

EXECUTIVE 8th June 2023

Report Title	Budget Forecast Outturn 2022-23 at Period 12
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Lead Member	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

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

List of Appendices

Appendix A – Savings Schedule

1. Purpose of Report

- 1.1. The revenue budgets (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 draft 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 in February 2022 and is based on the draft outturn for 2022/23.
- 1.3. 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 draft financial revenue outturn position for 2022/23, the General Fund is showing an overspend of £965k and the Housing Revenue Account (HRA) is forecast to come in £473k underspent.

- 2.2 There are a number of areas which could impact on the forecast outturn that are still being finalised, these include the charging arrangements for the lead/host arrangements between West Northamptonshire Council and North Northamptonshire Council following the Local Government Reorganisation across the County, with work continuing between the two authorities to confirm the charges.
- 2.3 The Councils draft outturn reflects an overspend of £965k as a result of the Council's prudent and strong financial management the Council have been able to absorb most of the pressures from the Childrens Trust which is the Council's largest single contract and are reporting an overspend of £21.387m. The Cost to this Council is £9.444m and reflects how the contract sum is split between North Northamptonshire Council (44.16%) and West Northamptonshire Council (55.84%). This is a significant achievement taking into account the pressures the Council has had to manage owing to the significant levels of inflation which has led to increased costs, alongside this there is recognition that the demand for services has increased as a result of the current economic climate.
- 2.4 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, the Council has sought to achieve in- year mitigations in the first instance.

3. Recommendations

3.1 It is recommended that Executive:

- a) Note the Council's draft outturn position for the General Fund 2022/23 which is an overspend of £965km and the Housing Revenue Account 2022/23 which is an underspend of £473k as summarised in section 4, alongside the further analysis which is set out in Section 5 and Section 6 of this report.
- b) Approve the following transfers to reserves which are reflected in the draft outturn position.

Transfer to reserves included within individual Directorates:

- Place & Economy Grants (Section 5.45) - £287k
- Planning Reserve (Section 5.45) - £143k
- Capital General Fund (MRP – Section 5.62) - £3.043m
- Members Empowerment Fund (Section 5.83) - £104k

Transfer to Earmarked Reserves from Available Resources:

- Business Rates Risk Reserve (Section 5.86) - £2.728m

- c) Note the assessment of the 2022/23 savings as shown in Appendix A.

3.2 Reason for Recommendations – to note the draft outturn position for 2022/23, approve the transfer to reserves 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 draft outturn for the General Fund for 2022/23, is a forecast overspend of £965k 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	299,593	(482)
Total Corporate Budgets	26,494	26,494	0
Children & Education	64,501	72,755	8,254
Adults, Communities & Wellbeing Services	118,971	119,397	426
Place & Economy	60,511	60,031	(480)
Enabling & Support Services	29,598	21,881	(7,717)
Total Directorate Budgets	273,581	274,064	483
Total Budget	300,075	300,558	483
Net Position	(0)	965	965

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 draft outturn for Period 12 is an overspend of £965k this is a favourable movement of £2.897m since the last report to the Executive (Period 11) where an overspend of £3.862m was reported. The following table summarises the movement within the Directorates which amounts to £483k – the net available resources reduced by £482k which has resulted in a draft outturn of £965k.

	Report Ref	Net Budget	P11 Forecast Variance	Movement in Forecast	P12 Forecast Variance
		£000	£000	£000	£000
Children & Education		64,501	8,431	(177)	8,254
Assistant Director of Education	5.7	7,153	619	(1,016)	(944)
Commissioning & Partnerships	5.8	57,348	9,050	839	9,198
Adult Services		118,971	(911)	1,337	426
Adult Services	5.19	107,784	(380)	311	(69)
Public Health	5.30	138	(138)	0	(138)
Housing	5.31	3,394	(746)	483	(263)
Communities	5.31	7,655	353	543	896
Place & Economy		60,511	1,776	(2,256)	(480)
Assets & Environment	5.42	2,708	(395)	(1,301)	(1,696)
Growth and Regeneration	5.44	4,192	110	(555)	(445)
Highways & Waste	5.46	50,279	1,908	278	2,186
Regulatory Services	5.48	2,274	153	(620)	(467)
Directorate Management	5.50	1,058	0	(58)	(58)
Enabling & Support Services		56,092	(5,434)	(2,283)	(7,717)
Finance & Performance	5.51	34,720	(3,081)	(2,161)	(5,242)
Chief Executive	5.65	9,547	(496)	5	(491)
Customer & Governance	5.67	11,192	(1,406)	(394)	(1,800)
Transformation	5.84	633	(451)	267	(184)
Total		300,075	3,862	(3,379)	483

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 draft outturn forecast for the Housing Revenue Account is a forecast underspend of £701k (Period 11 - £140k overspend) against the approved budget of £36.270m. This is summarised in the table below and further details are set out in Section 6.

Housing Revenue Account Forecast Outturn 2022/23				
Directorate	Budget			Draft Forecast Outturn Variance at 31/03/23
	Expenditure	Income	Net	
	£'000	£'000	£'000	£'000
Corby Neighbourhood Account	20,141	(20,141)	0	(521)
Kettering Neighbourhood Account	16,129	(16,129)	0	(180)
Net Position 2022/23 (under)/over	36,270	(36,270)	0	(701)

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 0.25% to 4.25% on the 23rd March 2023. This was the eleventh consecutive increase since December 2021 and the rate is at its highest level for 14 years (November 2008 – 3.00%). The rate was increased for the twelfth consecutive time by 0.25% on 11th May to 4.50%.
- 4.9 The inflation figures for March 2023 are slightly lower than in February 2023. The 12-month CPI figure for March was 10.1% (February – 10.4%) and the 12-month RPI figure for March was 13.4% (February 13.8%).
- 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 and were key considerations in developing the 2023/24 draft budget proposals and Medium-Term Financial Plan.

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 March 2023 96.80% of Council Tax had been collected (March 2022 – 96.33%). Business Rates collection was 97.05% at the end of March 2023 (March 2022 – 95.77%). 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 slightly shorter collection periods in 2021/22.

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 did present a risk to the Council for the remaining five 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)

Contingency	Executive Meeting	Amount £'000
Pay award	22/12/22	(1,532)
Release to support bottom line forecast position	22/12/22	(918)
Balance		0

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 draft outturn position for the Children's and Education Services is an overspend of £8.254m (Period 11 - £8.431m overspend). The draft outturn position consists of a net underspend of £944k (Period 11 - £619k underspend) in Education Services and an overspend of £9.198m (Period 11 - £9.050m overspend) in Commissioning and Partnerships, which also includes the Northamptonshire Children's Trust contract sum.

Education

Assistant Director of Education	£'000
Expenditure	12,848
Income	(5,695)
Net Budget	7,153
Forecast	6,209
Variance	(944)

- 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 £848k. This has resulted in a forecast underspend of £317k (Period 11 - £320k underspend).
 - The Teachers' Pension strain is funded from DSG and the amount of DSG funding was previously understated, resulting in additional DSG income of £628k (Period 11 - £473k 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 £61k in 2022/23, which has to be transferred to the appropriate budget area – resulting in a pressure of £226k (Period 11 - £165k pressure).
- The Education Health and Care (EHC) 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 the time it has taken to finalise the substantive Children’s Services structure, 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 total contribution of £1.166m from the Contain Outbreak Management Fund (COMF) to mitigate some of the COVID related pressures in EHC, which results in a net pressure of £309k (Period 11 - £553k pressure).
- The Teachers’ Pension is mainly funded via the DSG, with the exception of those teachers who were employed post 2013. The budget was permanently transferred to the Corporate Finance area, where pension strain budgets are held centrally, and given in-year spend in Children’s Services areas, this has resulted in a pressure of £25k (Period 11 – £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 has resulted in a net benefit of £40k (Period 11 - £15k saving).
- There is a forecast pressure of £144k (Period 11 - £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 variances across the services which result in a net pressure of £28k (Period 11- £16k savings).
- There is budgetary provision of £691k which was to meet any unforeseen pressures this has been used in full to mitigate the financial pressures being forecast and this position is unchanged from Period 11.

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.

Commissioning and Partnerships	£'000
Expenditure	62,670
Income	(5,322)
Net Budget	57,348
Forecast	66,546
Variance	9,198

5.9 Commissioning and Partnerships is forecasting a pressure of £9.198m (Period 11 - £9.050m Pressure). The main reason for the forecast overspend relates to pressures at the Children's Trust where the forecast overspend is £21.387m (Period 11 - £20.988m overspend). The cost to the Council based on a NCT overspend of £21.387m is £9.444m, this reflects how the contract sum is split between North Northamptonshire Council (44.16%) and West Northamptonshire Council (55.84%).

5.10 The main pressure within the Children's Trust relates to placements for children in care – this amounts to £16.825m (Period 11 - £16.641m). The market and availability of placements remains challenging. The placements budget will continue to be closely monitored during 2023/24 as it remains extremely volatile both locally and nationally. The following table provides further detail around the pressure from placements in both Period 12 and Period 11 and shows the movement between these two periods.

Placement Type	Net Budget	Projected Outturn	Variance	Variance	Movement
	£'000	P12 £'000	P12 £'000	P11 £'000	£'000
In House Fostering	8,542	8,425	(117)	(145)	28
Agency Foster Care Placements	14,924	16,488	1,564	1,594	(30)
Residential Placements	17,216	24,778	7,562	7,390	172
Supported Accommodation	3,312	8,965	5,653	5,601	52
18+ Agency Placements	4,806	4,918	112	211	(99)
Welfare Secure	308	367	59	41	18
Disabled Children's Placements	3,814	5,596	1,782	1,779	3
UASC	4,569	4,875	306	255	51
Remand Secure	274	178	(96)	(85)	(11)
Total	57,765	74,590	16,825	16,641	184

5.11 There are also pressures on transport costs of £801k (Period 11 - £801k), 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, which could adversely impact the 2023/24 budget.

- 5.12 The current staffing budget across the Trust reflects a pressure of £1.900m (Period 11 - £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, which will provide additional capacity to the safeguarding service, ensuring that social care caseloads continue at a manageable level. The draft outturn reflects an additional pressure of £728k (Period 11 - £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 made a decision on the historic treatment and compliance on Special Guardianship Allowances. This ruling has resulted in a forecast pressure of £844k (Period 11 - £844k Pressure).
- 5.15 There are other variances within the Children's Trust which amount to a pressure of £289k (Period 11 - £74k 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, the Council provided less support services than budgeted, this is in line with those provided in the previous year and has reduced the Council's income to £1.211m, resulting in a pressure of £547k (Period 11 - £601k).
 - There is a favourable variance of £172k which relates to the budget provision being higher than the contract sum with NCT this is unchanged to what was reported in Period 11.
 - There is a forecast underspend of £209k (Period 11 - £255k underspend) across Commissioning and Partnerships, of which £268k relates to

staffing (Period 11 - £247k saving). The remaining £59k represents minor pressures (Period 11 - £8k savings).

- There was budgetary provision of £412k (Period 11 - £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

Adult Social Care	£'000
Expenditure	139,300
Income	(31,516)
Net Budget	107,784
Forecast	107,715
Variance	(69)

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 17th 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 £69k (Period 11 - £380k underspend). NNC 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 Adult Social Care Discharge Fund announced on 22nd September 22 of £3.242m and the further allocation off the Discharge Funding for Step Down that was announced on 9th January 2023 which has a Northamptonshire system wide allocation of £2.5m of which North Northamptonshire received £200k towards residential block care beds.

- 5.28 This additional income has enabled NNC to cover the additional winter demand on the service as well as enabling us to manage demand by the investment in preventive and reablement services.
- 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 into 2023-24, 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. The in year underspent against the Public Health Ring fenced Grant is estimated to be around £1.9m this underspend will be transferred to the Public Health reserve to fund future planned Public health initiatives. There has also been a drawdown from reserves to fund projects that were planned for 2022-23.

Public Health	£'000
Expenditure	44,693
Income	(44,555)
Net Budget	138
Forecast	0
Variance	(138)

Housing & 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.

Communities	£'000
Expenditure	15,708
Income	(8,053)
Net Budget	7,655
Forecast	8,551
Variance	896

Housing	£'000
Expenditure	7,034
Income	(3,640)
Net Budget	3,394

Forecast	3,131
Variance	(263)

- 5.32 The forecast includes a pressure of £53k (Period 11 - £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.
- 5.33 The forecast includes a pressure from Corby International Pool of £515k (Period 11 - £299k pressure). Increases of electricity and gas costs have been partly off-set with additional income and staffing savings.
- 5.34 Community Safety has a pressure of £183k the main pressure relates to inflationary pressures for CCTV and associated running costs.
- 5.35 There are pressures on the running costs for the community centres which amount to £69k.
- 5.36 The Council provided support of £621k to external leisure providers, £556k was funded from reserves and £65k was met from existing resources resulting in a net nil impact.
- 5.37 There are other minor pressures within Communities totalling £76k which is an increase of £87k from Period 11 where a saving of £11k was reported.
- 5.38 There are savings on staff costs of £320k which result from the salary costs being capitalised against the Disabled Facilities Grant (£296k Period 11).
- 5.39 There are savings of £183k (Period 11 - £200k) within the homelessness service where housing policies have been harmonised these are offset by additional pressures of £182k within the homelessness service which amount to a net saving of £1k.
- 5.40 There are other minor pressures within Housing Services which amount to £58k.

Place and Economy

- 5.41 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

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

Assets and Environment

- 5.42 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	23,339
Income	(20,631)
Net Budget	2,708
Forecast	1,012
Variance	(1,696)

5.43 The Assets and Environment Service is forecasting a saving of £1.696m (Period 11 - £0.395m Saving). The main variances within the Service are outlined below.

- **Country Parks and Outdoor Learning** (£383k Saving – Period 11 £257k Saving).
This relates to a projected saving of £357k (Period 11 - £232k Saving) at Knuston Hall. The main variances relating to Knuston Hall comprises of net savings in running costs of £241k plus salary savings of £488k. These savings are offset by the associated loss of income relating to the closure of the facility totalling £372k. There is also a projected saving of £26k (Period 11 - £25k Saving) within Country Parks relating to additional income from increased footfall.
- **Grounds Maintenance** – (£103k Saving – Period 11 £78k Saving)
There are additional costs incurred on specialist waste disposal of £46k (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, additional grounds maintenance income of £25k through the capitalisation of works and salary savings due to vacancies of £125k.
- **Car Parks (Corby/Kettering/ENC)** – (£207k Saving – Period 11 £84k Saving)
This relates to the cost of Business Rates £65k, for the Corby Car Parks for which no budgetary provision had been included within the legacy authority. This is mitigated by net salary savings due to vacancies and additional income totalling £272k.
- **Public Realm** (£68k Pressure – Period 11 £70k 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** – (£1.654m saving – Period 11 £739k Saving)
The majority of the pressure in this area relates to an overspend on utilities across the service, which amounted to £1.3m, as a result the Council's corporate contingency included £500k for utility pressures and this was

drawn down in Period 5 to partially offset this pressure resulting in an overspend of £800k. At Period 12 the outturn has reduced to £800k resulting in an overall pressure on Utilities of £300k after allowing for the use of the corporate contingency. The service is continuing to look at ways to mitigate any pressures in 2023/24. Other net savings/pressures include the following:

- Savings in Facilities Management (FM) relating to NNDR of £176k, savings on salaries of £362k, running costs of £249k and additional rent of £189k.
- There is a pressure in Property Management of £85k due to a loss of income at 1 -6 Eaton Walk and a saving on garage repairs of £64k.
- There are further savings in Property management which include additional rental income of £296k, additional back rent of £291k and £412k savings on salaries.
- **Fleet Vehicles** – (£47k Pressure – Period 11 £85k Pressure)
This relates to an estimated increase in the cost of fuel £273k, and an increase in leasing costs of £131k for 2 extra vehicles this is partially offset by salary savings of £20k and an underspend on fleet costs of £260k. There are further minor savings amounting to £39k.
- **Parking (Bus Lane Enforcement)-** (£650k Pressure – Period 11 £698k Pressure)
There is a reduction in the forecasted income from bus lane enforcement of £258k and pressures in relation to the car parking service due to loss of income of £392k.
- **Street Lighting and Assets Managed** – (£114k Saving – Period 11 - £90k saving) There is a reduction in spend due to lower than anticipated costs associated with operating the service including salaries £48k, operational running costs of £60k and additional income of £6k.

Growth and Regeneration

- 5.44 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	7,608
Income	(3,416)
Net Budget	4,192
Forecast	3,747
Variance	(445)

- 5.45 The Growth and Regeneration Service is forecasting a saving of £445k (Period 11 – £110k pressure). The main variances within the Service are outlined below.

- **Planning Policy** – (£166k Saving – Period 11 £120k Saving)

This comprises of increased income of £375k and other net minor savings of £57k, offset by an increase in staffing costs of £91k and agency costs of £75k. This is also 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 net saving of £166k. In addition there is an underspend of £143k on specialist and one-off work being undertaken by the Planning Service, the underspend has been transferred to the Planning Reserve to manage one-off specialist work in future years, this has a net nil impact on the Service. There are also a number of grants which have not been utilised in year and have been transferred to reserves for use in future years – these amount to £287k.

- **Development Management** – (£398k Pressure – Period 11 £417k Pressure)
This comprises a projected overspend on staffing of £350k and £365k on legal and professional fees and other minor pressures of £16k. This is partially offset by an increase in Planning income of £333k.
- **Economic Development** – (£92k Saving – Period 11 £63k Saving)
This comprises of a salary underspend of £150k due to staff vacancies and reduction in professional fees £69k, partially offset by £47k reduction on Market income, and an increase in rates of £55k and minor increases in supplies and services of £25k.
- **Environment Planning, Transport Management and Climate** – (£585k Saving – Period 11 £124k Saving)
There is an underspend against the Climate budget of £482k. This is the result of needing to firstly develop and agree a Carbon Management Plan for the authority against which spend of the budget could be allocated to ensure its use to fund the projects necessary to reduce the Council's carbon footprint. The Carbon Management Plan was approved by Executive in December 2022, since which the funding of a variety of projects have been agreed from this budget including for example Corporate Properties Energy and Decarbonisation Surveys, the employment of a Residential Energy Efficiency & Energy Officer and the funding of battery-operated equipment for Grounds Maintenance. The Climate budget is fully funded from reserves and when the budget was set it was recognised that the timing of spend could vary as such any underspends would be carried forward into the 2023/24 financial year to ensure that resources are available to fund the Councils commitment to invest £1m over the three-year period (2022/23 – 2024/25). As the budget is funded from reserves this has a net nil impact in 2022/23. There is also an underspend of £124k which relates to a legacy budget and staff savings of £59k. There are further savings of £33k relating to professional fees and minor savings of £4k. This is partial offset by additional agency costs within Flood & Water Management of £117k.

Highways and Waste

- 5.46 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)
Net Budget	50,279
Forecast	52,465
Variance	2,186

5.47 The Highways and Waste Service is forecasting a pressure of £2.186m (Period 11 - £1.908m). Officers looked 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** – (£678k Pressure – Period 11 £643k Pressure)

There is a forecast pressure of £634k for streetlighting (which includes the estimated energy price cap reduction), and a further £48k for Netcom traffic signals, these are both as a result of increasing energy costs. There are net savings of £4k. Officers are looking at how to mitigate the streetlighting pressure through investment in LED lighting, therefore reducing the energy usage and costs. The Council has invested an additional £1.468m into Council's Highway's function to improve important elements of the Highways across North Northamptonshire this additional investment has been funded through the Council's Transformation Reserve – resulting in a net nil impact on the Council's budget.
- **Waste Management** – (£990k saving– Period 11 £748k Saving)

This relates to a saving of £144k 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 and also a £47k saving on inspection and assessment charges, offset by a £49k pressure on adhoc waste as a result of changes to legislation relating to disposing of upholstered furniture. An overall saving of £595k on the Household Waste Recycling Centre (HWRC) resulting from fluctuations in tonnages and disposal charges.
- **Refuse and Recycling** – (£482k Pressure – Period 11 £477k Pressure)

There is an increased pressure around new contract increases in recycling of £343k. There are also ongoing salary pressures of £222k and this is mitigated in part by additional income from bulky waste of £83k.
- **Home to School transport** - (£2.441m Pressure). An overall pressure on the Home to School transport budget of £3.359m (£200k is on mainstream transport, £3.186m is on SEND transport and a saving of £27k 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 £3.359m was partially offset by £918k from the corporate contingency – reducing the pressure to £2.441m.

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** – (£425k Saving – Period 11 £813k Saving). There are pressures of £423k relating to Kier contract overheads, offset by £200k underspend on Active Travel, salary savings of £150k, additional bus subsidies grant of £184k and a projected underspend of £314k 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

- 5.48 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	7,142
Income	(4,868)
Net Budget	2,274
Forecast	1,807
Variance	(467)

5.49 Regulatory services are forecasting a saving of £467k (Period 11 £153k Pressure) The variances within the Service, are outlined below:

- **Building Control** (£16k Saving – Period 11 £13k Pressure)
 This is made up of a projected salary underspend of £246k due to vacancies, offset by the cost of employing agency staff to cover a number of these vacancies of £162k, resulting in a net saving of £84k. There is a loss of income of £86k relating to Building Control and Local Land charges and minor savings on supplies and services of £18k.
- **Environmental Health** (£220k Saving– Period 11 £195k Saving)
 This relates to a salary underspend on vacancies of £421k and increased income of £24k, this is partially offset by increased agency costs of £217k. and minor pressures of £8k.
- **Licencing** (£242k Saving – Period 11 £189k Saving)
 This relates to a salary underspend due to vacant posts of £180k offset by agency costs of £71k, and further savings on professional fees £34k and additional income of £99k.
- **Resilience** (£153k Saving – Period 11 £103k Saving)
 The underspend relates to staffing vacancies due to vacant posts.
- **Trading Standards** (£3k Pressure – Period 11 £34k 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. These are offset against a combination of salary underspends and additional income.
- **Bereavement Services** (£155k Pressure – Period 11 £562k Pressure)
 This relates to a loss of income of £24k in the service at Wellingborough and Kettering Crematorium. There is also a £90k pressure on the gas budget and a £69k pressure on the Supplies and Services budget this is partially offset by net minor savings of £28k.
- **Highways and Private Sewers and Countywide Travellers Unit** (£6k Pressure – Period 11 £32k Pressure)
 This relates to pressures on Street Lighting and electricity following the increase in utility costs.

Place and Economy Management

- 5.50 This area includes the management costs for the Place and Economy Directorate and has transformation savings due to vacancies of £58k.

Directorate Management	£'000
Expenditure	1,058
Income	0
Net Budget	1,058
Forecast	1,000
Variance	(58)

Enabling and Support Services

- 5.51 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

Finance, Performance, Procurement and Revenues and Benefits Service

Finance & Performance	£'000
Expenditure	106,187
Income	(71,467)
Net Budget	34,720
Forecast	29,478
Variance	(5,242)

- 5.52 There is a pressure of £62k (Period 11 - £75k) 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 £537k (Period 11 - £450k) in relation to the disaggregation of legacy pension budgets.
- 5.53 There is a saving in borrowing costs of £579k (Period 11 - £601k) due to lower levels of external borrowing than originally forecast. In addition, the interest receivable is £2.105m above budget due to the increases in interest rates (Period 11 - £1.100m) during 2022/23. Over the last 4 months alone, the interest rates have increased by 1.25%, as this takes time to filter through, in particular, to money market funds. Therefore, it was not possible to fully reflect the improvement in interest rates in the forecast until confirmation of rates applied for this period.
- 5.54 There is a saving of £288k within Finance resulting from savings on staffing as a result of vacancies being carried through the year. There are further savings of £265k relating to specialist professional consultancy budgets.

- 5.55 There is a saving of £186k within the Procurement function. This arises from staff savings of £246k due to vacancies partially offset by pressures resulting from unachievable income targets of £67k and minor savings of £7k.
- 5.56 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 a £633k pressure in the corporate budget but overall is netted off against the staffing underspends across the Council.
- 5.57 There are pressures within the corporate budget relating to the provision for bad debts (£200k), insurance premiums (£300k) and unachievable historical income targets (£409k). These are offset against centrally held savings of £1.517m this includes £1.150m relating to increments the additional cost of this is reflected within the Directorates, there is also a net saving of £267k from services which are funded by specific grants and this funding is used to meet additional increases in pay, there is a further £100k which relates to an historical contingency budget from a legacy authority which results in a net saving of £608k.
- 5.58 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.
- 5.59 There is a saving of £301k in the Internal Audit service, resulting from the new service delivery model and vacancies carried in year (Period 11 - £299k).
- 5.60 There are savings within the Revenue and Benefits function of £603k. Of this £162k relates to savings on staffing, £285k relates to additional income funding and £164k relates to the recovery of historic on court fees. These savings are offset by minor pressures of £8k.
- 5.61 There is salary savings within the Performance team of £147k (Period 11 - £131k) from vacancies carried within year. Within the Enabling services Transformation function there is a saving of £304k as a result of vacancies carried in year and the timing of recruitment. These savings were previously reported as part of the centralised Transformation function, with the posts being funded from reserves. As a result there is a nil impact on the outturn.
- 5.62 The Minimum Revenue Provision (MRP) reflects the minimum amount a Council must charge to the revenue budget each year to set aside a provision for repaying borrowing. The amount required for 2022/23 is estimated to be £3.043m less than budget. The draft outturn reflects the transfer of £3.043m to the General Fund – Capital Reserve as such no variance is reflected in the Directorate as the underspend has been used to increase the amount held in the Capital Reserve.

- 5.63 There is a pressure of £217k resulting from the disaggregated budgets of the former County Council which incorporated savings that are no longer deemed as deliverable.
- 5.64 There are other minor savings totalling £59k.

Chief Executive's Office and IT

Chief Executive	£'000
Expenditure	9,600
Income	(53)
Net Budget	9,547
Forecast	9,056
Variance	(491)

- 5.65 There is a net saving of £512k across Executive Support, Communications and the Web team (Period 11 - £519k). This results from staff savings through vacancies of £524k, which are partially offset by minor pressures of £12k.
- 5.66 Within the IT function, there are staff savings of £66k, together with further savings of £345k on software licences and a contribution from Public Health of £70k for support services. Along with other minor net savings of £54k the total savings within the IT function are £535k. Offsetting this, there are pressures of £556k of which £465k relates to Inter Authority charging for shared services and £91k relates to staffing recharges that can no longer be charged to capital budgets. This results in a net pressure of £21k (Period 11 £23k pressure).

Customer and Governance

Customer and Governance	£'000
Expenditure	13,583
Income	(2,391)
Net Budget	11,192
Forecast	9,392
Variance	(1,800)

- 5.67 There are savings of £705k within HR, which are partially offset by additional costs of £86k for Agency workers.
- 5.68 There are savings of £98k relating to the timing of Hay work for the pay and grading project. This work is expected to be completed in the 2023/24 financial year.
- 5.69 There is a pressure of £92k relating to the delivery of the payroll function.
- 5.70 There are income pressures of £240k within HR as a result of disaggregation.
- 5.71 There is a £195k contribution from Public Health for Payroll and HR support, which reflects the costs associated with providing Public Health.
- 5.72 There are minor savings within HR of £63k.

- 5.73 Within the Legal and Governance service there is a saving on salary costs of £1.293m, partially offset by Agency costs of £1.142m, this provides a net saving of £151k.
- 5.74 There is an pressure of £160k 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 11 - £139k Pressure).
- 5.75 There is a saving of £206k within Legal Services relating to income being higher than budgeted (Period 11 - £170k).
- 5.76 There is a £152k contribution from Public Health for support services which reflects the costs associated with providing Public Health.
- 5.77 There is additional income of £279k within Registration Services, this is as a result of the service offer being expanded which has resulted in additional income streams (Period 11 - £100k).
- 5.78 There is a saving within the professional services budget of £146k (Period 11 - £115k).
- 5.79 There are minor savings within Governance Services of £75k.
- 5.80 There is a pressure of £31k within the Customer Services team arising from the issuing of blue badges (Period 11 - £38k). This issue results from the disaggregation of the County Council's budget.
- 5.81 The draft outturn reflects a saving on Customer Services salaries of £319k (Period 11 - £309k underspend) due to vacant posts.
- 5.82 There are further minor savings within Customer Services of £20k.
- 5.83 An amount of £104k relating to the Empowerment Fund has been transferred to reserves this is shown as a cost within the Directorate and enables this resource to be available in 2023/24.

Transformation

Transformation	£'000
Expenditure	633
Income	0
Net Budget	633
Forecast	449
Variance	(184)

- 5.84 Following the leadership restructure the service transformation team moved from operating on a centralised service delivery model to a decentralised service delivery model. Variances formerly reported within the transformation directorate have been reported within the relevant services. Some legacy costs and budgets, such as those relating to the costs associated with staffing changes have remained within the directorate. The draft outturn reflects an

underspend of £188k on salaries, which is in part offset by minor pressures of £4k, resulting in a net saving of £184k.

Available Resources

- 5.85 The total net available resources to fund the 2022/23 budget was originally budgeted at £295.907m this was then increased by £4.168m to £300.075m. The increase of £4.168m reflects transfers from reserves which have not been reflected within the Directorates, further details relating to this are set out in Section 4.2.
- 5.86 The growth from Business Rates is forecast to have reduced by £1.383m – growth is accounted for over a three-year period and 2022/23 will see the Council account for a surplus of £2.728m the available resources reflect this growth but also reflect a transfer to the Business Rates Retention Reserve of £2.728m – resulting in a net nil impact.
- 5.87 The Business Rates Retention Reserve was set up to manage and smooth timing risks associated with Business Rates. A pressure of £4.363m will be reflected in 2023/24 and will require a contribution from the reserve and a surplus of £252k will be recognised in 2024/25 which will require a contribution to the reserve. It should be noted that the growth from Business Rates is still to be audited and could change as a result of the audit.
- 5.88 The variance on the available resources relates to a lower amount being transferred from reserves – this amounts to £482k and section 5.45 provides further details.

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 12 shows an underspend of £521k (Period 11 - £175k underspend) This is summarised in the following table:

Corby Neighbourhood Account			
	Current Budget 2022/23	P12 Projection 2022/23	Variance
	£000	£000	£000
INCOME			
Rents - Dwellings Only	19,480	19,426	54
Service Charges	641	595	46
HRA Investment Income	20	20	0
Total Income	20,141	20,041	100
EXPENDITURE			
Repairs and Maintenance	5,676	5,781	105
General Management	5,275	4,654	(621)
HRA Self Financing	2,125	2,061	(64)
Revenue Contribution to Capital	3,876	4,376	500
Transfer To / (From) Reserves	1,972	1,472	(500)
Special Services	763	619	(144)
Other	454	557	103
Total Expenditure	20,141	19,520	(621)
Net Operating Expenditure	0	(521)	(521)

- 6.3 The draft outturn for rental income is an overall pressure of £54k; this consists of a pressure on rental income of £62k due to the increase in void levels, which is offset by a small improvement of £8k on rental income due to a reduction in ongoing Right to Buy Sales in the year, reflecting the current economic climate.
- 6.4 The pressure on service charge income of £46k is due to inflationary pressures of £19k and pressures of £27k relating to a combination of optional emergency alarm charges not being taken up in the sheltered schemes and service charges on void properties.
- 6.5 The net underspend on expenditure amounts to £621k. This underspend is due to savings from vacant post during the year of £484k, a £248k reduction in the cost of the insurance premium due to the impact of increasing the amount of insurance excess, a saving on supplies and services of £284k, and a £66k reduction in contingency to cover the pay award. There is also a saving in interest payments of £64k on new loans not taken. These savings offset increases in repairs and maintenance costs of £182k, the under-recovery of other income of £292k, an increase in the bad debt provision of £36k and other minor adverse variations of £15k.
- 6.6 In year there has been an increase in the Revenue Contribution to Capital, this as a minimum must equal the depreciation charge and because of an increase in property values the deprecation charge has increased by £500k, this increase has been funded through attributable debt contribution to reserves.

Kettering Neighbourhood Account

- 6.7 The forecast position for the Kettering Neighbourhood Account at the end of Period 12 shows an underspend of £180k (Period 11 - £315k overspend). This is summarised in the following Table:

Kettering Neighbourhood Account			
	Current Budget 2022/23	P12 Projection 2022/23	Variance
	£000	£000	£000
INCOME			
Rents - Dwellings Only	15,679	15,674	5
Service Charges	443	444	(1)
HRA Investment Income	7	7	0
Total Income	16,129	16,125	4
EXPENDITURE			
Repairs and Maintenance	4,025	4,133	108
General Management	2,857	2,947	90
HRA Self Financing	4,513	4,513	0
Revenue Contribution to Capital	2,728	3,008	280
Transfer To / (From) Reserves	208	(72)	(280)
Special Services	1,146	948	(198)
Other	652	468	(184)
Total Expenditure	16,129	15,945	(184)
Net Operating Expenditure	0	(180)	(180)

- 6.8 The draft outturn for rental income from dwellings is £5k lower than budget, this consists of a rent gain of £36k as a result of the Right to Buy Sales being 8 less the budgeted amount of 30 in 2021/22 and Right to Buy Sales being 14 less than the budgeted amount of 30 resulting in additional rental income of £62k, resulting in a higher rental yield of £98k. The reduction in the number of Right to Buy Sales is reflective of the current economic climate. There is an increase in the void rate which has increased the void loss by £103k. There is a minor favourable variance on service charge income of £1k resulting in income being £4k lower than budget.
- 6.9 The forecast position for Period 12 is a reduction in expenditure of £184k. Salary costs are £125k higher than budget due to the use of agency staff and the pay award being higher than budgeted, Stock costs are £247k higher due to inflationary price increases, rates on vacant properties are £36k higher than budget. This pressure is offset by Repairs and maintenance costs being £126k lower than budget, services being £19k lower than budget, subcontractor costs being £102k lower than budget due to services being brought back in-house, grants being £36k lower than budget due to fewer home move grants being taken up, transport cost being £32k underbudget, a reduction in the bad debt provision of £70k and the unused contingency of £150k. There is an increase in the Revenue Contribution to Capital, this as a minimum must equal the depreciation charge and as a result of an increase in property values the depreciation charge has increased by £280k – this increase has been funded

through attributable debt. There are other minor underspends of £57k.

- 6.10 There could be further changes to the two Neighbourhood Accounts when the actual stock valuations are confirmed as part of the final accounts process. Any changes to the valuations and the subsequent depreciation charge would be offset by utilising the attributable debt from Right to Buy Sales.

7. Conclusions

- 7.1 The draft forecast outturn for 2022/23 is an overspend of £965k which is a favourable movement of £2.867m since Period 11 where an overspend of £3.862m was reported.
- 7.2 The prior year outturn position and accounts of the former Northamptonshire County Council and Corby Borough Council are yet to be reported and formally signed off. The Council may be required to consider any legacy issues arising as a result of the closedown and subsequent audits. Further updates relating to this will be provided at future meetings of the Executive.
- 7.3 This is a draft outturn position. The financial position will be subject to external audit.

8. Implications (including financial implications)

8.1 Resources, Financial and Transformation

- 8.1.1 The financial implications are set out in this report. The draft outturn forecast position for the General Fund is an overspend of £965k (Period 11 - £3.862m) and the Housing Revenue Account is forecasting an underspend of £473k (Period 11 - £140k overspend).

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 was monitored by Budget Managers and Assistant Directors. Where any variances or emerging pressures were identified during the year mitigating actions were sought and management interventions undertaken.

8.4.2 This is the draft outturn position. The final position will be subject to external audit certification.

8.4.3 Details of pressures, risks and mitigating actions implemented were provided as part of the finance monitoring reports.

8.4.4 The Council held a contingency and a number of reserves to help safeguard against the risks inherent within the budget for 2022/23. Where required pressures and other movements were included as part of the Council's 2023/24 budget and medium-term financial plan approved by Council at its meeting on 23rd February 2023.

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 were presented to the Finance and Resources Scrutiny Committee for review during the course of 2022/23 after they have been presented to the Executive Committee. Future reports including this report will be presented to Corporate Scrutiny.

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 draft revenue outturn against budget for 2022/23 and makes recommendations for the Executive to note the draft outturn position as such there are no specific choices within the report.

10 Background Papers

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

Final Budget 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.

Directorate	Proposal Title	Proposal Description	Category	2022/23 £000	RAG
Adults, Communities & Wellbeing	Shaw PPP	Reduction in number of residential placements made in the independent sector owing to increase utilisation beds in PPP properties.	Demographic/service demand	(497)	A
Adults, Communities & Wellbeing	Shaw PPP	Increase utilisation of capacity within discharge to access	Demographic/service demand	(441)	A
Adults, Communities & Wellbeing	VCS Delivery	Front door direction to Voluntary Care Sector (VCS) delivery as appropriate.	Contract & Other Inflation	(110)	A
Adults, Communities & Wellbeing	Contract Rationalisation	Review of smaller contracts for efficiencies	Contract & Other Inflation	(60)	A
Adults, Communities & Wellbeing	Extra care expansion	Contract Rationalisation	Transformation	(180)	A
Adults, Communities & Wellbeing	CCG Discharge Packages Covid 19	Reversal of one off Covid Pressure in 2021/22	Covid pressures	(3,399)	G
Adults, Communities & Wellbeing	Rapid response falls & admission avoidance service	A new service (initially funded by business rate pilot fund) provided by health, social care and East Midlands Ambulance Service providing support following falls in the home to reduce hospital admissions and likelihood of long term social care.	Full year effects of previous decisions	(647)	G
Adults, Communities & Wellbeing	Strengths based working	Transformation of adult social care pathways and processes to ensure focus on client outcomes, independence, better decision making and best practice approaches to reduce delays and spend.	Full year effects of previous decisions	(2,153)	A
Adults, Communities & Wellbeing	Theatre Interim Mgt Costs	Reduction in Contract Costs relating to the Castle Theatre	Full year effects of previous decisions	(98)	G
Adults, Communities & Wellbeing	Leisure	Reversal of one off Covid Pressure in 2021/22	Covid pressures	(962)	G
Place & Economy	Enterprise Centre Business Case	Increase in income based on appointed operators business case.	Full year effects of previous decisions	(178)	R
Place & Economy	Subscriptions	Rationalisation of subscriptions in Planning Services	Contract & Other Inflation	(8)	G
Place & Economy	Commercial Income	Part reversal of one off Covid Pressure in 2021/22	Covid pressures	(572)	G
Place & Economy	additional income	Garage Income	Covid pressures	(10)	R
Place & Economy	Bus Lane Enforcement	Income not included within base budget for 2021/22 following disaggregation	Technical changes	(482)	R
Place & Economy	Structure - Assets & Environment	Assets & Environment Service Improvement and Redesign	Transformation	(95)	A
Place & Economy	Promote food waste	Benefit of promoting the food waste service in the Corby East Northants Area	Demographic/service demand	(40)	A
Place & Economy	Commercial Income	Additional income from Enterprise / Innovation Centres	Demographic/service demand	(50)	R
Place & Economy	Reduction in costs asset portfolio	Efficiency savings from temporary building hibernation.	Transformation	(84)	A
Place & Economy	Household Waste Collection	Reversal of one off Covid Pressure in 2021/22	Covid pressures	(25)	G
Place & Economy	Concessionary Fares	Removal of surplus budget for Concessionary Fares based on forecast underutilisation of the scheme.	Full year effects of previous decisions	(118)	G
Place & Economy	Highways Contract Procurement	Partial release of the budget for the procurement which was originally included within the 2021-22 MTFP for the new highways services contract.	Contract & Other Inflation	(275)	G
Place & Economy	Structure - Waste	Service Improvement and Redesign to create a single tier waste authority.	Transformation	(70)	R
Place & Economy	Land charges	Adjustment to budget to reflect the closure of Land and Property Data Project	Full year effects of previous decisions	(48)	G
Place & Economy	Restructure	Rationalisation of service provision	Transformation	(69)	A
Enabling & Support Services	Housing Benefit Subsidy	Additional income relating to Housing Benefit Subsidy	Technical changes	(148)	G

Enabling & Support Services	Business Rates Cost of Collection	Additional income in relation to costs of collection for business rates	Technical changes	(53)	G
Enabling & Support Services	Blue badge income	Additional income not budgeted for due to the disaggregation of NCC	Contract & Other Inflation	(29)	G
Enabling & Support Services	Local Elections	Removal of expenditure included in base for local elections	Legislative changes	(450)	G
Enabling & Support Services	Local Elections	Contribution to reserves for future local elections	Technical changes	(150)	G
Enabling & Support Services	Replacement of Case Management System & Telephone System	Case management system replacement & Telephony	Transformation	(264)	A
Enabling & Support Services	Treasury Investments	Increase investments in property funds	Technical changes	(500)	G