

## EXECUTIVE 16<sup>th</sup> March 2023

<b>Report Title</b>	Budget Forecast 2022/23 as at Period 10
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<b>Key Decision</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Is the decision eligible for call-in by Scrutiny?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Are there public sector equality duty implications?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Does the report contain confidential or exempt information (whether in appendices or not)?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Applicable paragraph number for exemption from publication under Schedule 12A Local Government Act 1974</b>	

### List of Appendices

Appendix A – Savings Schedule

#### **1. Purpose of Report**

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- 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 24<sup>th</sup> 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 January 2023 (Period 10) 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

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- 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 £2.111m based on the information available as at Period 10 (January 2023). With regard to the Housing Revenue Account (HRA) overall, there is a forecast overspend of £234k.
- 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 lower spend than previously forecast on Property Management Costs and Adult Social Care together with an increase in investment income. These savings are partial offset by an increase in staffing costs within the Children's Directorate and an increase in placements costs within the Children's Trust.
- 2.4 The Council will continue to seek further efficiencies in year to offset the forecast overspend. The remainder of the Council's contingency budget was applied in Period 7 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.

## 3. Recommendations

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- 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 10 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 24<sup>th</sup> February 2022. The overall outturn forecast for the General Fund for 2022/23, as at Period 10 is a forecast overspend of £2.111m against a budget of £300.075m. This is summarised in the table below:

<b>General Fund Forecast Outturn 2022/23</b>			
	<b>Net Budget £000</b>	<b>Forecast Position at 31/03/2023 £000</b>	<b>Forecast Variance £000</b>
<b>Net Available Resources</b>	<b>300,075</b>	<b>300,075</b>	<b>0</b>
<b>Total Corporate Budgets</b>	<b>26,494</b>	<b>26,494</b>	<b>0</b>
Children and Education	64,213	70,126	5,913
Adults, Communities and Wellbeing Services	118,566	117,643	(661)
Place and Economy	59,605	61,671	2,066
Enabling and Support Services	31,197	26,252	(5,207)
<b>Total Directorate Budgets</b>	<b>273,581</b>	<b>275,692</b>	<b>2,111</b>
<b>Total Budget</b>	<b>300,075</b>	<b>302,186</b>	<b>2,111</b>
<b>Net Position</b>	<b>(0)</b>	<b>2,111</b>	<b>2,111</b>

*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 that were approved by the Executive at its meeting on 14<sup>th</sup> 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 10 is an overspend of £2.111m this is a favourable movement of £3.131m since the last report to Executive (Period 9) where an overspend of £5.242m was reported. The following table summarises the movement.

	Report Ref	Net Budget	P9 Forecast Variance	Movement in Forecast	P10 Forecast Variance
		£000	£000	£000	£000
<b>Children and Education</b>		<b>64,213</b>	<b>5,194</b>	<b>719</b>	<b>5,913</b>

	Report Ref	Net Budget	P9 Forecast Variance	Movement in Forecast	P10 Forecast Variance
		£000	£000	£000	£000
Assistant Director of Education	5.8	6,463	235	68	303
Commissioning and Partnerships	5.10	57,750	4,959	651	5,610
<b>Adult Services</b>		<b>118,566</b>	<b>(207)</b>	<b>(454)</b>	<b>(661)</b>
Adult Services	5.21	89,453	0	(380)	(380)
Safeguarding and Wellbeing	5.21	13,051	0	0	0
Commissioning and Performance	5.21	4,894	0	0	0
Public Health	5.32	400	(138)	0	(138)
Housing and Community Services	5.33	3,113	(422)	(74)	(496)
Performance, Intelligence and Communities	5.33	7,655	353	0	353
<b>Place and Economy</b>		<b>59,605</b>	<b>3,980</b>	<b>(1,914)</b>	<b>2,066</b>
Assets and Environment	5.39	2,208	1,208	(1,424)	(216)
Growth and Regeneration	5.41	4,192	(8)	(195)	(203)
Highways and Waste	5.43	50,279	2,296	(8)	2,288
Regulatory Services	5.45	2,274	484	(287)	197
Directorate Management	5.47	652	0	0	0
<b>Enabling and Support Services</b>		<b>57,691</b>	<b>(3,725)</b>	<b>(1,482)</b>	<b>(5,207)</b>
Finance and Performance	5.48	34,146	(2,489)	(411)	(2,900)
Chief Executive	5.59	9,372	(419)	(147)	(566)
Customer and Governance	5.61	11,073	(805)	(485)	(1,290)
Transformation	5.74	3,100	(12)	(439)	(451)
<b>Total</b>		<b>300,075</b>	<b>5,242</b>	<b>(3,131)</b>	<b>2,111</b>

### 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 1<sup>st</sup> 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 10, is a forecast overspend of £234k (Period 9 £154k) 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.

<b>Housing Revenue Account Forecast Outturn 2022/23</b>				
<b>Directorate</b>	<b>Budget</b>			<b>P10 Forecast Variance at 31/03/23</b>
	<b>Expenditure</b>	<b>Income</b>	<b>Net</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Corby Neighbourhood Account	20,141	(20,141)	0	33
Kettering Neighbourhood Account	16,129	(16,129)	0	201
<b>Net Position 2022/23 (under)/over</b>	<b>36,270</b>	<b>(36,270)</b>	<b>0</b>	<b>234</b>

### **National Context**

- 4.7 The national, and indeed the global, economy continues to see significant inflationary pressures, with energy prices pushed to record levels, which in turn has contributed to high inflation. The Monetary Policy Committee (MPC) of the Bank of England has taken action to get inflation under control; this in part has resulted in higher interest rates.
- 4.8 The Bank of England increased the Base Rate by 0.5% to 4.0% on the 2<sup>nd</sup> February 2023. This was the tenth 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 this year, and some analysts suggest rates could reach 4.5% by the middle of this year.
- 4.9 The CPI inflation figures for January 2023 are slightly lower than in December 2022. The 12-month CPI figure for January was 10.1% (December – 10.5%) the 12-month RPI figure for January was unchanged at 13.4% (December – 13.4%).
- 4.10 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 the Authority is experiencing 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 pressure to the 2022/23 position which has been taken into account for the 2023/24 budget.

- 4.11 Further risk to Local Government funding comes from the high street as individuals have less disposable income and businesses face high energy and supply costs. 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.
- 4.12 Alongside this there is a recognition that the demand for services may increase which will need to be taken into account as part of financial and service planning.
- 4.13 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.

## **5. Overview of Forecast Position 2022/23**

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### **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 January 2023 93.53% of Council Tax had been collected (January 2022 – 93.10%). Business Rates collection was 91.33% at the end of January 2023 (January 2022 – 87.03%). 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 2021 to March 2022 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 December 2021 compared to December 2022. Therefore, the figures are not directly comparable and the current collection rate for 2022/23 remains strong.

### **Corporate Resources**

- 5.2 The total net budget for Corporate Resources is £26.494m which consists of the contingency budget and budgets for treasury related costs.
- 5.3 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 three 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.

<b>Contingency</b>	<b>Executive Meeting</b>	<b>Amount £'000</b>
<b>Total Contingency Budget</b>		<b>4,750</b>
Virements		

<b>Contingency</b>	<b>Executive Meeting</b>	<b>Amount £'000</b>
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)
Release to support bottom line forecast position	22/12/22	(918)
<b>Balance</b>		<b>0</b>

## Directorate Budgets

- 5.4 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

- 5.5 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).
- 5.6 The net forecast position for Period 10 for Children's and Education Services is an overspend of £5.913m (Period 9 - £5.194m overspend). The forecast outturn position consists of a net overspend of £303k (Period 9 - £235k overspend) in Education Services and an overspend of £5.610m (Period 9 - £4.959m overspend) in Commissioning and Partnerships, which also includes the Northamptonshire Children's Trust contract sum.

### Education

<b>Assistant Director of Education</b>	<b>£'000</b>
Expenditure	12,158
Income	(5,695)
<b>Net Budget</b>	<b>6,463</b>
Forecast	6,766
<b>Variance</b>	<b>303</b>

- 5.7 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. It has further increased to £1.165m in-year following the contingency budget that has been provided for the inflationary pay rise recently approved for 2022/23. The Council is billed on quarterly basis, and the service have now received the final invoice for the year, totalling £845k. This has resulted in a forecast underspend of £320k (Period 9 - £264k underspend).

- The Teachers' Pension strain is funded from DSG and the amount of DSG funding was previously understated, resulting in additional DSG income of £473k – this has not changed from period 9.
- The School Improvement Monitoring and Brokering Grant was budgeted at £226k. This grant should have been disaggregated between North and West Northamptonshire respectively; however the full grant was reflected within North Northamptonshire. In reality the grant is being phased out and 2022/23 is the final year that it will be paid and the amount that will be received has reduced to £61k in 2022/23 – resulting in a pressure of £165k against the budget (Period 9 - £165k pressure).
- The Education Health and Care service is continuing to rely heavily on interim workers to fulfil its statutory obligations. This is due to an increased level of need being identified as a result of the impact of COVID, a high number of vacancies, and backlog of historic assessments. The service had intended to phase out the existing agency staff by December 2022, however, due to ongoing pressures and the additional work required to finalise the substantive structure of the team, this will now not be completed until April 2023 at the earliest. The service is now looking to recruit and upskill staff to ensure the future needs of children, young people and their families can be met. The Corporate Leadership Team (CLT) has approved a contribution of £274k from the Contain Outbreak Management Fund (COMF) to mitigate some of the COVID related pressures. A further request for additional funding to support the team may now be required to mitigate the pressure across the wider Children's Services staffing budgets, which are forecast to result in a net pressure of £783k (Period 9 - £636k 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. It has been decided by the senior management for the budget to be held centrally, resulting in nil variance to the Education Services (Period 9 - £34k pressure).
- The Education Psychology service are required to cover additional school-commissioned work to reduce risks of exclusion and non-engagement with education for highly vulnerable children and young people. This is anticipated to yield a net saving of £15k (Period 9 - £35k pressure).
- There is a forecast pressure of £144k (Period 9 - £144k pressure) relating to unachievable income in Educational Psychology (£31k), Safeguarding in Education (£111k) and Northamptonshire Safeguarding Children Partnership (£2k). In addition, there are other minor pressures across the services which result in a net pressure of £19k (Period - £42k saving).

## **Commissioning and Partnerships**

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



<b>Commissioning and Partnerships</b>	<b>£'000</b>
Expenditure	63,072
Income	(5,322)
<b>Net Budget</b>	<b>57,750</b>
Forecast	63,360
<b>Variance</b>	<b>5,610</b>

- 5.9 Commissioning and Partnerships is forecasting a pressure of £5.610m (Period 9 - £4.959m Pressure). The main reason for the forecast overspend relates to pressures within the Children's Trust where the forecast overspend for Northamptonshire is £14.995m (Period 9 - £12.653m overspend). Owing to the timing of the Period 10 reports for the Trust, the information in this report is based on Period 9 forecasts for the Children's Trust. These pressures pose a significant financial risk to the Council as they are unlikely to be mitigated before year end. The cost to the Council based on a NCT overspend of £14.995m is £6.621m, this reflects how the contract sum is split between North Northamptonshire Council (44.16%) and West Northamptonshire Council (55.84%). There is a further risk that this position will continue to worsen before year end.
- 5.10 The main pressure within the Children's Trust relates to placements for children in care – this amounts to £10.850m (Period 9 - £9.607m). 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.

<b>Placement Type</b>	<b>Net Budget £'000</b>	<b>Projected Outturn £'000</b>	<b>Variance £'000</b>
In House Fostering	8,542	8,342	(200)
Agency Foster Care Placements	14,924	16,271	1,347
Residential Placements	17,216	21,408	4,192
Supported Accommodation	3,312	8,675	5,363
18+ Agency Placements	4,806	4,922	116
Welfare Secure	308	418	110
Disabled Children's Placements	3,814	3,566	(248)
UASC	4,569	4,824	255
Remand Secure	274	189	(85)
<b>Total</b>	<b>57,765</b>	<b>68,615</b>	<b>10,850</b>

- 5.11 There are also pressures on transport costs of £801k (Period 9 - £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.

- 5.12 The current staffing budget across the Trust is projecting a pressure of £1.900m (Period 9 - £1.900m 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%.
- 5.13 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 (Period 9 - £728k), and North Northants Council's share is £321k and West Northants Council's share is £407k.
- 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 9 - £844k Pressure).
- 5.15 There are other variances within the Children's Trust which amount to a saving of £128k (Period 9 - £374k Saving).
- 5.16 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
- 5.17 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 9.
  - 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 9.

- There is a favourable variance of £172k which relates to the budget provision being higher than the contract with NCT this is unchanged to what was reported in Period 9. There are also minor budget pressures of £19k on NCT grants. The service is forecasting to receive less grants than budgeted.
- There is a forecast underspend of £255k (Period 9 - £240k underspend) across Commissioning and Partnerships, of which £247k relates to staffing (Period 9 - £253k saving). The remaining £8k represents minor forecast savings (Period 9 - £13k pressure).
- There was budgetary provision of £412k (Period 9 - £412k) following the disaggregation of NCC this budget has not been utilised and is being reflected as a saving.

5.18 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**

5.19 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**

<b>Adult Services</b>	<b>£'000</b>
Expenditure	106,571
Income	(17,118)
<b>Net Budget</b>	<b>89,453</b>
Forecast	89,073
<b>Variance</b>	<b>(380)</b>

<b>Safeguarding and Wellbeing</b>	<b>£'000</b>
Expenditure	17,864
Income	(4,813)
<b>Net Budget</b>	<b>13,051</b>
Forecast	13,051
<b>Variance</b>	<b>0</b>

<b>Commissioning and Performance</b>	<b>£'000</b>
Expenditure	14,479
Income	(9,585)

<b>Commissioning and Performance</b>	<b>£'000</b>
<b>Net Budget</b>	<b>4,894</b>
Forecast	4,894
<b>Variance</b>	<b>0</b>

- 5.20 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.
- 5.21 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.
- 5.22 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.
- 5.23 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.
- 5.24 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 17<sup>th</sup> November this has now been delayed until 2025. It also includes the introduction of fair cost of care.
- 5.25 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.
- 5.26 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.

5.27 The current forecast is an underspend of £380k (Period 9 - breakeven). 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.

5.28 The Council is in receipt of a number of grants that are available to support with Winter Pressures and Hospital Discharge. These include the original Winter funding of £1.868m, the Social Care Discharge Fund announced on 22<sup>nd</sup> September 22 of £1.051m and the further allocation off the Discharge Funding for Step Down that was announced on 9<sup>th</sup> January 2023 which has a Northamptonshire system wide allocation is £2.5m . Work is being undertaken to complete a financial plan for the different funding allocations.

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.

## Public Health

5.30 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 9.

Public Health	£'000
Expenditure	44,693
Income	(44,555)

<b>Public Health</b>	<b>£'000</b>
<b>Net Budget</b>	<b>138</b>
Forecast	0
<b>Variance</b>	<b>(138)</b>

### **Housing Performance Intelligence and Communities**

- 5.31 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.

<b>Housing</b>	<b>£'000</b>
Expenditure	6,909
Income	(3,796)
<b>Net Budget</b>	<b>3,113</b>
Forecast	2,617
<b>Variance</b>	<b>(496)</b>

<b>Performance, Intelligence and Communities</b>	<b>£'000</b>
Expenditure	15,708
Income	(8,053)
<b>Net Budget</b>	<b>7,655</b>
Forecast	8,008
<b>Variance</b>	<b>353</b>

- 5.32 The forecast includes a pressure of £95k (Period 9 - £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 9 - £30k).
- 5.33 The forecast includes a pressure of £299k (Period 9 - £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 31<sup>st</sup> March 2023. This is an area the Council will continue to monitor closely.
- 5.34 These pressures are partially offset by additional revenue of £200k (Period 9 - £200k underspend) for temporary accommodation within the homelessness service where housing policies have been harmonised. There are also staff costs of £296k which are able to be capitalised against the Disabled Facilities grant (£222k Period 9).
- 5.35 In addition, there are minor efficiencies of £11k.

## Place and Economy

5.36 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

In light of the in-year pressures, Place and Economy have regularly reviewed opportunities for potential budget savings to help mitigate the pressure. As part of these ongoing reviews, during December and January the following areas were identified as potential areas requiring further scrutiny:

- In year additional savings
- Supplies and Services spend review until end of March 23
- Vacancy factor for roles anticipated to be recruited to
- Review of planned spend until March 23

Across Place and Economy, the review has identified a further £675k saving for 2022/23. It has also highlighted, within Assets and Environment, additional in-year savings of £1.239m compared to previous reports and these are predominantly linked to the timing of the service restructure.

Outlined below are the details of the variances across each service area.

### Assets and Environment

5.37 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.

<b>Assets and Environment</b>	<b>£'000</b>
Expenditure	22,839
Income	(20,631)
<b>Net Budget</b>	<b>2,208</b>
Forecast	1,992
<b>Variance</b>	<b>(216)</b>

5.38 The Assets and Environment Service is forecasting a saving of £0.216m (Period 9 - £1.208m Pressure). The main variances within the Service are outlined below.

- **Country Parks and Outdoor Learning** (£176k Saving – Period 9 £198k Saving).

This relates to a projected saving of £133k (Period 9 - £205k Saving) at Knuston Hall. The main variances relating to Knuston Hall comprises of net savings in running costs of £243k plus salary savings of £432k. These savings are offset by the associated costs relating to the closure of the facility totalling £542k. There is also a projected saving of £43k (Period 9 - £7k Pressure) within Country Parks relating to additional income from increased footfall. A separate paper on the future of Knuston Hall was considered by the Executive at the September 2022 meeting.

- **Grounds Maintenance** – (£97k Saving – Period 9 £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 £90k. These are offset by a one-off grant of Local Authority Tree Fund grant of £89k and salary savings due to vacancies of £145k.
- **Car Parks** – (£24k Saving – Period 9 £114k 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 £126k 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 mitigated by net salary savings of £212k.
- **Public Realm** (£47k Pressure – Period 9 £88k Pressure)  
This relates to additional staffing costs for works in respect of the Corby Town Investment Plan.
- **Property and Facilities Management** – (£654k saving – Period 9 £722k Pressure)  
The majority of the pressure in this area 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 cost. The figures will be reviewed in light of the actual bills. The service is continuing to look at ways to mitigate the increase in utility costs. Other net savings/pressures include:
  - As part of the budget scrutiny conducted in December/January, Facilities Management (FM) identified Business Rates savings of £176k, further savings on salaries of £404k, running costs of £88k and additional rent of £189k.
  - Property Management pressure due to loss of income 1-6 Eaton Walk £85k.
  - Property Management pressures of projected reduction in garage income of £44k.
  - The Property management pressures above of £129k are offset by additional rental income (due to rent reviews) of £435k and additional back rent of £291k.
- **Fleet Vehicles** – (£109k Pressure – Period 9 £146k Pressure)  
This relates to an estimated increase in the cost of fuel £258k, and an increase in leasing costs £131k, for 2 extra vehicles partially offset by salary savings of £20k and an underspend on fleet costs of £260k.



- **Parking (Bus Lane Enforcement)-** (£644k Pressure – Period 9 £527k Pressure)  
There is a reduction in the forecasted income from bus lane enforcement of £219k and pressures in relation to the car parking service due to loss of income of £425k.
- **Street Lighting and Assets Managed –** (£65k Saving – Period 9 - £94k saving) due to lower than anticipated costs associated with operating the service including salaries £6k, operational running costs of £54k and additional income of £5k.

## Growth and Regeneration

5.39 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.

<b>Growth and Regeneration</b>	<b>£'000</b>
Expenditure	7,608
Income	(3,416)
<b>Net Budget</b>	<b>4,192</b>
Forecast	3,989
<b>Variance</b>	<b>(203)</b>

5.40 The Growth and Regeneration Service is forecasting a saving of £203k (Period 9 – £8k saving). The main variances within the Service are outlined below.

- **Planning Policy –** (£124k Saving – Period 9 £13k Pressure)  
This comprises of a salary underspend of £144k due to staff vacancies, increased income of £356k and net minor savings of £16k, offset by staffing costs overspends £226k and agency costs of £56k. This is also partially offset by a reduction in income of £110k due to income no longer being received from the Joint Planning Unit, resulting in an overall saving of £124k.
- **Development Management –** (£125k Pressure – Period 9 £115k Pressure)  
This comprises a projected overspend on staffing of £367k and £225k on legal and professional fees. This is offset by a projected increase in Planning income of £479k and other minor pressures of £12k.
- **Economic Development –** (£128k Saving – Period 9 £29k Saving)  
This comprises of a salary underspend of £152k due to staff vacancies, professional fees of £85k, partially offset by a reduction in income of £54k which relates to a grant which is no longer received, and an increase in rates of £55k.
- **Environment Planning, Transport Management and Climate –** (£76k Saving – Period 9 £107k Saving)

There is a net underspend of £132k which relates to a legacy budget and staffing savings of £40k. This is offset by additional agency costs within Flood and Water Management of £130k and professional fees savings of £24k. Other minor savings of £10k.

## Highways and Waste

- 5.41 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, 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	58,452
Income	(8,173)
<b>Net Budget</b>	<b>50,279</b>
Forecast	52,567
<b>Variance</b>	<b>2,288</b>

- 5.42 The Highways and Waste Service is forecasting a pressure of £2.288m (Period 9 - £2.296m). 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** – (£643k Pressure – Period 9 £712k Pressure)

There is a forecast pressure of £498k 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 £8k. Officers are looking at how to mitigate the streetlighting pressure through investment in LED lighting, therefore reducing the energy usage and costs.
- Waste Management** – (£658k saving– Period 9 £767k Saving)

This relates to a saving of £82k on domestic waste disposal costs as a result of the tonnage levels being lower than forecast. There is additional income of £253k relating to a one-off performance payment from the contractor relating to the diversion of tonnages from landfill offset by a £15k pressure on landfill energy. An overall saving of £338k on the Household Waste Recycling Centre (HWRC) resulting from fluctuations in tonnages and disposal charges.
- Refuse and Recycling** – (£483k Pressure – Period 9 £328k Pressure)

There is an increased pressure around new contract increases in recycling of £297k. There are also ongoing salary pressures of £277k and this is mitigated in part by additional income from bulky waste of £89k and other minor savings of £2k.

- **Home to School transport** - (£2.341m Pressure). An overall pressure on the Home to School transport budget of £3.259m (£263k is on mainstream transport, £3.016m is on SEND transport and a saving of £20k 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 £3.259m was partially offset by £918k from the corporate contingency – reducing the pressure to £2.341m.

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** – (£521k Saving – Period 9 £318k Saving). There are net minor pressures totaling £19k, offset by £200k underspend on Active Travel, additional bus subsidies grant of £184k and a projected underspend of £156k 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.

## **Regulatory Services**

- 5.43 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.

<b>Regulatory Services</b>	<b>£'000</b>
Expenditure	7,142
Income	(4,868)
<b>Net Budget</b>	<b>2,274</b>
Forecast	2,471
<b>Variance</b>	<b>197</b>

5.44 Regulatory services are forecasting a pressure of £197k (Period 9 – £484k Pressure) The variances within the Service, are outlined below:

- **Building Control** (£15k Pressure – Period 9 £45k Pressure)  
This is made up of a projected salary underspend of (£275k) due to vacancies, offset by the cost of employing agency staff to cover a number of these vacancies of £166k, resulting in a net saving of £109k. There is projected loss of income of £132k relating to Building Control and Local Land charges and minor savings on supplies and services of £8k.
- **Environmental Health** (£174k Saving– Period 9 £15k Pressure)  
This relates to a salary underspend on vacancies of (£411k) and supplies and services saving £23k, offset by increased agency costs of £225k and a reduction in income of £35k.
- **Licencing** (£199k Saving – Period 9 £182k Saving)  
This relates to a salary underspend due to vacant posts of £119k, £40k savings on professional fees and additional income of £40k.
- **Resilience** (£103k Saving – Period 9 £62k Saving)  
The underspend relates to staffing vacancies.
- **Trading Standards** (£38k Pressure – Period 9 £50k Pressure)  
Net overspend relating to the employment of an IT consultant Project Manager to oversee the implementation of the Trading Standards Database disaggregation North/West, and migration from the current server based to a Cloud based (CX software) solution after offsetting against salary underspends.
- **Bereavement Services** (£588k Pressure – Period 9 £578k Pressure)  
This 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 £35k pressure on the Supplies and Services Budgets.
- **Highways and Private Sewers and Countywide Travellers Unit** (£32k Pressure – Period 9 £40k Pressure)  
This relates to pressures on Street Lighting and electricity based on current costs.

## Place and Economy Management

- 5.45 This area includes the management costs for the Place and Economy Directorate and is forecast to be on budget and is unchanged from Period 9.

<b>Directorate Management</b>	<b>£'000</b>
Expenditure	652
Income	0
<b>Net Budget</b>	<b>652</b>
Forecast	652
<b>Variance</b>	<b>0</b>

## Enabling and Support Services

- 5.46 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 and IT

An analysis of key variances reported at Period 10 now follows:

## Finance, Performance, Procurement and Revenues and Benefits Service

<b>Finance and Performance</b>	<b>£'000</b>
Expenditure	105,718
Income	(71,310)
<b>Net Budget</b>	<b>34,408</b>
Forecast	31,508
<b>Variance</b>	<b>(2,900)</b>

- 5.47 There is a pressure of £75k (Period 9 - £112k) arising within the Lead Authority finance operations functions. This follows from a detailed review of the service forecasts with the service lead and a consequent reduction in the estimated recharge from partner authorities. This pressure is offset by an underspend of £450k (Period 9 - £450k) in relation to the disaggregation of legacy pension budgets.
- 5.48 There is a forecast saving in borrowing costs of £601k (Period 9 - £601k) due to lower levels of external borrowing than originally forecast. In addition, the interest receivable is forecast to be £1.100m above budget owing to the increases in interest rates (Period 9 - £1.100m).
- 5.49 Additionally, within corporate budgets, additional income of £500k has been recognised through a transfer from Public Health as a contribution towards relevant corporate costs, acknowledging the costs of the delivery of the Public Health service.

- 5.50 There is a forecast saving of £163k within the Procurement function. This arises from forecast staff savings of £226k, due to vacancies. This is partially offset by pressures of £63k arising from legacy income targets that are not wholly achievable (Period 9 - £131k).
- 5.51 The Council held central budgets for staffing related costs this included a corporate vacancy factor which allowed for the estimated savings made through general staff turnover, together with changes in National Insurance contributions – this amounts to £507k pressure in the corporate budget but overall is netted off against the staffing underspends across the Council.
- 5.52 As part of the Final Finance Settlement announcements, the Government confirmed that it would be redistributing £100m from the levy account surplus for the Business Rates Retention System in 2022/23. This is as a result of the levy payments made by authorities being greater than the safety net payments being made by the Government to authorities which has generated a surplus. North Northamptonshire Council will receive a payment of £476k and this has been reflected in the Period 10 forecast.
- 5.53 There is a forecast saving of £251k in the Internal Audit service, resulting from the new service delivery model and vacancies carried in year (Period 9 - £247k).
- 5.54 There are forecast savings within the Revenue and Benefits function of £114k (Period 9 - £166k).
- 5.55 There is a forecast staff saving within Performance, Intelligence and Partnerships of £121k (Period 9 - £163k).
- 5.56 There is a forecast pressure of £217k resulting from the disaggregated budgets of the former County Council which incorporated savings that are no longer deemed as deliverable.
- 5.57 There are other minor pressures totalling £77k.

#### Chief Executive's Office and IT

Chief Executive	£'000
Expenditure	9,425
Income	(53)
<b>Net Budget</b>	<b>9,372</b>
Forecast	8,806
<b>Variance</b>	<b>(566)</b>

- 5.58 There is a forecast net saving of £521k across Executive Support, Communications and the Web team (Period 9 - £319k). This results from staff savings through vacancies of £560k, which are partially offset by minor pressures of £39k.
- 5.59 Within the IT function, there are anticipated staff savings of £161k, together with further forecast savings of £50k on software licences and other minor net

savings of £15k, totalling £226k. Offsetting this, there are forecast pressures of £181k of which £90k relates to Inter Authority charging for shared services and £91k relates to staffing recharges that can no longer be charged to capital budgets. Net Saving of £45k (Period 9 £50k saving).

### Human Resources (HR) and Governance

<b>HR and Governance</b>	<b>£'000</b>
Expenditure	13,464
Income	(2,391)
<b>Net Budget</b>	<b>11,073</b>
Forecast	9,783
<b>Variance</b>	<b>(1,290)</b>

- 5.60 There are anticipated savings of £624k within HR, where current vacancies have been analysed to identify likely appointment dates (Period 9 – £376k Saving). These savings are partially offset by additional costs of £72k for Agency workers (Period 9 - £58k Pressure).
- 5.61 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. This is unchanged from Period 9.
- 5.62 There is a forecast pressure of £88k relating to the delivery of the payroll function. This forecast has been provided by WNC who deliver the service and is based on their P9 outturn forecast.
- 5.63 There is a forecast saving of £131k within the Training Commissioning function. This is partially offset by a forecast pressure of £86k within the Learning and Development service that relates to unachievable income targets for ad hoc training. Both of these variances arise as a result of changes to online training.
- 5.64 There are forecast minor savings within HR of £20k.
- 5.65 Within the Legal and Governance service there is a forecast saving on salary costs of £1.220m, partially offset by consequent Agency costs of £983k; this provides a net saving of £237k.
- 5.66 There is an anticipated pressure of £139k in the Coroner's Service, related to the usage of The Leys cold storage facility, which was brought into use in late 2021/22 (Period 9 - £139k Pressure).
- 5.67 There is a forecast saving of £170k within Legal Services relating to higher than budgeted legal income (Period 9 - £170k).
- 5.68 There is a forecast saving within the professional services budget of £44k (Period 9 - £56k).
- 5.69 There are further minor forecast savings within Governance Services of £85k.

- 5.70 There is a forecast pressure of £33k within the Customer Services team arising from the issuing of blue badges (Period 9 - £59k). This issue results from the disaggregation of the County Council's budget.
- 5.71 There is a forecast saving on Customer Services salaries of £312k (Period 9 - £175k underspend) due to vacant posts.
- 5.72 There are forecast minor savings within Customer Services of £15k.

### Transformation

<b>Transformation</b>	<b>£'000</b>
Expenditure	3,100
Income	0
<b>Net Budget</b>	<b>3,100</b>
Forecast	2,649
<b>Variance</b>	<b>(451)</b>

- 5.73 There is an anticipated underspend of £836k on salaries within the transformation team, 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 £471k is reflected as a saving. In addition, there are one-off costs of £291k which relate to changes in the leadership structure following the review of transformation activity for the future and which are forecast to be funded in full from the Council's capitalisation directive.
- 5.74 There are other minor pressures across the Directorate totalling £20k, (Period 9 - £12k Pressures).

## 6. Housing Revenue Account

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- 6.1 Within North Northamptonshire prior to 1<sup>st</sup> 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 10 shows an overspend of £33k (Period 9 - £5k Underspend) This is summarised in the following table:



<b>Corby Neighbourhood Account</b>			
	<b>Current Budget 2022/23</b>	<b>Projection P10 2022/23</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>INCOME</b>			
Rents - Dwellings Only	19,480	19,430	50
Service Charges	641	592	49
HRA Investment Income	20	20	0
<b>Total Income</b>	<b>20,141</b>	<b>20,042</b>	<b>99</b>
<b>EXPENDITURE</b>			
Repairs and Maintenance	5,676	5,826	150
General Management	5,275	4,909	(366)
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	709	(54)
Other	454	658	204
<b>Total Expenditure</b>	<b>20,141</b>	<b>20,075</b>	<b>(66)</b>
<b>Net Operating Expenditure</b>	<b>0</b>	<b>33</b>	<b>33</b>

- 6.3 The forecast position for rental income from dwellings at Period 10 is £50k 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 1<sup>st</sup> April 2022 resulting in a lower rental yield. RTB sales are currently forecast at 38 due to a reduction in demand for RTBs in the current economic climate. 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 £49k is a result of budgets being increased by £19k and the inflationary increase not being realised and a variance £30k 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 £66k which primarily reflects a £248k reduction in the cost of the insurance premium due to increasing the amount of insurance excess, a saving on salaries of £351k due to vacant posts and a £66k reduction in contingency to cover the pay award. These savings partially offset increases in utility costs of £83k, repairs and maintenance costs of £157k, equipment costs of £46k, the under-recovery of other income of £193k, bad debt provision of £80k and other minor adverse variations of £40k.

### **Kettering Neighbourhood Account**

- 6.5 The forecast position for the Kettering Neighbourhood Account at the end of Period 10 shows an overspend of £201k (Period 9 - £159k overspend). This is summarised in the following Table:

<b>Kettering Neighbourhood Account</b>			
	<b>Current Budget 2022/23</b>	<b>P10 Projection 2022/23</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>INCOME</b>			
Rents - Dwellings Only	15,679	15,669	10
Service Charges	443	445	(2)
HRA Investment Income	7	7	0
<b>Total Income</b>	<b>16,129</b>	<b>16,121</b>	<b>8</b>
<b>EXPENDITURE</b>			
Repairs and Maintenance	4,025	4,409	384
General Management	2,857	2,950	93
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	1,062	(84)
Other	652	452	(200)
<b>Total Expenditure</b>	<b>16,129</b>	<b>16,322</b>	<b>193</b>
<b>Net Operating Expenditure</b>	<b>0</b>	<b>201</b>	<b>201</b>

- 6.6 The forecast position for rental income from dwellings at Period 10 is £10k 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 1<sup>st</sup> April 2022 resulting in a higher rental yield; however, this is reduced by a shortfall of £46k due to a higher void rate. RTB sales are currently forecast at 23 due to a reduction in demand for RTBs in the current economic climate. 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 £2k resulting in income being £8k lower than budget.
- 6.7 The forecast position for Period 10 is an increase in expenditure of £193k. Salary costs are £420k higher than budget due to the use of agency staff and the pay award and Stock costs are £209k higher due to inflationary price increases. These pressures are offset by Repairs and maintenance costs being £83k lower than budget, subcontractor costs being £108k lower than budget due to services being brought back in-house, a reduction in the bad debt provision increase of £50k and the contingency of £150k has been used to cover these pressures. There are other minor savings of £45k.
- 6.8 There could be further pressures to the two Neighbourhood Accounts as the HRA holds a depreciation charge that recognises the cost of managing and maintaining the Council stock at the current level. This funding represents a revenue cost to the HRA that is then used to support the capital programme to deliver the required enhancements to the stock to keep it fit for purpose. The revenue contribution to capital expenditure as a minimum must equal the depreciation charge and the value of the housing stock has increased resulting in a higher Revenue Contribution to Capital, the actual valuations will be confirmed as part of the final accounts process. These pressures would be

mitigated by utilising the attributable debt from Right to Buy Sales.

## **7. Conclusions**

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- 7.1 The forecast for 2022/23 is an overspend of £2.111m based on the position as at the end of Period 10 (Period 9 - £5.242m). Service Directors will be working to mitigate these pressures in-year, including those of the Children's Trust. The Council's contingency budget of £4.750m 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)**

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### **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 in 2022/23 is an overspend of £2.111m (Period 9 - £5.242m) and the Housing Revenue Account is forecasting an overspend of £234k in 2022/23 (Period 9 - £154k).

### **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 across the Council including pay awards.

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**

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- 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**

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- 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, 24<sup>th</sup> February 2022.

Monthly Budget Forecast Reports to the Executive.