



EXECUTIVE 16th November 2023

Report Title	Indicative Budget Timeline and Scrutiny Process 2024/25 - Update
Report Author	Janice Gotts, Executive Director of Finance and Performance
Lead Member	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 - Diagram of Latest Financial Planning Cycle – 2024/25 Budget

1. Purpose of Report

- 1.1 The purpose of the report is to consider the 2024/25 budget setting process and scrutiny arrangements for North Northamptonshire Council.
- 1.2 At the Council budget setting meeting in February 2023 the following reports will require approval:
 - The **General Fund** budget and the Council Tax levels for 2024/25 and the General Fund Medium Term Financial Plan.
 - The **Housing Revenue Account (HRA)** Budget for 2024/25 and the level of Housing Rents for 2024/25 and the Housing Revenue Account Medium Term Financial Plan.
 - The **Capital Strategy and Capital Programme 2024-27** for the both the Housing Revenue Account and the General Fund.

- 1.3 Prior to the final reports being presented to Executive and then on to Council, the financial position will require scrutiny by this Committee.
- 1.4 The Committee is requested to note and comment on the budget process for the forthcoming financial year and consider the latest proposals.

2. Executive Summary

- 2.1 The report provides an overview of the budget timeline for the 2024/25 budget process for the General Fund, the HRA and the Capital Programme. This includes an update on the proposed arrangements for scrutiny which the Executive is requested to consider.

3. Recommendations

- 3.1 It is recommended that Executive:
 - a) Approve the proposed process and note the timeline for the setting of the budget and that this may be subject to change in line with Government announcements or other factors. In particular:
 - the proposed budget setting and scrutiny arrangements for the Children's Trust as set out in this report, see particularly paragraphs 5.7 to 5.11 of the report.
 - the overall indicative timeline for the budget setting as set out under paragraph 5.13.
 - b) Note that the process has been to the Corporate Scrutiny Committee for comment, and that the approach outlined in this report was approved.
- 3.2 Reason for Recommendations – To inform Executive of the indicative budget setting timeline for 2024/25 and the arrangements for the scrutiny of the budget by the Corporate Scrutiny Committee.
- 3.3 Alternative Options – There are no alternative options under consideration, due to the need to meet approval deadlines and consultation requirements. The Corporate Scrutiny Committee considered the proposals as set out in section 6 of this report regarding the scrutiny arrangements and were agreed to proceed on the basis as outlined. Some dates of the scrutiny committee work group meetings remain subject to finalisation, as outlined in the report, and others may be affected by further Government announcements.

4. Report Background

- 4.1 In setting the Council's budget there are three main areas that are reported, namely:

- General Fund, including the Dedicated Schools Grant (DSG) and funding for the Children's Trust
- Housing Revenue Account (HRA)
- Capital Programme

The paragraphs below set out a summary of the requirements for each area.

General Fund

- 4.2 The Council's General Fund budget is funded from five main income sources which are Council Tax, Business Rates, government grants, fees and charges and, where needed, the use of reserves.
- 4.3 In recent years as central government funding has reduced, business rates retention and the ability to grow and retain the amount of resources raised locally has become even more important for financial sustainability and this is integral to the Council's financial planning.
- 4.4 The level of funding for Local Government in future years is uncertain. Whilst it is expected that there will be some form of "roll-over" budget into 2024/25 from 2023/24, the wider funding reforms are to be delayed until 2026/27 and there remains significant uncertainty from 2026/27 onwards.
- 4.5 However, there are further spend pressures to consider into 2024/25 including the cost of significant inflationary increases within the Children's Trust and across adult services. which have been evident for 2023/24 to date and are expected to continue into next year.
- 4.6 The future budget position will be informed by activity throughout the year which will be reported as part of the budget monitoring and/or budget setting process.
- 4.7 This section also incorporates the Dedicated Schools Grant (DSG), which is a ring-fenced grant that is presented to Schools Forum for consideration. The calculation of the overall DSG is determined by Government and the local distribution is subject to formula arrangements, which are consulted on with the Schools' Forum. Changes to the funding formula must be approved by Executive.

Housing Revenue Account (HRA)

- 4.8 The 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 rents and other charges paid by tenants and leaseholders.
- 4.9 Whilst North Northamptonshire Council must only operate one HRA it will, for a limited period, operate two separate Neighbourhood Accounts (Corby Neighbourhood Account and the Kettering Neighbourhood Account). The bringing together of the Neighbourhood Accounts requires further development of the HRA Business Plan and work with Government and outside bodies, such as the Chartered Institute of Public Finance & Accountancy, regarding

harmonisation and accounting requirements. The Business Plan will be informed by the housing strategy for North Northamptonshire which will consider the challenges faced by the Council across the local housing market and will set out measures to enhance housing options for local residents.

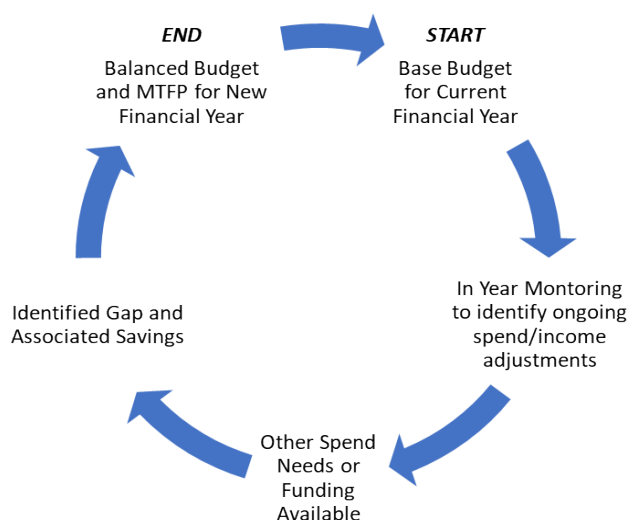
- 4.10 A key element of the HRA budget will be to determine and set the rent levels for 2024/25. The basis for calculating Housing Rent levels is determined by the Housing Rent Regulator and has been based on the Consumer Price Index (CPI) in September of the preceding each year plus 1%. The CPI figure for September 2023 is 6.7% resulting in an increase of 7.7% this will be discussed with the Tenants Advisory Panel. Generally, a deviation from Government's policy on rents for social housing would require the Council to apply to the Secretary of State to agree that it would be inappropriate to apply this policy. In 2023/24 due to the high levels of inflation, and the desire to constrain rent increases, the Government consulted on three levels of lower than inflation rent increase (namely 3%, 5% or 7%) to be applied in preference to CPI +1% and determined a level of 7%. No announcement has been made regarding rent levels for 2024/25.

Capital Programme

- 4.11 The Council will be required to approve a Capital Programme for 2024/28 for both the HRA and the General Fund, and a Development Pool based on the Capital Strategy. The delivery of a Medium-Term Capital Programme which is affordable and sustainable, ensuring that the Council's internal resources and application of external borrowing are utilised to fund capital expenditure where it supports the delivery of the Council's financial sustainability and where there are statutory requirements such as health and safety.
- 4.12 The Capital Strategy should make explicit the links to, and integration with, the Council's other strategies - with new capital investment only being permitted if it contributes to the achievement of the Council's corporate priorities.

5. Budget Process 2024/25

- 5.1 The Budget Strategy provides the basis for the setting of the 2024/25 Budget and the Medium-Term Financial Plan.
- 5.2 The robustness of both the budget pressures and savings are of equal importance when setting a balanced budget – the pressures need to reasonably reflect those that the Council is facing, and the savings must be deliverable.
- 5.3 As a general principle, the high-level strategy for setting the 2024/25 budget is as illustrated in the diagram below. Information will be taken from the 2023/24 budget, amended for recurring issues identified through the budget monitoring process which cannot be mitigated against, together with any other known changes (savings/pressures) before coming to a balanced budget position for 2024/25. The Council has a statutory requirement to balance its budget.



5.4 When the 2023/24 budget was set, there was an indicative financial gap over the following two years as set out in the table below. This was based on the best information available at the time, including the assumption that the funding regime for Councils would change from 2024/25, having been delayed from the previous year:

	2023/24 £'000	2024/25 £'000	2025/26 £'000
Net Budget Requirement	336,590	359,058	388,739
Total Funding	336,590	341,958	335,473
Gap/Savings Requirement	0	17,100	53,266

5.5 The updated forecast gap will require the Council to set out where costs can be reduced and where efficiencies can be made and to identify opportunities to increase income. Where these are identified, and approval is given, then they will be reflected in the MTFP and, where appropriate, be included in the base budget for future years.

5.6 It is important budget managers scrutinise their budgets to ensure that services are delivered as efficiently as possible. To assist and provide additional focus in delivering a balanced budget the following areas will be considered as part of the budget process.

Northamptonshire Children's Trust (NCT)

5.7 There is a separate Children's Trust which operates across Northamptonshire. The Trust provides Children's Social Care support under contract to North Northamptonshire Council and West Northamptonshire Council. Each year the Councils consider the funding requirement for the Trust in line with the contract arrangements between the Councils and the Trust. The Council will include this sum as part of its budget requirements for approval.

5.8 With regard to the timeline for budget approval with the Trust, this is set out within the contract where it is required that on or before 30th November in each contract year the Strategic Group shall meet to discuss and agree the proposed contract sum for the following year, which shall take into account a number of factors including the Trust's draft business plan. The Trust will also provide an

estimate for future years as an indicative assessment based on the information that the Trust has available to it.

- 5.9 Each Council is required to seek internal approval of the provisional contract sum by 15th January for the forthcoming financial year. The Trust acknowledges that as part of the Council's approval process for approving the provisional contract sum, the Trust may be required to support the Director of Children's Services at any scrutiny meeting of the Council in accordance with the agreed governance arrangements set out within the contract.
- 5.10 Subject to Council approval, the provisional sum shall become the actual contract sum payable.
- 5.11 A proposed timeline has been drafted for the scrutiny and approval of the budget for the Children's Trust and the contribution from North Northamptonshire, and this is set out below for comment. As indicated above, some of the dates regarding the approval of the Trust budget are set out as part of the contract with the Trust and cannot be changed.

Proposed Timeline for Children's Trust

Date	Activity
15 th September 2023	First draft of NCT Business and Budget Plan – submitted to Councils for consideration and verification
30 th October 2023	Phase 1 Scrutiny session – to review in-year Children's Trust position which will also inform the base for 2024/25
7 th November 2023	Business and Budget Plan proposals discussed at Operational Commissioning Group
21 st November 2023	Business and Budget Plan proposals discussed at Strategic Commissioning Group
30 th November 2023	Final Date for Draft Children's Trust Budget to be agreed
4 th December 2023	Phase 2 Scrutiny session – to review the Children's Trust 2024/25 budget
21 st December 2023	Scrutiny Feedback to December Executive
15 th January 2024	Final Date for formal agreement to Children's Trust Budget 2024/25. The proportionate share of the Trust Budget for North Northamptonshire will be included within the Council's budget.

Timeline for Budget Setting 2024/25

- 5.12 The Council is required to set a Balanced General Fund budget and the levels of Council Tax for 2024/25 at its budget meeting in February 2024. The Council is also required to set a Balanced HRA Budget and rent levels for 2024/25 along with a Capital Programme for both the General Fund and HRA.

- 5.13 The indicative summary timetable for the setting of the budget is as set out below and includes the recommended timeline for the Trust as set out above, this is subject to amendment in light of government announcements and other potential changes:

Key Dates	Activity
<i>During Year</i>	<i>Budget Monitoring reports produced which will be presented to Executive and Corporate Scrutiny.</i>
30 th October 2023 to 20 th November 2023	Phase 1 Scrutiny – Corporate Scrutiny Committee members to have dedicated sessions with Service Directors, and separately the Children’s Trust, to understand the current in year position for the budgets, which will inform the requirement for 2024/25.
7 th November 2023	<i>Children’s Trust</i> - Business and Budget Plan proposals discussed at Operational Commissioning Group
21 st November 2023	<i>Children’s Trust</i> - Business and Budget Plan proposals discussed at Strategic Commissioning Group
22 nd November 2023	Expected date for the Government’s Autumn Statement which will outline the Government’s plans for spending, taxation and borrowing for 2024/25.
30 th November 2023	<i>Children’s Trust</i> - Final date for draft budget proposals to be agreed
4 th December 2023	<i>Children’s Trust</i> - Phase 2 Scrutiny session – to review the Children’s Trust 2024/25 budget.
w/c 18 th December 2023	Provisional Local Government Finance Settlement expected.
21 st December 2023	Draft Budget 2024/25 report presented to Executive. Consultation on the budget will commence following the meeting and subject to Executive approval. Draft Schools Budget (Dedicated Schools Grant) to Schools Forum. <i>Children’s Trust</i> – Corporate Scrutiny Committee feedback to December Executive
8 th January 2024 to 19 th January 2024	Phase 2 Scrutiny – Corporate Scrutiny Committee members to scrutinise the Council’s budget proposals with sessions for each Directorate. To include presentation on the overarching draft budget proposals. HRA rent increase consultation to tenants’ forums / representatives.
15 th January 2024	<i>Children’s Trust</i> - Latest date that the Council is required to seek approval of the contract sum

Key Dates	Activity
18 th January 2024	Budget Update to Executive following the Local Government Finance Settlement, if it is not announced in time for the December draft budget report.
23 rd January 2024	Corporate Scrutiny Committee to consider report on the feedback from the Scrutiny Task and Finish sessions.
26 th January 2024	Budget consultation ends (proposed date)
8 th February 2024	Updated Budget reports, including feedback from Scrutiny, presented to Executive for approval and recommendation on to Council
22 nd February 2024	Setting of the Budget - Suite of Budget Reports presented to Council for approval

6. Issues and Choices – Proposed Scrutiny Arrangements

- 6.1 The Corporate Scrutiny Committee has a critical role to play in scrutinising and reviewing the budget proposals, ensuring that they are subject to rigorous challenge. The Committee will provide recommendations to the Executive on the budget proposals that have been put forward.
- 6.2 It is proposed that detailed scrutiny of the budget is carried out in two distinct phases by the Committee, which follows on from the process undertaken as part of the 2023/24 budget process.
- 6.3 **Phase 1** of scrutiny is to be undertaken between 30th October and 20th November 2023. This first phase of scrutiny will look at the in-year position and the detail of the current budgets and activity as well as general pressures and opportunities. This will include any updates with regard to Government funding arrangements and any other proposals. It is intended that this will provide the groundwork for the scrutiny of the budget proposals, ready for when there is greater clarity of the potential funding and other budget requirements.
- 6.4 **Phase 2** of scrutiny will take place when the 2024/25 draft budgets proposals have been reported to Executive which is expected to be on 21st December 2023. This will trigger the budget consultation and will represent the formal draft proposals. The Scrutiny process will complete in January 2024 alongside the consultation, to feed into the updated budget report to Executive on 8th February 2024.
- 6.5 Similar to the process for 2023/24 it is proposed that the Scrutiny sessions for phases 1 and 2 cover the main service areas of:
- Place and Economy
 - Adults, Health, Partnerships and Housing, including the HRA
 - Communities and Public Health
 - Children’s and Education Services
 - Enabling and Support Services – Finance and Performance, Chief Executive including Chief Information Officer and Customer and Governance.

This will include both the revenue budgets and the capital programme for each of the main service areas.

- 6.6 Each service area will attend a scrutiny session to present their service and budget plans. The Corporate Scrutiny Committee will be able to scrutinise each plan and may request further details on a particular area. Scrutiny Members are requested to identify any areas requiring further detailed information prior to the meeting with the Directorates taking place in order that this can be drawn together in preparation for the meeting. This will enable the Corporate Scrutiny Committee to ensure that it has the required information necessary to adequately scrutinise the proposals and provide any subsequent feedback and recommendations to the Executive.
- 6.7 Further to the above, the Committee will also receive a presentation on the overarching financial position to provide the context to the budget proposals as part of the phase 2 scrutiny.
- 6.8 The indicative timeline for Scrutiny to take place is set out under paragraph 5.13 above.

7. Implications (including financial implications)

7.1 Resources and Financial

- 7.1.1 None that are specific for this report.

7.2 Legal and Governance

- 7.2.1 The requirement to approve the budget for the Children's Trust is set out in the contract arrangements between the Councils (North Northamptonshire Council and West Northamptonshire Council) and the Trust.
- 7.2.2 The statutory arrangements for the setting of a Local Authority's budget are set out within the Local Government Finance Act. The Council's Constitution contains further requirements in relation to budget setting and approval for North Northamptonshire Council.

7.3 Relevant Policies and Plans

- 7.3 The budget strategy must align to the Council's Corporate Plan and Strategic Priorities.

7.4 Risk

- 7.4.1 The paragraphs that follow represent the risks in the preparation of the budget.
- 7.4.2 The basis of the budget strategy is to ensure that the Council delivers a balanced budget for 2024/25 to be presented to Council for approval in February

2024; however, there are inevitably risks that may cause expenditure to increase or income to reduce. Consequently, income and expenditure levels will be kept under review throughout the budget process.

7.4.3 It will not be possible to finalise funding in the budget until government announcements on future funding levels are published, which is expected to be later in the year. The Chancellor's will present the Autumn Statement on 22 November, but this will not provide the detail around individual authority allocations.

7.4.4 The impacts of the changes to funding or other external factors will be reported to Members once announcements are made and officers have understood the implications for the Council. Where appropriate, these will be included in the Council's updated Medium-Term Financial Plan for 2024/25 onwards.

7.5 Consultation

7.5.1 Currently it is envisaged that the first public draft of the budget will be presented to the Executive at its meeting on 21st December 2023. The Corporate Scrutiny Committee will then have the opportunity during the budget process to make suggestions to the Executive prior to final budget approval by the Council.

7.5.2 This report sets out the terms of consultation for the 2024/25 budget proposals. The consultation will commence once the draft budget proposals have been agreed by Executive and will run until 26th January 2024, prior to the Executive meeting in February.

7.5.3 The structure and design of the consultation will set out the budget proposals and will enable both online and non-digital means of participation, in accordance with good practice. This is to ensure the widest possible reach, a variety of consultation methods will be used to maximise the range of accessible channels for consultees, these include;

- Online survey – available at libraries for those without internet access (with hard copies and copies in other formats available on request)
- An email address and telephone number
- Social media - including Facebook, Twitter and LinkedIn
- Postal address
- Emails to key stakeholders, inviting them to comment through the above consultation channels and asking them to promote the consultation to their members/community: e.g., partner organisations, MPs, Town and Parish Councils, Voluntary Sector Infrastructure Organisations.
- Emails to Residents' Panel members and other stakeholders who have registered to receive consultation alerts, inviting them to comment through the above consultation channels

7.5.4 The purpose of the consultation is to ensure that, when the Final Budget is considered by Council, Members are aware of the outcome of the consultation and are in a position to take it into account when making final decisions.

- 7.5.5 In addition, there will be specific consultation for any budget proposals that require targeted consultation with service users. This will include consultation with local residents regarding the HRA and proposed rent levels, and scrutiny will be advised on the mechanisms for this in the coming year.
- 7.5.6 Consideration of the draft budget proposals will be undertaken by the Corporate Scrutiny Committee who will report their recommendations to the Executive meeting on 8th February 2024. The Executive must then make recommendations on the final, scrutinised, budget and HRA rent proposals to Council for approval.
- 7.5.7 Scrutiny is a means for councillors not on the Executive to influence the development of Council policies and services and hold decision makers to account. Budget Scrutiny involves councillors reviewing significant proposals from across the draft budget and reporting their conclusions about the deliverability and service impact of these proposals to the Executive. In this way Budget Scrutiny contributes to the development of the final budget proposals and supports local democracy.

7.6 Consideration by Executive Advisory Panel

- 7.6.1 Not considered by the Executive Advisory Panel.

7.7 Consideration by Scrutiny

- 7.7.1 The report on the proposed budget timeline and scrutiny arrangements for 2024/25 was presented to the Corporate Scrutiny Committee for review and comment at its meeting on 10th October 2023.
- 7.7.2 The Committee was supportive of the approach set out in the report.

7.8 Equality Implications

- 7.8.1 In considering the budget for 2024/25, the Council must consider its ongoing duties under the Equality Act 2010. It must have due regard to the need to eliminate discrimination and advance equality of opportunity between all, irrespective of whether they fall into a protected category. Having due regard to these duties does not mean that the Council has an absolute obligation to eliminate discrimination. It must, however, consider how its decisions will contribute towards meeting the duties in light of all other relevant circumstances such as economic and practical considerations.
- 7.8.2 As part of the budget consultation process options put forward may require an Equality Impact Assessment (EIA) to be undertaken.

7.9 Climate and Environment Impact

7.9.1 None that is specific to this report, however, the Council has made a commitment to tackling the climate impact and spending decisions will take this into account.

7.10 Community Impact

7.10.1 No distinct community impacts have been identified as a result of the proposals included in this report.

7.11 Crime and Disorder Impact

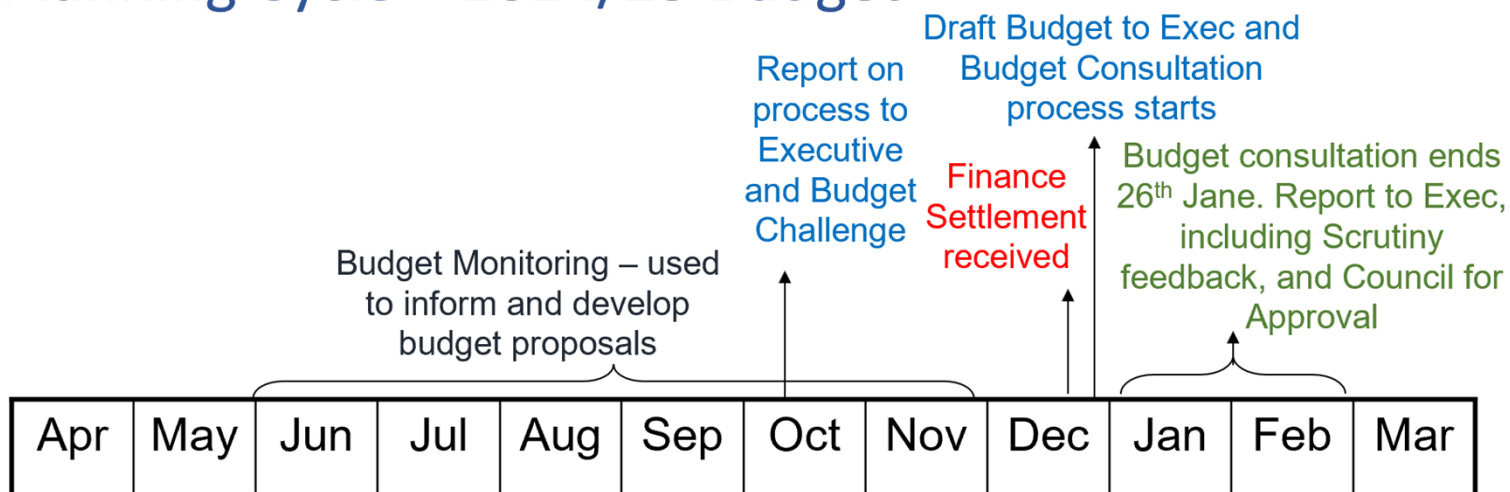
7.11.1 None that is specific to this report.

8 Background Papers

8.1 Suite of budget reports, Council, 23rd February 2023

8.2 Budget Timeline 2024/25, Corporate Scrutiny Committee, 10th October 2023

Financial Planning Cycle – 2024/25 Budget



The 2024/25 Budget Cycle will be influenced by the announcements from Government, however individual authority allocations are unlikely to be made until w/c 18/12

Budget planning for next year Review P6 budget monitoring and performance including phase 1 scrutiny

Chancellor's Budget Statement (22/11)

30th Nov - Final Date for Strategic Group to discuss and agree draft budget proposals for the Children's Trust

Scrutiny process for reviewing Draft Budget (phase 2)

Formal approval of budget by Full Council

Internal Approval for the Provisional Contract Sum for the Children's Trust (15th Jan)