways services maintain the extensive network of public roads, footpaths, and rights of way, including highway related infrastructure such as streetlights, traffic signals, bridges, gullies, and highway trees. Services also include School Transport and Concessionary fares. Key cost drivers include the tonnes of waste materials collected from households, businesses, and litter bins for recycling and disposal, variations to costs per tonnage, existing conditions, and Investment on various highway assets, as well as the impact of extreme weather conditions, school age population for school transport and the agility of the older population for concessionary fares.

| Highways and Waste | £'000 |
|--------------------|---------------|
| Expenditure | 56,118 |
| Income | (5,740) |
| Net Budget | 50,378 |
| Forecast | 52,870 |
| Variance | 2,492 |

- 5.43 The Highways and Waste Service is forecasting a pressure of £2.492m (Period 7 - £2.905m). Officers are looking to mitigate the in-year pressures detailed below through a number of means. The variances within the Service are outlined below:

- **Highways and Traffic Management** – (£712k Pressure – Period 7 £711k Pressure)
There is a forecast pressure of £566k for streetlighting (which includes the estimated energy price cap reduction), and a further £137k on Netcom traffic signals, these are both as a result of increasing energy costs. There are

also minor pressures amounting to £9k. Officers are looking at how to mitigate the streetlighting pressure through investment in LED lighting, therefore reducing the energy usage and costs.

- **Waste Management** – (£740k saving– Period 7 £281k Saving)
This relates to a saving of £219k on domestic waste disposal where previous forecast was based on 21/22 tonnage at 22/23 prices, current forecast is based on actual 22/23 tonnages which are lower. Also, additional income of £246k relating to a one-off performance payment from the contractor relating to the diversion of tonnages from land fill offset by £10k pressure on landfill energy. A saving of £285k on the Household Waste Recycling Centre (HWRC) resulting from a £71k saving from HWRC residual and wood waste, specialist waste disposal, £35k saving on adhoc waste and HWRC Wood Waste Bonus, £172k saving due to HWRC additional income and £7k staffing and other efficiency savings.
- **Refuse and Recycling** – (£328k Pressure – Period 6 £328k Pressure)
There is a reduction in income of £180k from the Commercial Trade Waste Service within the Wellingborough area following the NORSE contract coming to an end and a net pressure of £148k on the Kettering and Corby disposal costs.
- **Home to School transport** - (£2.349m Pressure). An overall pressure on the Home to School transport budget of £3.267m (£263k is on mainstream transport, £3.016m is on SEND transport and a saving of £12k on other). This is in addition to the overspend of £2.392m reported in Period 2 for this area. The Executive at the meeting on 14th July agreed to underwrite these pressures through the use of reserves. The increase in overspend of £3.267m was partially offset from the of £918k from the corporate contingency – reducing the pressure to £2.349m. This position is unchanged to that reported in Period 7.

The increased costs relating to Home to School transport, are a result of a continued increase in children with Special Education Needs and Disabilities (SEND) requiring specialist transport in line with Educational Health and Care Plans (EHCP) which has been rising nationally and reflected in local demand pressures. This is coupled with an increase in contract prices following the hyper-inflation of fuel, the shortage of drivers and passenger assistants, and the state of the transport sector following the Covid pandemic. More broadly, the limited availability of SEND facilities in North Northamptonshire also increases the distances travelled by children, which results in increased costs for routes.

This increase has arisen because contracts are put in place for the start of the academic year in September with a tranche of late applications processed during September ready for implementation after half-term (end of October). It is at this point that all contracts are in place and operating, that the team are able to confirm all contractual arrangements and costs for the rest of the academic year. Some further applications do occur throughout the academic term so further contracts may be required, but the numbers are significantly fewer than in September and October

- **Transport and Contract Management** – (£157k Saving – Period 7 £202k Saving). There is a projected underspend of £157k which relates to a saving on concessionary fares as we are paying operators a fixed annual rate based on pre-Covid levels (i.e., an average for the actual number of journeys in the winter months prior to the COVID-19 outbreak - December 2019 to February 2020 – as per the current methodology set by the Department for Transport (DFT)). The Executive on 22 April 2022 agreed to reimburse bus operators for concessionary travel at 100% of pre-Covid levels until 30th September 2022 and then at 90% of pre-Covid levels until 31st March 2023. The government are currently reviewing the guidance for 2023/24.

Regulatory Services

- 5.44 Regulatory Services includes Bereavement Services, Building Control, Emergency Planning, Environmental Health, Trading Standards, and the Travellers Unit. The main income and cost drivers include the local economy and market for Building Control income, age/morbidity demographic rate for bereavement services (burials and cremations), public health demand for Environmental Health services, and legal/statutory obligations for building regulations and licensing.

| Regulatory Services | £'000 |
|----------------------------|--------------|
| Expenditure | 10,023 |
| Income | (7,739) |
| Net Budget | 2,284 |
| Forecast | 2,738 |
| Variance | 454 |

- 5.45 Regulatory services are forecasting a pressure of £454k (Period 7 – £320k Pressure) The variances within the Service, are outlined below:

- **Building Control** (£30k Pressure – Period 7 £30k Pressure)
This is made up of a projected salary underspend of £187k due to vacancies, offset by the cost of employing agency staff to cover a number of these vacancies (£157k). There is projected loss of income of £60k relating to Building Control and Local Land charges.
- **Environmental Health** (£46k Saving – Period 7 £72k Saving)
Relates to a salary underspend due to delay in recruitment on vacancies of (£250k) offset by agency costs of £167k and by a reduction in income of £37k.
- **Licencing** (£142k Saving – Period 7 £162k Saving)
This relates to a salary underspend due to vacant posts of £133k, offset by the cost of employing agency staff to cover vacancies of £20k and £29k savings on professional fees.
- **Resilience** (£56k Saving – Period 7 £56k Saving)
The underspend relates to staffing vacancies.

- **Trading Standards** (£50k Pressure – Period 7 £50k Pressure)
Net overspends relating to the employment of a CX Database Consultant after offsetting against salary underspends.
- **Bereavement Services** (£578k Pressure – Period 7 £490k Pressure)
Relates to projected loss of income of £463k in the service at Wellingborough and Kettering - this is an area that is currently being reviewed. There is also a £90k pressure on the gas budget and a £25k pressure on the Supplies and Services Budgets.
- **Highways and Private Sewers and Countywide Travellers Unit** (£40k Pressure – Period 7 £40k Pressure)
Relates to pressures on Street Lighting and electricity based on current costs.

Place and Economy Management

- 5.46 This area includes the management costs for the Place and Economy Directorate and is forecast to be on budget and is unchanged from Period 5.

| Directorate Management | £'000 |
|-------------------------------|--------------|
| Expenditure | 648 |
| Income | 0 |
| Net Budget | 648 |
| Forecast | 648 |
| Variance | 0 |

Enabling and Support Services

- 5.47 Enabling and Support Services consists of the following main grouping of services, which also cover a number of corporate budget areas:
- Finance, Procurement and Revenues and Benefits Service
 - Chief Executive – Policy and Communications
 - Human Resources and Governance
 - Transformation, Customer Services & IT

An analysis of key variances reported at Period 7 now follows:

Finance, Performance, Procurement and Revenues and Benefits Service

| Finance and Corporate | £'000 |
|------------------------------|----------------|
| Expenditure | 76,830 |
| Income | (70,371) |
| Net Budget | 6,459 |
| Forecast | 4,874 |
| Variance | (1,585) |

- 5.48 There is a pressure of £269k (Period 7 - £269k) arising within the Lead Authority finance operations functions. This follows changes to service levels within those functions as a result of LGR, where increased demand has

required service redesign. This pressure is offset by an underspend of £450k in relation to the disaggregation of legacy pension budgets – which is unchanged from Period 7.

- 5.49 There is a forecast saving in borrowing costs of £601k (Period 7 - £601k Saving) due to lower levels of external borrowing than originally forecast. In addition, the interest receivable is forecast to be £640k above budget owing to the increase in interest rates (Period 7 - £640k).
- 5.50 There is a forecast saving of £129k within the Procurement function. This arises due to forecast staff savings of £166k from vacancies in year and minor savings of £10k, both partially offset by pressures of £47k relating to legacy income targets not achievable (Period 7 - £129k).
- 5.51 There is a forecast saving of £147k in the Internal Audit service, resulting from the new service delivery model (Period 7 - £148k).
- 5.52 There are forecast savings within the Revenue and Benefits function of £165k (Period 7 - £163k).
- 5.53 There is a forecast pressure of £217k resulting from budgets which were disaggregated from NCC which incorporated savings which are not deliverable.
- 5.54 There are other minor pressures which amount to £61k

Chief Executive's Office

| Chief Executive | £'000 |
|------------------------|--------------|
| Expenditure | 2,424 |
| Income | (53) |
| Net Budget | 2,371 |
| Forecast | 1,899 |
| Variance | (482) |

- 5.55 There is a forecast net saving of £319k across Executive Support, Communications and the Web team. This results from staff savings through vacancies of £391k, which are partially offset by minor pressures of £72k.
- 5.56 There is a forecast saving within Performance, Intelligence & Partnerships of £163k, arising through posts remaining vacant.

HR & Governance

| HR & Governance | £'000 |
|----------------------------|--------------|
| Expenditure | 11,286 |
| Income | (2,283) |
| Net Budget | 9,003 |
| Forecast | 8,040 |
| Variance | (963) |

- 5.57 There are anticipated savings of £487k within HR, relating to the timing of recruitment, where current vacancies have been analysed to identify likely appointment dates (Period 7 – £507k Saving). These savings are partially offset by additional costs of £40k for Agency workers (Period 7 - £80k Pressure).
- 5.58 There are forecast savings of £70k relating to the timing of Hay work for the pay and grading project. This work is now expected to be completed in the 2023/24 financial year.
- 5.59 There is a forecast saving of £125k within the Training Commissioning function, arising as a result of changes in approach to online training. These forecast savings are partially offset by minor pressures totalling £17k
- 5.60 Within the Legal and Governance service there is a forecast saving on salary costs of £1.003m, partially offset by consequent Agency costs of £786k; this provides a net saving of £217k (Period 7 - £217k Saving).
- 5.61 There is an anticipated pressure of £139k in the Coroner’s Service related to the usage of The Leys storage facility, which is a cold storage facility brought into use in late 2021/22 (Period 7 - £100k Pressure).
- 5.62 There is a forecast saving of £165k within Legal Services relating to higher than budgeted legal income (Period 7 £165k).
- 5.63 There are further minor favourable variances within Governance Services that provide a forecast saving of £95k (Period 7 - £67k).

Transformation

| Transformation | £'000 |
|-----------------------|---------------|
| Expenditure | 13,061 |
| Income | (109) |
| Net Budget | 12,952 |
| Forecast | 12,761 |
| Variance | (191) |

- 5.64 There is an anticipated underspend of £688k on salaries within the transformation team (£689k in Period 7), predominantly due to vacancies and the anticipated timing of recruitment. £365k of this is being funded through reserves so has no bottom-line impact on the budget and £323k is reflected as a saving. In addition, there are one-off costs of £291k which relate to changes in the leadership structure.
- 5.65 Similarly, there are further anticipated staff savings of £77k (Period 7 - £56k) within the IT function partially offset by minor pressures of £4k (Period 7 - £22k).
- 5.66 There is a forecast pressure of £59k within the Customer Services team arising from the issuing of blue badges (Period 7 - £70k). This issue results from the disaggregation of the County Council’s budget.

- 5.67 There is a forecast saving on Customer Services salaries of £155k (Period 7 - £168k underspend) due to vacant posts.
- 5.68 There are other minor pressures across the Directorate totalling £10k, (Period 7 - £12k Pressures), arising mainly from software licences and staff training.

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 (Corby Neighbourhood Account and the Kettering Neighbourhood Account).

Corby Neighbourhood Account

- 6.2 The forecast position for the Corby Neighbourhood Account at the end of Period 8 shows an overspend of £82k (Period 8 - £82k Overspend) This is summarised in the following table:

| Corby Neighbourhood Account | | | |
|------------------------------------|-----------------------|----------------------|-----------------|
| | Current Budget | Projection P7 | Variance |
| | 2022/23 | 2022/23 | |
| | £000 | £000 | £000 |
| INCOME | | | |
| Rents - Dwellings Only | 19,480 | 19,439 | 41 |
| Service Charges | 641 | 590 | 51 |
| HRA Investment Income | 20 | 20 | 0 |
| Total Income | 20,141 | 20,049 | 92 |
| EXPENDITURE | | | |
| Repairs and Maintenance | 5,676 | 5,864 | 188 |
| General Management | 5,275 | 4,974 | (301) |
| HRA Self Financing | 2,125 | 2,125 | 0 |
| Revenue Contribution to Capital | 3,876 | 3,876 | 0 |
| Transfer To / (From) Reserves | 1,972 | 1,972 | 0 |
| Special Services | 763 | 735 | (28) |
| Other | 454 | 585 | 131 |
| Total Expenditure | 20,141 | 20,131 | (10) |
| Net Operating Expenditure | 0 | 82 | 82 |

- 6.3 The forecast position for rental income from dwellings at Period 8 is £41k less income than budget – this is a result of the Right to Buy Sales being 12 higher than the budgeted amount of 40 in 2021/22, resulting in a lower number of dwellings on 1st April 2022 resulting in a lower rental yield. At this stage the assumptions for the number of Right to Buy Sales in 2022/23 remain unchanged at 50 and the void rate is 0.10% lower than budgeted figure of 0.90%. The number of sales and void rates are areas that will be closely monitored during the course of the year. The pressure on service charge income of £51k is a result of budgets being increased by £19k and the inflationary increase not being realised and a variance £32k relating to a combination of optional emergency alarm charges not being taken up in the sheltered schemes and service charges on void properties.

- 6.4 The underspend within Repairs and Maintenance, General Management, Special Services and Other amounts to £10k which primarily reflects a £248k reduction in the cost of the insurance premium due to increasing the amount of insurance excess. The net saving on salaries and agency costs is £148k. This is due to a combination of vacant posts which are offset by agency costs (£483k) which is partially reduced by the increased national pay award (£335k). The contingency budget of £66k has been used to reduce the increased pay award and there are other minor favourable variations of £53k. These savings are partially offset by increases in utility costs (£93k), repairs and maintenance costs (£219k) and the under-recovery of other income (£193k).

Kettering Neighbourhood Account

- 6.5 The forecast position for the Kettering Neighbourhood Account at the end of Period 8 shows an overspend of £199k (Period 7 - £199k overspend). This is summarised in the following Table:

| Kettering Neighbourhood Account | | | |
|--|---------------------------------------|--------------------------------------|-----------------|
| | Current Budget 2022/23 | P7 Projection 2022/23 | Variance |
| | £000 | £000 | £000 |
| INCOME | | | |
| Rents - Dwellings Only | 15,679 | 15,658 | 21 |
| Service Charges | 443 | 446 | (3) |
| HRA Investment Income | 7 | 7 | 0 |
| Total Income | 16,129 | 16,111 | 18 |
| EXPENDITURE | | | |
| Repairs and Maintenance | 4,025 | 4,297 | 272 |
| General Management | 2,857 | 2,945 | 88 |
| HRA Self Financing | 4,513 | 4,513 | 0 |
| Revenue Contribution to Capital | 2,728 | 2,728 | 0 |
| Transfer To / (From) Reserves | 208 | 208 | 0 |
| Special Services | 1,146 | 1,117 | (29) |
| Other | 652 | 502 | (150) |
| Total Expenditure | 16,129 | 16,310 | 181 |
| Net Operating Expenditure | 0 | 199 | 199 |

- 6.6 The forecast position for rental income from dwellings at Period 8 is £21k lower than budget – there is a rent gain of £36k as a result of the Right to Buy Sales being 8 less than the budgeted amount of 30 in 2021/22, resulting in a higher number of dwellings at 1st April 2022 resulting in a higher rental yield; however, this is reduced by a shortfall of £57k due to a higher void rate. At this stage the assumptions for the number of Right to Buy Sales in 2022/23 remain unchanged at 30. The number of sales and void rates are areas that will be closely monitored during the course of the year. There is a minor favourable variance on service charge income of £3k resulting in income being £18k lower than budget.

- 6.7 The forecast position for Period 8 is an increase in expenditure of £181k. Salary costs are £402k higher than budget due to the use of agency staff (£82k) and the pay award (£320k). Stock costs are £189k higher due to inflationary price increases. This pressure is offset by Repairs and maintenance costs being £82k lower than budget, subcontractor costs being £111k lower than budget due to services being brought back in-house and the contingency of £150k has been used to fund these pressures. There are other minor savings of £67k.

7. Conclusions

- 7.1 The forecast for 2022/23 is an overspend of £5.752m based on the position as at the end of Period 8 (Period 7 - £6.176m). This still remains a comparatively early indication of the pressures for the financial year and Service Directors will be working to mitigate these pressures in-year, including those of the Children's Trust. The Council's contingency budget of £4.750 has been fully utilised to manage the in-year pressures. The Council also holds earmarked reserves which may be used to underwrite the current pressures while Service Directors work to address them.
- 7.2 The key risks which are set out in the report will continue to be monitored and actions sought as required throughout 2022/23. The achievement of the approved savings targets is also integral to this process and will continue to be monitored and reported.

8. Implications (including financial implications)

8.1 Resources, Financial and Transformation

- 8.1.1 The financial implications are set out in this report. The current forecast position for the General Fund is an overspend of £5.756m (Period 7 - £6.176m) and the Housing Revenue Account is forecasting an overspend of £281k this is unchanged from Period 7.

8.2 Legal and Governance

- 8.2.1 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).
- 8.2.2 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 Council agreeing its 2022/23 budget.

8.3 Relevant Policies and Plans

- 8.3.1 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.

8.4 Risk

8.4.1 The deliverability of the 2022/23 Revenue Budget is monitored by Budget Managers and Assistant Directors. Where any variances or emerging pressures are identified during the year then mitigating actions will be sought and management interventions undertaken.

8.4.2 Details of pressures, risks and mitigating actions implemented will be provided as part of the finance monitoring reports as the year progresses. The main risks identified include demand led services such as Adult Social Care, children's services and home to school transport together with the impact of high levels of inflation.

8.4.3 Whilst services will work hard to offset pressures, the Council holds a number of reserves to help safeguard against the risks inherent within the budget for 2022/23.

8.5 **Consultation**

8.5.1 The 2022/23 budget was subject to consultation prior to approval by Council in February 2022.

8.6 **Consideration by Executive Advisory Panel**

8.6.1 Not applicable.

8.7 **Consideration by Scrutiny**

8.7.1 The budget monitoring reports are presented to the Finance and Resources Scrutiny Committee for review after they have been presented to the Executive Committee.

8.8 **Equality Implications**

8.8.1 There are no specific issues as a result of this report.

8.9 **Climate and Environment Impact**

8.9.1 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.

8.10 **Community Impact**

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

8.11 **Crime and Disorder Impact**

8.11.1 There are no specific issues arising from this report.

9 **Issues and Choices**

- 9.1 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 and 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 2022/23 and Medium-Term Financial Plans, including the Council Tax Resolution, North Northamptonshire Council, 24th February 2022.

Monthly Budget Forecast Reports to the Executive.