

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

<b>Report Title</b>	<b>Budget Forecast 2023-24 at Period 6</b>
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<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Is the decision eligible for call-in by Scrutiny?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Are there public sector equality duty implications?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Does the report contain confidential or exempt information (whether in appendices or not)?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Applicable paragraph number for exemption from publication under Schedule 12A Local Government Act 1974</b>	

### List of Appendices

#### Appendix A – Savings Schedule

#### 1. Purpose of Report

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- 1.1. The revenue budgets (2023/24) 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 23<sup>rd</sup> February 2023. The purpose of this report is to set out the forecast outturn position for the Council for 2023/24 for the General Fund the Housing Revenue Account and the Dedicated Schools Grant.
- 1.2. This monitoring report sets out the material financial issues identified since the 2023/24 budget was set, based on the income and expenditure as at the end of September 2023 (Period 6) and reflects the views of the Assistant Directors and budget managers within the Directorates.
- 1.3. As part of the ongoing monitoring process, work will continue to examine income and expenditure and activity data, against the available budgets to support the position presented and help to shape the medium-term financial plan.

## 2. Executive Summary

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- 2.1 This report provides commentary on the Council's forecast for the revenue outturn position 2023/24. This is an early indication based on information available as at Period 6 (September 2023) – the forecast position for each of the funds is as follows:
- General Fund - overspend of £7.575m - (Period 5 - £7.821m).
  - Housing Revenue Account – overspend of £52k – (Period 5 – £15k).
  - Dedicated Schools Grant is forecasting a pressure of £6.404m (Period 5- £4.995m).
- 2.2 The forecast is based on the emerging data for 2023/24 and the Council will continue to assess and refine the position on a regular basis using the latest intelligence available. The forecast presented in this report is based on the best available data and information of the operations of the Council and represents the view of the Budget Holders and Directors.
- 2.3 In order to help safeguard the financial position of the Council, officers will continue to seek efficiencies in year to offset the forecast overspend. The Council has a contingency budget and reserves available to call on to help fund in-year pressures, however, it will look to achieve alternative mitigations in the first instance before these are applied.
- 2.4 National factors continue to be challenging and the Council, like its residents and businesses are facing inflationary pressures which impacts on the cost of services with CPI in September 2023 at 6.7%. UK interest rates have been left unchanged at 5.25% after the Bank of England said price rises were slowing at a faster rate than expected. Interest rates were already at their highest for 15 years.

## 3. Recommendations

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- 3.1 It is recommended that the Executive:
- a) Note the Council's forecast outturn position for 2023/24 as summarised in Section 4, alongside the further analysis, risks and other considerations as set out in Section 5 to Section 7 of the report.
  - b) Note the assessment of the current deliverability of the 2023/24 savings proposals in **Appendix A**.
- 3.2 Reason for Recommendations – to note the forecast financial position for 2023/24 as at Period 6 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 2023/24 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

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### General Fund

- 4.1 The Council's Revenue Budget for 2023/24 was set at the Council meeting on 23<sup>rd</sup> February 2023. The overall outturn forecast for the General Fund for 2023/24, as at Period 5 is a forecast overspend of £7.575m (Period 5 - £7.821m) against a budget of £339.035m. This is summarised in the Table below.

<b>General Fund Forecast Outturn 2023/24</b>				
<b>Description</b>	<b>Net Budget</b>	<b>Forecast Position 31/03/24</b>	<b>Forecast Variance 31/03/24</b>	<b>Forecast Variance 31/03/24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>
<b>Net Available Resources</b>	<b>339,034</b>	<b>339,034</b>	<b>0</b>	<b>0.00</b>
<b>Total Corporate Budgets</b>	<b>29,603</b>	<b>24,447</b>	<b>(5,156)</b>	<b>(17.42)</b>
Children & Education	69,711	80,831	11,120	15.95
Adults, Health, Partnerships and Housing	124,132	127,152	3,020	2.43
Public Health & Communities	8,370	8,110	(260)	(3.11)
Place & Economy	69,339	67,982	(1,357)	(1.96)
Enabling & Support Services	37,879	38,087	208	0.55
<b>Total Directorate Budgets</b>	<b>309,431</b>	<b>322,162</b>	<b>12,731</b>	<b>4.11</b>
<b>Total Budget</b>	<b>339,034</b>	<b>346,609</b>	<b>7,575</b>	<b>2.23</b>

**Note – Favourable variances are shown in brackets.**

- 4.2 The forecast position at Period 6 is an overspend of £7.575m (Period 5 - £7.821m). The following table summarises the overspend.

	Report Ref	Net Budget	P5 Forecast	Movement in Forecast	P6 Forecast	
		£000	£000	£000	£000	%
<b>Children &amp; Education</b>		<b>69,711</b>	<b>10,618</b>	<b>502</b>	<b>11,120</b>	<b>15.95</b>
Assistant Director of Education	5.14	5,397	537	280	817	15.14
Commissioning & Partnerships	5.16	1,034	(115)	70	(45)	(4.35)
Northamptonshire Childrens Trust - NNC Only	5.19	63,280	10,196	152	10,348	16.35
<b>Adults, Health, Partnerships &amp; Housing</b>		<b>124,132</b>	<b>3,020</b>	<b>0</b>	<b>3,020</b>	<b>2.43</b>
Adult Services	5.33	99,229	2,250	1,436	3,686	3.71
Safeguarding and Wellbeing	5.36	9,043	0	0	0	0.00
Commissioning & Performance	5.38	13,368	770	(1,436)	(666)	0.00
Strategic Housing, Development and Property Services	5.40	2,492	0	0	0	0.00
<b>Public Health &amp; Communities</b>		<b>8,370</b>	<b>(260)</b>	<b>0</b>	<b>(260)</b>	<b>0.00</b>
Public Health	5.43	0	0	0	0	0.00
Communities & Leisure	5.46	8,370	(260)	0	(260)	0.00
<b>Place &amp; Economy</b>		<b>69,339</b>	<b>(1,124)</b>	<b>(233)</b>	<b>(1,357)</b>	<b>0.00</b>
Assets & Environment	5.49	4,150	(845)	(125)	(970)	0.00
Growth and Regeneration	5.51	4,375	268	3	271	6.19
Highways & Waste	5.53	57,258	(330)	(57)	(387)	0.00
Regulatory Services	5.55	2,911	(217)	(54)	(271)	0.00
Directorate Management	5.57	645	0	0	0	0.00
<b>Enabling &amp; Support Services</b>		<b>37,879</b>	<b>360</b>	<b>(152)</b>	<b>208</b>	<b>0.55</b>
Finance & Performance	5.58	15,535	120	(22)	98	0.63
Chief Executive's Office	5.60	1,305	38	(381)	(343)	0.00
Chief Information Officer	5.62	10,309	268	30	298	2.89
Human Resources	5.64	3,726	31	0	31	0.83
Legal & Democratic Services	5.66	4,999	(81)	381	300	6.00
Customer Services	5.68	2,005	(16)	(160)	(176)	0.00
<b>Corporate Costs</b>	5.2	<b>29,603</b>	<b>(4,793)</b>	<b>(363)</b>	<b>(5,156)</b>	<b>0.00</b>
<b>Total</b>		<b>339,034</b>	<b>7,821</b>	<b>(246)</b>	<b>7,575</b>	<b>2.23</b>

**Note – Favourable variances are shown in brackets.**

- 4.3 The net budget was increased by £482k from £336.590m in Period 2 to £337.072m in Period 3. This reflects the use of the Climate Change reserve to support the development and operation of climate change projects and initiatives which was approved by the Executive at the meeting on 12<sup>th</sup> July 2023.

4.4 The net budget was increased in Period 6 by £1.962m from £337.032m to £339.034m. This reflects the use of the Transformation Reserve to fund the Education Case Management System (£1,362m) and the Development and Regulatory Case Management System (£600k).

### Housing Revenue Account

4.5 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.

4.6 Within North Northamptonshire prior to 1<sup>st</sup> April 2021 there were two HRA accounts, covering the sovereign Councils of Kettering and Corby respectively. As part of the move to a single unitary council for North Northamptonshire, there was a statutory requirement to create a single HRA for the area. Whilst North Northamptonshire Council must only operate one HRA it will, for a period of time, operate two separate Neighbourhood Accounts, these being:

- the Corby Neighbourhood Account - responsible for the stock that was managed by Corby Borough Council and
- the Kettering Neighbourhood Account - responsible for the stock that was managed by Kettering Borough Council.

4.7 The Council's overall outturn forecast for the Housing Revenue Account as at Period 6, is a forecast overspend of £52k (Period 5 - £15k overspend) against the approved budget of £38.752m. This is summarised in the table below and further details are set out in Section 6. It is important to note that this is subject to continual review.

<b>Housing Revenue Account Forecast Outturn 2023/24</b>				
<b>Directorate</b>	<b>Budget</b>			<b>P6 Forecast Variance at 31/03/24</b>
	<b>Expenditure</b>	<b>Income</b>	<b>Net</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Corby Neighbourhood Account	21,481	(21,481)	0	20
Kettering Neighbourhood Account	17,271	(17,271)	0	32
<b>Net Position 2022/23 (under)/over</b>	<b>38,752</b>	<b>(38,752)</b>	<b>0</b>	<b>52</b>

### Dedicated Schools Grant

4.8 The Dedicated Schools Grant (DSG) is a ringfenced grant allocated to Local Authorities by the government to support a range of education related services.

- 4.9 The Council's overall outturn forecast for the DSG as at Period 6, is a forecast pressure of £6.404m (Period 5 - £4.995m) the Net Spend is forecast to be £127.067m against the approved budget of £120.663m. This is summarised in the table below and further details are set out in Section 7. It is important to note that this is subject to continual review.

<b>Dedicated Schools Grants Forecast Outturn 2023/24</b>							
<b>Block</b>	<b>Gross Budget</b>	<b>July DSG Allocation Adjustment</b>	<b>Revised Budget</b>	<b>Recoupment</b>	<b>Net Budget</b>	<b>Forecast Net Spend</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Schools Block	270,284	0	270,284	222,910	47,374	47,374	0
Central Schools Block	3,287	0	3,287	0	3,287	3,287	0
High Needs Block	57,851	74	57,925	11,082	46,843	53,247	6,404
Early Year Block	23,541	(382)	23,159	0	23,159	23,159	0
<b>Total</b>	<b>354,963</b>	<b>(308)</b>	<b>354,655</b>	<b>233,992</b>	<b>120,663</b>	<b>127,067</b>	<b>6,404</b>

### **National Context**

- 4.10 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.
- 4.11 The Bank of England kept the Base Rate unchanged at 5.25% on 2<sup>nd</sup> November 2023. There had previously been fourteen consecutive increases since December 2021 and the rate is at its highest level for 15 years (February 2008 – 5.25%).
- 4.12 The 12-month CPI figure for September 2023 is 6.7% which is unchanged to the CPI in August 2023. There has been a slight reduction in the 12-month RPI figure in September 2023 where the figure was 8.9% compared to 9.1% in August 2023.
- 4.13 Councils like most organisations have experienced the impact of significant 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 2023/24, the Council included growth to address forecast inflationary increases in light of the position known at the time.
- 4.14 Further risk to Local Government funding comes from the high street as individuals have less disposable income and businesses face higher 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. The continued increases in interest rates also have an impact on the number of new homes that are being occupied which can also have an adverse impact on the Council Tax yield.

- 4.15 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.
- 4.16 The context of the national and global economy along with potential changes to the local government financial landscape in the future through reforms are key considerations for the Council as it continues to deliver its services for 2023/24 and will be key considerations in developing the 2024/25 draft budget proposals and the Medium-Term Financial Plan.

## 5. Overview of Forecast Position 2023/24

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### Available Resources and Corporate Costs

- 5.1 The Council is responsible for the collection of local taxes (Council Tax and Business Rates). At the end of September 56.98% of Council Tax had been collected (September 2022 – 57.69%). Business Rates collection was 55.72% at the end of September 2023 (September 2022 – 56.80%).

### Corporate Resources

- 5.2 The total net budget for Corporate Resources is £29.603m. The composition of the budget together with the forecast variances are shown in the following Table.

Description	Net Budget	P6 Forecast Variance	
		£'000	%
	£'000	£'000	%
Corporate Contingency	3,746	0	0.00
Minimum Revenue Provision (MRP)	7,970	0	0.00
Pay Contingency	5,708	0	0.00
Pay and Grading Review	2,479	0	0.00
Treasury	8,830	(5,156)	(58.39)
Bad Debts Provision	870	0	0.00
<b>Total</b>	<b>29,603</b>	<b>(5,156)</b>	<b>(17.42)</b>

- 5.3 The Council's Corporate Contingency Budget for 2023/24 is £3.746m, which represents around 1% of the net budget. The contingency budget is held to meet unknown or unplanned / unbudgeted costs. At this stage the Contingency Budget is currently assumed to be used in full during the year. This will include inflationary and demand pressures as well as helping to offset the potential additional cost of the pay award, as the offer by the employers already exceeds the pay inflation allowed.
- 5.4 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. This has been calculated as £7.970m which was an increase of £1.538m from 2022/23 and ensures that the provision is aligned to the MRP policy moving into the medium term.

- 5.5 The Council has set aside £5.708m in 2023-24 as a Pay Contingency to allow for annual increments and potential pay changes of 4%, with the final requirement determined by the outcome of pay negotiations, and the cost of increments. This budget will be allocated in 2023-24 once these have been agreed. The Pay award will exceed the budget as the offer by the employers already exceeds the pay inflation allowed. The forecast outturn will be updated following the conclusion of the national pay negotiations.
- 5.6 Additionally, a pressure of £2.479m was included in the 2023-24 budget, which reflected the initial costings for the implementation of the Pay and Grading review for staff recruited to interim contracts with North Northamptonshire Council, which is predominantly staff that have been appointed since 1<sup>st</sup> April 2021. Other staff transferred across to the new unitary authority on their existing terms and conditions through TUPE arrangements. The proposals for the new pay and grading structure are yet to be agreed. At this stage the forecast costs are expected to be delivered within budget.
- 5.7 The net Treasury Management Budget for 2023/24 is £8.830m. The composition of the budget and the forecast outturn is as follows:

<b>Description</b>	<b>Net Budget</b>	<b>P6 Forecast Variance</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Investment Income	(3,173)	(5,810)
Borrowing Costs	11,273	0
Other Treasury Management costs	730	654
<b>Total</b>	<b>8,830</b>	<b>(5,156)</b>

- 5.8 The movement for investment income reflects the increase in the Bank of England base rate on future investments and is based on an average cash balance of £175.6m at a weighted average rate of 5.04% for a full year. This offsets the additional pressure of £654k; relating to increased bank charges of £232k, unrealised internal interest income of £267k and recovery of debt management expenses of £155k.
- 5.9 If interest rates remain high over the longer term this will also create risk in relation to acquiring new loans to finance future capital programmes. The current PWLB rate for borrowing over a 30-year period is around 6%, for every £1m borrowed this would be an additional interest payable of £60,000.
- 5.10 There continues to be risks around the overall cash and loan position for North Northamptonshire, not only from a volatile marketplace, but also due to the outstanding legacy audits for 2020/21 and the disaggregation of the opening position from Northamptonshire County Council. Any changes in these risks and balances will be reflected in future forecasts.
- 5.11 The bad debt provision for 2023/24 amounts to £870k – the bad debts position is based on the age of the debt which reflects the risks associated with the collection of the debt and is forecast to be delivered on budget.



## Directorate Budgets

- 5.12 This section of the report provides an analysis of the forecast variations against the 2023/24 General Fund for each of the Directorates as set out in the table at paragraph 4.2.

### Children's Services Directorate

- 5.13 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).

### **Assistant Director of Education**

- 5.14 The **Assistant Director of Education** is responsible for all learning, pupil attainment and achievement and school improvement functions. The forecast outturn position for the **Assistant Director of Education** is set out in the following table (Period 5 - £537k).

<b>Assistant Director of Education</b>	<b>£'000</b>
Expenditure	9,760
Income	(4,363)
<b>Net Budget</b>	<b>5,397</b>
Forecast	6,214
<b>Variance</b>	<b>817</b>

- 5.15 The forecast variance relating to the **Assistant Director of Education** is set out in the following Table and explanations for the variances are provided in the table below.

Ref	Description	Budget	Forecast Variance	
			£'000	%
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
1	Employees	8,176	1,200	14.68
2	Supplies and Services	1,259	(196)	(15.57)
3	Income	(4,363)	(299)	6.85
4	Other budgets	325	112	34.46
	<b>Total</b>	<b>5,397</b>	<b>817</b>	<b>15.14</b>

- 1) The budget pressure within Education Services predominantly relates to staffing costs. The Education Health and Care (EHC) service is continuing to rely heavily on interim workers to fulfil its statutory obligations. This is due to increasing level of need, a high number of vacancies, and backlog of historic assessments. The service has planned to gradually phase out the existing agency staff from July 2023. This will require recruiting and taking the initiative to actively upskill the existing staff to ensure the future needs of children, young people and their families can be met. Whilst there are service areas with substantial amount of savings on salaries, particularly Educational Entitlement (£104k), Governance (£178k), Specialist Support (£345k), the

salary budget forecast pressure in EHC (£1.540m), and other service areas (£287k) results in a net pressure of £1.2m.

- 2) The forecast underspend for supplies and services of £196k relates to the reduced forecast spend on professional fees and hired services (£113k) and external legal fees (£53k) in Strategic Planning and Education Health Care service areas. In addition, there are other net minor savings of £30k. The Strategic Planning is one of the service areas contributing to the significant forecast overspend of £1.2m on salaries. As such, the forecast underspend of £113k will be used to partly mitigate the service's salary budget pressure.
- 3) Income has a forecast net benefit of £299k of which £338k relates to Teachers' Pension. The budget was set at £468k, while the forecast DSG contribution is £806k. Also, the School Improvement Monitoring and Brokering grant has now ceased, leaving the service with a pressure of £227k. Additionally, the EHC team is benefiting from the use of the residual Contain Outbreak Management Fund (COMF) of £220k. The funding will partly mitigate the staffing pressure associated with support to the most vulnerable Children and Young People. There are other net minor pressures of £32k across the services.
- 4) In respect of the other budget areas, there is a pressure of £111k. There has been an increase in the spend against Educational Psychologist Trainees and the service is anticipating an increased bursaries payment to the respective cohort, resulting in a pressure of £45k. There are other net pressures of £66k, of which £83k relates to internal contributions and recharges that are not practically chargeable since the disaggregation of the budget between the North and the West.

### **Assistant Director Commissioning and Partnerships**

5.16 The **Assistant Director of Commissioning and Partnerships** leads the commissioning functions for Children's Services across North Northamptonshire and the contract management of the Northamptonshire Children's Trust and the commissioning of education services. The Children's and Education Services remaining with the Council includes the Intelligent Client Function (ICF) for the Northamptonshire Children's Trust and the Local Authority statutory education functions as follows:

- 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 outturn position for the **Assistant Director of Commissioning and Partnerships** (excluding the Children's Trust) is set out in the following Table (Period 5 - £115k)

<b>Assistant Director of Commissioning and Partnerships</b>	<b>£'000</b>
Expenditure	1,179
Income	(145)
<b>Net Budget</b>	<b>1,034</b>
Forecast	989
<b>Variance</b>	<b>(45)</b>

5.18 The forecast variance relating to the **Assistant Director Commissioning and Partnerships** (excluding the Children's Trust) is set out in following Table and explanations for the variances are provided below the Table.

Ref	Description	Budget	Forecast Variance	
			£'000	%
		£'000	£'000	
1	Employees	1,142	(71)	(6.22)
3	Income	(145)	0	0.00
4	Other budgets	37	26	70.27
	<b>Total</b>	<b>1,034</b>	<b>(45)</b>	<b>(4.35)</b>

- 1) The Commissioning and Partnerships is forecasting a net savings of £71k on staffing. The directorate is currently undertaking a staffing restructure which will include a realignment of budgets across Children's Services. Whilst the directorate is striving to spend within the approved budget provision, the outcome of the restructure will determine the subsequent forecast spend for the service.
- 2) The service is expecting to receive the budgeted income of £145k in full. The income predominantly relates to DSG funding allocation and partner contributions to Information Advice and Support Service (IASS) and Northamptonshire Safeguarding Children Partnership (NSCP) services.
- 3) The service will be responsible for external legal fees to support the contract management of Northamptonshire Children's Trust. This was not initially budgeted, therefore resulting in a pressure of £30k. There are other minor savings of £4k.

### **Northamptonshire Children's Trust**

5.19 The forecast outturn position for the **Northamptonshire Children's Trust** is set out in the following Table (Period 5 - £10.196m)

<b>Northamptonshire Children's Trust</b>	<b>£'000</b>
Expenditure	67,645
Income	(4,365)
<b>Net Budget</b>	<b>63,280</b>
Forecast	73,628
<b>Variance</b>	<b>10,348</b>

5.20 The forecast variance relating to the **Northamptonshire Children’s Trust** is set out in following Table and explanations for the variances are provided below the Table.

Ref	Description	Budget	Forecast Variance	
			£'000	%
		£'000	£'000	
1	Third Party Payments	67,645	10,348	15.30
2	Income	(4,365)	0	0.00
	<b>Total</b>	<b>63,280</b>	<b>10,348</b>	<b>16.35</b>

5.21 The Northamptonshire Children’s Trust delivers children’s social care and targeted early help on behalf of North Northamptonshire Council and West Northamptonshire Council. The Councils set the strategic outcomes and priorities and the Trust is responsible for delivering those outcomes. Services provided by the Trust include:

- Targeted early help services to children and families.
- Front door and safeguarding services
- Support and placements for Children in Care
- Support and placements for Disabled Children
- In house fostering and residential provision
- Commissioning of external placements and contracts
- Commissioned legal services and transport for children in care.

5.22 The total contract value for the Childrens Trust is £150.938m. The Councils share of this is £66.654m this reflects how the contract sum is split between North Northamptonshire Council (44.16%) and West Northamptonshire Council (55.84%).

5.23 The Children’s Trust are forecasting an overspend of £23.434m – this is an increase of £345k to that previously reported to the Executive where the forecast pressure was £23.089m. The cost to the Council based on an overspend of £23.434m is £10.348m. If these pressures are not mitigated this will pose a significant financial risk to the Council. The Trust are looking at potential mitigations, however there is a risk that this position could worsen before year end. A key risk is the delivery of the efficiency savings of £7.632m which formed part of the contract sum. At present, the Trust is forecasting that £4.159m of these savings are at risk of non-delivery, this could increase the overall pressure from £23.434m to £27.593m. The following table summarises the contract sum and the forecast variances (excluding the risk on savings).

Description	Contract Sum	Forecast Variance Period 5	Movement	Forecast Variance Period 6	
	£'000	£'000	£'000	£'000	%
Staffing	49,732	2,292	498	2,790	5.61
Other non staffing costs	358	0	0	0	0.00
Placements	65,376	20,199	0	20,199	30.90
Contracts	5,001	0	0	0	0.00
Children's Homes	3,767	129	0	129	3.42
Legal	4,788	511	0	511	10.67
Adoption	7,776	(133)	0	(133)	(1.71)
Transport	2,870	173	0	173	6.03
Other care	6,799	(82)	82	0	0.00
NCT Central - Other budget	(762)	0	(235)	(235)	30.84
Support Services / SLA	5,233	0	0	0	0.00
<b>Total</b>	<b>150,938</b>	<b>23,089</b>	<b>345</b>	<b>23,434</b>	<b>15.53</b>

5.24 The main pressure within the Children's Trust relates to placements for children in care – this amounts to £20.199m and is unchanged to that reported in Period 5, however there has been movement across the type of placement. The market and availability of placements remains challenging. The placements budget will continue to remain under pressure as it remains extremely volatile both locally and nationally. The Trust is working on how these pressures can be mitigated this year and how this can be reduced in future years. The following table provides further detail around the pressures from placements.

Description	Contract Sum	Forecast Variance Period 5	Movement	Forecast Variance Period 6	
	£'000	£'000	£'000	£'000	%
In House Fostering	8,532	67	0	67	0.79
Agecny Fostering	16,895	1,781	(22)	1,759	10.41
Independent Residential	31,087	7,434	(202)	7,232	23.26
Supported Accommodation	3,400	10,424	(162)	10,262	301.82
18+ Agency Placements	4,400	887	465	1,352	30.73
Welfare Secure	339	(212)	0	(212)	(62.54)
UASC	3,812	0	0	0	0.00
Remand Secure	300	261	(76)	185	61.67
Income	(3,389)	(443)	(3)	(446)	13.16
<b>Total</b>	<b>65,376</b>	<b>20,199</b>	<b>0</b>	<b>20,199</b>	<b>30.90</b>

5.25 The contract sum included a pay provision of 4%, this was in line with the provision that both North and West Northamptonshire Council included in their budgets. NCT are not aligned to national pay negotiations and a proposed offer aligned to West Northamptonshire Council would require additional funding of

£1.007m a formal offer has been accepted by the Unions and this is reflected in the outturn. The forecast outturn also reflects a pressure of £1.087m for managed teams. A change control request to increase the contract sum by £2.094m has been made. In addition, there are further staff related pressures of £696k.

- 5.26 The legal services budget remains a challenge with increasing demand and additional inflationary costs in this area. The budget forecast is a projected overspend of £511k this is unchanged to Period 5.
- 5.27 There are also pressures on transport costs of £173k, this is unchanged from Period 5 and is as a result of inflationary pressures above the net contract sum of £2.870m. There is a risk that the inflation on transport costs could be above current levels. There are further minor savings which amount to £239k.
- 5.28 As part of the contract negotiations, it was agreed an amount of £2.243m was included for one off investments – the Council’s share of this was £991k – whilst this is subject to detailed Business Cases being provided from the Trust it is currently forecast that this will be delivered within budget.
- 5.29 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, Health Partnerships and Housing**

- 5.30 The revenue budget within this section covers Adult Social Services, Health Partnerships and Housing (excluding the HRA).
- 5.31 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.
- 5.32 Care can take 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.

### **Assistant Director of Adult Services**

- 5.33 The **Assistant Director of Adult Services** is responsible for the strategic planning, engagement, operational and statutory delivery of Adult Social Care This includes the independent care budgets for all people aged over 18 and the social care and reablement teams. The forecast outturn position for the **Assistant Director of Adult Services** is set out in the following table (Period 5 £2.250m overspend)

<b>Assistant Director of Adult Services</b>	<b>£'000</b>
Expenditure	118,666
Income	(19,437)
<b>Net Budget</b>	<b>99,229</b>
Forecast	102,915
<b>Variance</b>	<b>3,686</b>

5.34 The forecast outturn relating to the **Assistant Director of Adult Services** is set out in the following table. The overspend assumes most savings detailed in **Appendix A** are achieved in year. However, £0.617m of the savings for the increase of the utilisation of Shaw PPP beds for Discharge to Assess is assumed to be at risk of delivery. These savings will continue to be tracked, and any further impact of the achievability will form part of future reports.

Ref	Description	Budget	Forecast Variance	
			£'000	%
		£'000	£'000	
1	Employees	8,527	0	0.00
2	Third Party payments	95,277	3,986	4.18
3	Transfer Payments	14,258	0	0.00
4	Income	(19,437)	(300)	1.54
5	Other budgets	604	0	0.00
	<b>Total</b>	<b>99,229</b>	<b>3,686</b>	<b>3.71</b>

- 1) The employee related costs are currently forecast to be delivered on budget.
- 2) The main areas of spend in relation to Third Party Payments are in respect of independent care spend including Residential and nursing care for both 65+ year old and the 18-64 years old clients.

The service is seeing a significant increase in service demand. Client numbers have increased since April 2022 by 25% in the 65+ cohort and 15% in the 18-64 cohort with similar costs to existing cohorts. Previously there had been 14 years of stable demand in the 65+ cohort so this level of increase is unprecedented.

During 2022-23 the council received an additional £6m of one-off funding which mitigated the pressures of this increased demand, however there are currently no indications that there will be further grant funding that will offset this growth.

Thackley Green transferred on 1<sup>st</sup> July 2023 and is still in the transition stage and not yet a full capacity. This will result in additional independent care costs in the short term but will generate savings in future years.

As of September 2023, increased spend controls are being introduced within adult social care to aim to mitigate the increased demand, however it is prudent to highlight a negative movement in the forecast as a result of this demand. It is important to note that whilst an additional £1.436m risk is being

forecast at Period 6 compared to Period 5. The financial risk is higher, however this is after mitigations have been applied across the directorate these mitigations and interventions will be closely monitored.

- 3) The transfer payments relate to direct payments these costs are currently forecast to be delivered on budget.
- 4) The main areas of income include client contributions to care costs. This is forecast that an additional £300k is received.
- 5) The main area of spend shown as Other include client transport and other support costs this is forecasted to be delivered on budget.

5.35 Due to the volatile nature of the Adults Social Care budget, there may be further emerging risks whilst we progress through the financial year. This may include an unexpected increase in demand during the winter period, e.g., an increase in flu and other respiratory diseases, unexpected provider failures, additional pressures from acute hospitals, changes in caselaw and adverse weather. Mitigations would be sought to manage these pressures including, in exceptional circumstances, the use of reserves. This is an area the Council will continue to monitor closely.

#### **Assistant Director of Safeguarding and Wellbeing**

5.36 The **Assistant Director of Safeguarding and Wellbeing** is responsible for the strategic planning, engagement, operational and statutory delivery of key services for Adult Social Care. This includes ensuring services, practice and standards meet statutory requirements and that all professionals work together to deliver Making Safeguarding Personal to promote and secure the safety of local residents. The forecast outturn position for the **Assistant Director of Safeguarding and Wellbeing** is set out in the following table (Period 5 - £0k).

<b>Assistant Director of Safeguarding and Wellbeing</b>	<b>£'000</b>
Expenditure	10,038
Income	(995)
<b>Net Budget</b>	<b>9,043</b>
Forecast	9,043
<b>Variance</b>	<b>0</b>

5.38 The forecast outturn relating to the **Assistant Director of Safeguarding and Wellbeing** is set out in the following table. The forecast at Period 5 assumes that this will be delivered on budget and that the savings detailed in **Appendix A** are achieved in year. These savings will continue to be tracked, and any impact of the achievability will form part of future reports.



Ref	Description	Budget	Forecast Variance	
			£'000	%
		£'000	£'000	
1	Employees	8,793	0	0.00
2	Premises	396	0	0.00
3	Transport	324	0	0.00
4	Supplies and Services	525	0	0.00
5	Income	(995)	0	0.00
	<b>Total</b>	<b>9,043</b>	<b>0</b>	<b>0.00</b>

### Assistant Director of Commissioning and Performance

- 5.39 The **Assistant Director of Commissioning and Performance** is responsible for ensuring services, practice and standards meet statutory requirements and includes the commissioning and monitoring of Adults Social Care external contract. The forecast outturn position for the **Assistant Director of Commissioning and Performance** is set out in the following table (Period 5-£770k overspend).

Assistant Director of Commissioning and Performance	£'000
Expenditure	23,933
Income	(10,565)
<b>Net Budget</b>	<b>13,367</b>
Forecast	12,701
<b>Variance</b>	<b>(666)</b>

- 5.40 The forecast variance relating to the **Assistant Director Commissioning and Performance** is set out in following table and explanations for the variances are provided below the Table.

Ref	Description	Budget	Forecast Variance	
			£'000	%
		£'000	£'000	
1	Employees	4,099	0	0.00
2	Third party Payments	18,518	(666)	(3.60)
3	Income	(10,565)	0	0.00
4	Other	1,315	0	0.00
	<b>Total</b>	<b>13,367</b>	<b>(666)</b>	<b>(4.98)</b>

- 1) The employee related costs are currently forecast to be delivered on budget.
- 2) The main areas of spend in relation to Third Party Payments are in respect of Better Care fund expenditure and the PPP Shaw contract.

The annual budget for the PPP Shaw contract which is for the provision of six residential care homes across North Northamptonshire for the over 65s is £9.8m. There is a forecast pressure of £970k (9.8%) in relation to this

contract. At the time the budget was set it was assumed that the inflationary increase would be £234k this was based on previous trends. The actual increase was based on average weekly earnings up to March 2023. A budget realignment exercise has taken place along with the identification of efficiencies which has resulted in mitigations of £1.636m.

- 3) The main income sources are the Improved Better Care Fund (£6.8m) and Client Contributions from PPP and Block purchased care provision (£1.4m). Other income sources assistive technology pool contribution of £747k, this is forecast to be delivered on budget.
- 4) Other costs amount to £1.315m and is primarily made up of Community Equipment spend, this is forecast to be delivered on budget.

### **Assistant Director Strategic Housing, Development and Property Services**

5.41 The **Assistant Director Strategic Housing, Development and Property Services** provides strategic direction and leadership for the delivery of the Housing Service and housing management, this includes support for homeless people. The forecast outturn position for the **Assistant Director Strategic Housing, Development and Property Services** set out in the following table (Period 5 - £0k).

<b>Assistant Director Strategic Housing, Development and Property Services</b>	<b>£'000</b>
Expenditure	6,248
Income	(3,756)
<b>Net Budget</b>	<b>2,492</b>
Forecast	2,492
<b>Variance</b>	<b>0</b>

5.42 The forecast outturn relating to the Assistant Director **Strategic Housing, Development and Property Services** is set out in the following table. The forecast at Period 2 assumes that the service will be delivered on budget and that any savings detailed in **Appendix A** are achieved in year. Savings will continue to be tracked and changes to the deliverability will form part of future reports.

<b>Description</b>	<b>Budget</b>	<b>Forecast Variance</b>	
		<b>£'000</b>	<b>%</b>
	<b>£'000</b>	<b>£'000</b>	
Employees	2,060	0	0.00
Premises	203	0	0.00
Supplies and Services	3,451	0	0.00
Third Party Payments	501	0	0.00
Other	33	0	0.00
Income	(3,756)	0	0.00
<b>Total</b>	<b>2,492</b>	<b>0</b>	<b>0.00</b>

- 5.43 All services across Adults, Health Partnerships and Housing undertake regular budget monitoring, track fluctuations in spend, and work to identify additional efficiencies and savings to either mitigate forecasted overspends within the directorate or to contribute to the overall corporate position in year of the Council. Ongoing work continues to identify any further efficiencies, savings or income that can be identified to improve the overall position in-year, to set budgets for the following year, and in contributing to the medium-term financial strategy.

### **Public Health and Communities**

- 5.44 The **Director of Public Health and Wellbeing** is a statutory officer and the principal adviser on all health matters to elected members, officers, and partners, with a leadership role spanning health improvement, health protection and healthcare public health. This includes delivering core public health services in line with grant funding and statutory requirements.
- 5.45 The grant is ringfenced and any variances will result in a movement to or from reserves ensuring that all grant conditions are met.

<b>Director of Public Health and Wellbeing</b>	<b>£'000</b>
Expenditure	26,312
Income	(26,312)
<b>Net Budget</b>	<b>0</b>
Forecast	0
<b>Variance</b>	<b>0</b>

- 5.46 The forecast outturn relating to the **Director of Public Health and Wellbeing** is set out in following Table.

<b>Description</b>	<b>Budget</b>	<b>Forecast Variance</b>	
		<b>£'000</b>	<b>%</b>
	<b>£'000</b>	<b>£'000</b>	
Employees	4,891	0	0.00
Supplies & Services	6,808	0	0.00
Support Costs	1,240	0	0.00
Third Party Payments	7,620	0	0.00
Transfer Payments	5,635	0	0.00
Income	(26,312)	0	0.00
Other	118	0	0.00
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0.00</b>

### **Assistant Director Communities and Leisure**

- 5.47 The **Assistant Director Communities and Leisure** 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, encouraging physical and mental wellbeing of residents through sport and leisure-based activities The forecast outturn position for the **Assistant Director Communities and Leisure** is set out in the following Table (Period 5 - £260k)

<b>Assistant Director Communities and Leisure</b>	<b>£'000</b>
Expenditure	17,264
Income	(8,894)
<b>Net Budget</b>	<b>8,370</b>
Forecast	8,110
<b>Variance</b>	<b>(260)</b>

5.48 The forecast outturn relating to the **Assistant Director of Communities and Leisure** is set out in following table and explanations for the variances are provided in the paragraphs that follow.

<b>Description</b>	<b>Budget</b>	<b>Forecast Variance</b>	
		<b>£'000</b>	<b>%</b>
	<b>£'000</b>	<b>£'000</b>	
Employees	6,939	0	0.00
Premises	3,056	0	0.00
Supplies & Services	4,122	140	3.40
Third Party Payments	3,699	0	0.00
Income	(8,894)	(400)	4.50
Internal Income	(680)		
Other	128	0	0.00
<b>Total</b>	<b>8,370</b>	<b>(260)</b>	<b>0.00</b>

- 1) The employee related costs are currently forecast to be delivered on budget.
- 2) The premises related costs are currently forecast to be delivered on budget.
- 3) The supplies and services costs are currently forecasting a pressure of £140k this is due to contractual increases. The service is continuing to look at how these costs can be mitigated.
- 4) The third-party payments are mainly made up of £2.893m for payments for the Ukraine resettlement programme these are currently forecasted to delivered on budget.
- 5) The main areas of income include £5.041m of grant income and £2.66m relating to fees and charges. The income is forecast to be £400k greater than budget and is a result of changes in VAT.
- 6) Other costs are forecast to be delivered on budget.

## Place and Economy Directorate

5.49 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

### **Assistant Director Assets and Environment**

5.50 The **Assistant Director 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 parking income, number of visitors to country parks and open space, demand for commercial rental spaces, use of corporate workspaces and use of energy. The forecast outturn position for the **Assistant Director of Assets and Environment** is set out in the following table (Period 5 - £845k).

<b>Assistant Director Assets and Environment</b>	<b>£'000</b>
Expenditure	25,204
Income	(21,054)
<b>Net Budget</b>	<b>4,150</b>
Forecast	3,180
<b>Variance</b>	<b>(970)</b>

5.51 The forecast variance relating to the **Assistant Director Assets and Environment** is set out in following Table and explanations for the variances are provided below the Table.

Ref	Description	Budget	Forecast Variance	
			£'000	%
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
1	Employees	9,754	(572)	(5.87)
2	Premises	9,304	161	1.73
3	Transport	4,957	(239)	(4.82)
4	Supplies and Services	1,694	4	0.26
5	Third Party Payments	1,024	102	9.95
6	Income	(21,054)	(485)	2.30
7	Other	(1,508)	60	(3.96)
	<b>Total</b>	<b>4,171</b>	<b>(970)</b>	<b>(23.26)</b>

1) The underspend of £572k (5.8%) against Employees relates to staff underspends from vacant posts due to ongoing work on restructures. Work is underway to recruit to posts through the restructure during 2023/24.

- 2) The main areas of spend within Premises are Business Rates (£1.565m), Utilities (£3.426m), Building Repairs and Maintenance (£1.522m), Rents and Services Charges (£985k), Building cleaning (£607k) and other premises costs of £1.177m.

There is a pressure of £251k relating to outstanding liabilities for business rates.

There is a saving of £124k on utility costs across the service. This underspend has reduced from Period 5 (£340k) due to a combination of outstanding liabilities for current and previous financial years. This has all been driven by the utility contracts review currently undertaken to ensure the best tariffs are utilised. Other minor pressures which amount to £34k.

- 3) The main areas of spend within Transport relates to Vehicle leasing (£2.918m), Fuel (£1.373m) and other transport costs of £676k.

There is a saving of £239k (17.4%) based on the current cost of fuel being lower than anticipated and reflects the reduction in the cost of fuel.

- 4) There is a pressure of £57k (21% of the £265k Equipment and Tools Budget) within Supplies and Services which relates to the maintenance of play equipment. This is offset by a saving within professional fees of £53k.

- 5) There is a pressure of £102k which predominately relates to a management fee for a business centre which will be occupied for a longer period than initially anticipated.

- 6) The main income sources are Rent and Leases (£17.217m), Parking Income (£1.680m) and various other forms of income amounting to £2.967m.

There is a pressure of £86k relating to external income that the Council had budgeted to receive to fund posts for projects such as Corby Town Funds. This pressure is offset by additional grant funding received for tree maintenance within Environment Services of £116k (51% of £226k Grants budget). There is also additional income from rent reviews and insurance recharges of £455k.

- 7) Other minor net pressures amount to £60k.

### **Assistant Director Growth and Regeneration**

- 5.51 The **Assistant Director 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 applications for the Planning service, including major development fees, availability of Planning resources e.g., planning professionals and demand for economic activities. The forecast outturn position for the **Assistant Director of Growth and Regeneration** is set out in the following Table (Period 5 - £268k).

<b>Assistant Director Growth and Regeneration</b>	<b>£'000</b>
Expenditure	9,836
Income	(5,461)
<b>Net Budget</b>	<b>4,375</b>
Forecast	4,646
<b>Variance</b>	<b>271</b>

5.52 The forecast variance relating to the **Assistant Director Growth & Regeneration** is set out in following Table. Explanations for the variances are provided below the Table.

Ref	Description	Budget	Forecast Variance	
			£'000	%
		£'000	£'000	
1	Employees	6,088	203	3.33
2	Supplies and Services	3,599	295	8.20
3	Income	(5,461)	(193)	3.53
4	Other	149	(34)	(22.82)
	<b>Total</b>	<b>4,375</b>	<b>271</b>	<b>6.19</b>

- 1) There is a pressure of £203k (3%) within Employees which relates to agency costs to cover vacant posts, which are predominantly covering vacancies due to the restructure of the service and challenges with recruiting hard to fill posts, particularly in the Planning Service. Work is underway to recruit to these posts following the restructure in 2023/24.
- 2) There is a pressure of £295k within Supplies and Services. This variance relates to professional and legal fees associated with appeals and judicial reviews within Planning Management and Enforcement. The budget amounts to £152k and results in a pressure of around 194%.
- 3) The main income sources are Planning Income (£2.773m) and other income which amounts to £616k. There is currently additional income of £193k (6.9%) forecast for planning income based on received and forecasted income for the financial year. The additional income relates to a couple of major applications received in Period 4.

The Department for Levelling Up, Housing and Communities responded to its consultation on increasing planning fees and performance which will result in an increase to Fees and Charges relating to Planning applications. An exact date is dependent on the regulations being debated and approved in Parliament; initial indications are that this could be in place from January 2024. It should be noted that the forecast for the remaining year is influenced by the result of the current economy, with both inflationary cost increases and an increased cost of borrowing detrimentally affecting investment in development.

- 4) There are minor savings amounting to £34k.

## Assistant Director Highways and Waste

5.53 The **Assistant Director for 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. The forecast outturn position for the **Assistant Director of Highways and Waste** is set out in the following Table (Period 5 - £330k).

<b>Assistant Director Highways and Waste</b>	<b>£'000</b>
Expenditure	67,056
Income	(9,798)
<b>Net Budget</b>	<b>57,258</b>
Forecast	56,871
<b>Variance</b>	<b>(387)</b>

5.54 The forecast variance relating to the **Assistant Director for Highways and Waste** is set out in following Table. Explanations for the variances are provided below the Table.

Ref	Description	Budget	Forecast Variance	
		£'000	£'000	%
1	Employees	9,748	86	0.88
2	Supplies and Services	7,767	39	0.50
3	Transport	19,341	(386)	(2.00)
4	Third Party Payments	31,030	74	0.24
5	Income	(9,798)	(231)	2.36
6	Other	(830)	31	(3.73)
	<b>Total</b>	<b>57,258</b>	<b>(387)</b>	<b>(0.68)</b>

- 1) There is a pressure on Employees of £152k relating to overtime and agency costs required to within refuse and recycling and Highways services whilst work is carried out to recruit to posts and complete the Waste procurement project. This is offset by a saving of £66k within Transport services due to vacant posts.
- 2) There is a minor pressure of £39k within Supplies and Services.
- 3) The main areas of spend within Transport relate to contract payments for Home to School Transport, Social Care Transport and Concessionary payments to transport operators.



The Department for Transport had requested that authorities continue to reimburse bus operators based on the average number of journeys in the winter months prior to the COVID-19 outbreak (December 2019 to February 2020).

The alternative is that the Council reverts to paying bus operators on the actual number of journeys. Reimbursing bus operators based on the average rather than the actual usage is estimated to be between £500k and £700k higher. The Council's support to the bus industry helps safeguard local bus services for residents throughout the pandemic and during the recovery period. The forecast underspend is £386k (13% of £2.868m Concessions budget).

The DfT are rebasing the reimbursement methodology for 2024/25 and announcements around this will be made later this year.

- 4) The main areas of spend relate to Waste Disposal (£17.470m), Street Lighting (£6.638m) and Highways Maintenance (£4.157m) and other third-party payments of £1.757m. These are currently forecast to come in on budget. There are budgetary challenges with regard to Highways Maintenance and the increased requirement for repairs due to the deterioration of the highway network, together with the effect of inflation on the cost of services. Work is ongoing to identify how the service can be delivered differently in order to remain within the allocated budget; this may require a change in approach to maintaining the highways network.

There is a £74k pressure relating to the Waste disposal due to increased tonnage levels.

- 5) There is a favourable variance of £49k within income which relates to the Garden Waste subscription service performing better than initially predicted. It is worth noting that whilst subscriptions have gone up the associated costs to deliver the service have also increased.

There is also additional income of £158k (51% of £307k Highways income budget) for Highways regulations and investigation searches arising because of higher-than-expected residential developments coming forwards, house sales and utility works. Other minor savings amount to £24k.

- 6) Other minor pressures amount to £31k.

### **Assistant Director Regulatory Services**

- 5.55 The **Assistant Director 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. The forecast outturn position for the **Assistant Director of Regulatory Services** is set out in the following table (Period 5 - £217k).

<b>Assistant Director Regulatory Services</b>	<b>£'000</b>
Expenditure	7,160
Income	(4,249)
<b>Net Budget</b>	<b>2,911</b>
Forecast	2,640
<b>Variance</b>	<b>(271)</b>

5.56 The forecast variance relating to the **Assistant Director Regulatory Services** is set out in following Table. Explanations for the variances are provided below the Table.

Ref	Description	Budget	Forecast Variance	
			£'000	%
		£'000	£'000	%
1	Employees	5,980	(486)	(0.09)
2	Premises	690	41	0.06
3	Income	(4,249)	166	(0.04)
4	Other	489	8	0.01
	<b>Total</b>	<b>2,911</b>	<b>(271)</b>	<b>(9.29)</b>

1) There is an underspend of £486k (9%) within Employees relating to salary savings which is offsetting the pressure on agency costs to support service delivery across Regulatory Services pending the restructuring of the service during 2023/24. An MTFP saving for 2023/24 of £185k for the restructure within Regulatory Services was approved of which £155k has been identified, leaving a pressure of £30k which will be covered by vacancies across the service. Work is currently being undertaken within the service area to deliver the saving.

2) The main areas of spend relate to Grounds Maintenance (£266k), Business Rates (£135k), Utilities (£213k) and other premises costs of £76k.

There are minor pressures of £41k within premises relating to increased business rates and utility pressures in Bereavement Services.

3) The main income sources are Bereavement Services (£2.226m), Building Control Income (£1m), Licensing Income (£936k), other minor income sources which amount to £266k.

The overall income forecast is a pressure of £166k. The forecast outturn for income from Bereavement Services is £111k higher than budget this is reflective of the 2022/23 outturn and activity levels remain similar in 2023/24. This is offset by a pressure on Building Control income where income levels are forecast to be £277k lower than budget with the forecast being based on 2022/23 activity levels due to a combination of unachievable income targets, market share reduction and economic climate. Other forms of income are forecast to be delivered on budget.

4) There is a minor pressure amounting to £8k.

## Place and Economy Management

- 5.57 This area includes the management costs for the Place and Economy Directorate and is forecast to be on budget (Period 5 - £0k).

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

## Enabling & Support Services

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

- 5.58 The **Finance and Performance Service** is responsible for leading the management, development, performance and continuous improvement of all Finance, Audit and Risk services. The **Procurement Service** leads on all aspects of procurement delivery, category management, commissioning and contract management. The **Revenue and Benefits Service** is responsible for the collection of both Council Tax and Business Rates and in assessing, awarding and payment of benefits. The forecast outturn position for these services is set out in the following Table (Period 5 - £120k).

<b>Finance, Performance, Procurement and Revenue and Benefits Service</b>	<b>£'000</b>
Expenditure	84,646
Income	(69,110)
<b>Net Budget</b>	<b>15,536</b>
Forecast	15,634
<b>Variance</b>	<b>98</b>

- 5.59 The forecast variance for the **Finance, Performance, Procurement and Revenues and Benefits Service** is set out below. Explanations for the variances are provided below the Table.

Ref	Description	Budget	Forecast Variance	
			£'000	%
		£'000	£'000	
1	Employees	17,059	(247)	(1.45)
2	Supplies & Services	2,976	465	15.63
3	Transfer Payments	64,711	0	0.00
4	Other	(100)	(33)	33.00
5	Income	(69,110)	(87)	0.13
	<b>Total</b>	<b>15,536</b>	<b>98</b>	<b>0.63</b>

- 1) A saving of £247k is forecast for Employees (Period 5 - £212k). This is due to forecast staff savings within the procurement team (£147k) and the Internal

Audit team (£224k), partially offset by pressures from the use of agency staff within the Revenues & Benefits team (£124k).

- 2) Within Supplies and Services, the main areas of spend are Audit fees (£848k) and Insurance premiums (£1.140m) and there are forecast pressure of £465k (Period 5 - £465k). This pressure is a combination of an increase in Insurance premiums £300k (Period 5 - £300k) and a net pressure of £165k which mainly relates to a legal requirement to write to all direct debit customers, which is a one-off cost following the implementation of a new revenues system.
- 3) Transfer Payments relate to Housing Benefit payments, which are forecast to be delivered on budget.
- 4) Amounts shown within Other costs are largely payments to the Lead Authority Board for shared services provided to the Council (£619k). There is a forecast net saving of £46k (Period 5 - £31k). This is due to a pressure in the Account Payable and Accounts Receivable functions (£97k) being offset by savings on historic LGSS inter-authority charge budgets (£116k) and other minor items (£14k).
- 5) The main areas of income are Housing Benefit Subsidy and income received from government to cover the costs of collecting NNDR & Council Tax. There is a forecast saving of £87k (Period 5 - £87k saving), arising from new grant funding of £172k received within the Revenues & Benefits service, reflecting the additional work being undertaken during the cost-of-living crisis. This additional income is partially offset by unachievable legacy income targets of £85k.

### **Chief Executive's Office**

- 5.60 The functions managed through the **Chief Executive's Office** include the Chief Executive, the Assistant Chief Executive, Executive Support, Communications, Consultation, Engagement and Corporate Equalities, Print Room and the Web Team. The service supports teams across the authority, providing leadership and strategic direction to secure a cohesive and coordinated approach to the delivery of improved organisation-wide service provision, resource allocation and prioritisation. The forecast outturn position for the **Chief Executive's Office** is set out in the following Table (Period 5 - £38k).

<b>Chief Executive's Office</b>	<b>£'000</b>
Expenditure	1,332
Income	(27)
<b>Net Budget</b>	<b>1,305</b>
Forecast	962
<b>Variance</b>	<b>(343)</b>

- 5.61 The forecast variance for the Chief Executives Office is set out in following Table. Explanations for the variances are provided below the Table.

Ref	Description	Budget £'000	Forecast Variance	
			£'000	%
1	Employees	1,758	(389)	(22.13)
2	Supplies & Services	438	36	8.22
3	Other	(864)	0	0.00
4	Income	(27)	10	(37.04)
	<b>Total</b>	<b>1,305</b>	<b>(343)</b>	<b>(0.26)</b>

- 1) There are anticipated savings within the Executive Support, Communications and Printing services of £389k. This is due to staff vacancies within the team's new structure, which are actively being recruited (£629k), partially offset by the consequent use of agency staff (£240k).
- 2) The main areas of spend within Supplies and Services are printing and postage costs for the corporate print and post rooms. The forecast pressure, however, is due to inflationary increases in corporate subscriptions of £20k (Period 5 - £18k) and other minor pressures £16k (Period 5 - £20k).
- 3) 'Other' spend relates to internal recharges and is forecast to be delivered on budget.
- 4) The income budget relates to printing on behalf of third-party organisations. There is an anticipated pressure of £10k as demand for these services has fallen.

### **Chief Information Officer**

- 5.62 The **Chief Information Officer** is responsible for the delivery of efficient and effective management of all aspects of IT operations, Digital, IT programmes of work, IT commercial contracts and supplier relationships, IT Service delivery teams and for transforming the IT and Digital Services team. This includes managing IT services provided by West Northamptonshire Council. The forecast outturn position for the **Chief Information Officer** is set out in the following Table (Period 5 - £268k).

<b>Chief Information Officer</b>	<b>£'000</b>
Expenditure	10,311
Income	(2)
<b>Net Budget</b>	<b>10,309</b>
Forecast	10,597
<b>Variance</b>	<b>298</b>

- 5.63 The forecast variance relating to the **Chief Information Officer** is set out in following Table and explanations for the variances are provided below the Table.

Description	Budget	Forecast Variance	
		£'000	%
Employees	2,197	100	4.55
Supplies & Services	3,148	(186)	(5.91)
Third Party Payments	5,571	384	6.89
Other	(607)	0	0.00
<b>Total</b>	<b>10,309</b>	<b>298</b>	<b>2.89</b>

- 1) Employee costs are forecast as a pressure of £100k (Period 5 - £177k). This includes a pressure of £91k which relates to staff costs that were previously capitalised. These costs can no longer be treated as capital where the system is Cloud based, as this is a revenue cost. A further £245k relates to agency costs and these are partially offset by forecast savings from vacant posts of £236k.
- 2) The main areas of spend in Supplies and Services are software license costs, data line rental and telephone costs. There are anticipated savings of £194k on software licences, mainly relating to Microsoft licences, and minor pressures of £8k.
- 3) Third Party Payments relate to the shared IT service with WNC. The pressure reflects estimated inflationary increases from the Service Level Agreement (SLA) with WNC, which amount to £384k (Period 5 £91k). Detailed work is ongoing to identify and evaluate other pressures within the WNC IT SLA.
- 4) 'Other' relates to internal income recharges and these are forecast to be delivered on budget.

## **Customer and Governance**

### **Assistant Director of Human Resources**

- 5.64 The **Assistant Director of Human Resources** is responsible for the leadership, development and implementation of relevant strategies for the area and council, enabling the delivery of corporate HR priorities, including HR Advisory, Workforce Planning & Development, Learning & Development and Health & Safety. The forecast outturn position for the **Assistant Director of Human Resources** is set out in the following Table (Period 5 - £31k).

<b>Assistant Director of Human Resources</b>	<b>£'000</b>
Expenditure	5,263
Income	(1,537)
<b>Net Budget</b>	<b>3,726</b>
Forecast	3,757
<b>Variance</b>	<b>31</b>

- 5.65 The forecast outturn relating to the **Assistant Director of Human Resources** is set out in following Table:

Ref	Description	Budget £'000	Forecast Variance	
			£'000	%
1	Employees	4,995	0	0.00
3	Supplies & Services	503	31	6.16
4	Third Party Payments	418	0	0.00
4	Other	(653)	0	0.00
5	Income	(1,537)	0	0.00
	<b>Total</b>	<b>3,726</b>	<b>31</b>	<b>0.83</b>

- 1) Employee related costs are expected to be delivered on budget.
- 2) The main areas of spend in Supplies and Services arise from work on the Pay & Grading project (£100k) and I-learn licences (£91k). While these are forecast to be delivered on budget, there is a forecast pressure of £31k (Period 5 - £31k) arising from an increased demand for learning and development within the Adults Directorate.
- 3) The main area of spend in Third Party payments is the recharge from WNC for the shared Payroll function.
- 4) 'Other' relates to support service recharges. These are expected to be delivered on budget.
- 5) The main areas of income relate to the Inter Authority Agreements (IAA) with WNC and NCT. These are expected to be delivered on budget.

### **Assistant Director of Legal and Democratic Services**

5.66 The **Assistant Director of Legal and Democratic Services** is responsible for developing and delivering a strong governance and ethical framework and the management of the internal Legal Services Team, Democratic & Election Services, FOI & Data Governance and Registration and the Coroners Services. The forecast outturn position for the **Assistant Director of Legal and Democratic Services** is set out in the following Table (Period 5 – £81k).

<b>Assistant Director of Legal and Democratic</b>	<b>£'000</b>
Expenditure	5,895
Income	(896)
<b>Net Budget</b>	<b>4,999</b>
Forecast	5,299
<b>Variance</b>	<b>300</b>

5.67 The forecast variance relating to the **Assistant Director of Legal Services** is set out in the following Table and explanations for the variances are provided below the Table.

Ref	Description	Budget £'000	Forecast Variance	
			£'000	%
1	Employees	3,661	8	0.22
3	Supplies & Services	1,963	22	1.12
3	Third Party Payments	762	179	23.49
4	Other	(491)	6	(1.22)
5	Income	(896)	85	(9.49)
	<b>Total</b>	<b>4,999</b>	<b>300</b>	<b>6.00</b>

- 1) The forecast pressure on the Employees budget of £8k (Period 5 - £185k Underspend) is due to vacancies £1.351m (Period 5 - £943k), offset by the use of agency staff £1.359m (Period 5 - £758k). The majority of the use of agency staff is in Legal Services.
- 2) The main areas of expenditure within Supplies and Services are members allowances, ward initiative funds and external legal fees. There are minor forecast pressures of £22k (Period 5 - £12k Saving).
- 3) The main area of spend within Third Party Payments is the shared coroners service with WNC, where there is a forecast pressure of £179k (Period 5 - £100k).
- 4) 'Other' relates mainly to support service recharges, members travel expenses and staff mileage. There is a forecast pressure of £6k (Period 5 - £16k) relating to a series of minor items.
- 5) The main areas of income are Legal fees (£200k) and Registration Services fees (£630k). There are also other minor income sources within the service (£66k). There is a forecast pressure of £85k within Registration Services due to a lower number of marriage ceremonies being delivered this year.

### Assistant Director of Customer Services

- 5.68 The **Assistant Director of Customer Services** is responsible for leading and implementing the transformation and aggregation of all the Customer Service and Complaints teams and for setting the key priorities and direction for Customer Services and Complaints in line with the corporate plan. The role is also responsible for the leadership, development and implementation of customer and digital strategies for the council, to deliver an improved customer experience and the administration of the 'Blue Badges' parking scheme. The forecast outturn position for the **Assistant Director of Customer Services** is set out in the following Table (Period 5 – £16k).

<b>Assistant Director Customer Services</b>	<b>£'000</b>
Expenditure	2,113
Income	(108)
<b>Net Budget</b>	<b>2,005</b>
Forecast	1,829
<b>Variance</b>	<b>(176)</b>



5.69 The forecast outturn relating to the **Assistant Director of Customer Services** is set out in the following Table.

Ref	Description	Budget	Forecast Variance	
			£'000	%
			£'000	
1	Employees	2,821	(158)	(5.60)
2	Supplies & Services	159	(18)	(11.32)
3	Other	(867)	0	0.00
4	Income	(108)	0	0.00
	<b>Total</b>	<b>2,005</b>	<b>(176)</b>	<b>(8.78)</b>

- 1) There is a forecast saving of £158k due to vacant posts within the Customer Service team.
- 2) Although the main area of spend within Supplies and Services relates to the issuing of Blue badges (£70k), the saving of £18k (Period 5 - £16k) arises from a series of minor budgets.
- 3) 'Other' budgets are internal recharges and are expected to be delivered on budget.
- 4) The income budget relates to the issuing of blue badges (£80k) and rent from the NHS Phlebotomy unit in the Kettering Offices (£28k). These are anticipated to be delivered on budget.

## **6 Housing Revenue Account**

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6.1 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 6 shows an overspend of £20k (Period 5 - £4k overspend). This is summarised in the following Table:

<b>Corby Neighbourhood Account</b>			
	<b>Current Budget 2023/24</b>	<b>Projection P6 2023/24</b>	<b>Forecast Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>INCOME</b>			
Rents - Dwellings Only	20,692	20,677	15
Service Charges	641	605	36
HRA Investment Income	148	148	0
<b>Total Income</b>	<b>21,481</b>	<b>21,430</b>	<b>51</b>
<b>EXPENDITURE</b>			
Repairs and Maintenance	6,440	6,689	249
General Management	5,438	5,432	(6)
HRA Self Financing	2,125	2,125	0
Revenue Contribution to Capital	4,875	4,875	0
Transfer To / (From) Reserves	807	807	0
Special Services	1,014	787	(227)
Other	782	735	(47)
<b>Total Expenditure</b>	<b>21,481</b>	<b>21,450</b>	<b>(31)</b>
<b>Net Operating Expenditure</b>	<b>0</b>	<b>20</b>	<b>20</b>

- 6.3 The forecast position for rental income from dwellings at Period 6 is £15k lower than budget – a rent gain of £68k is a result of the Right to Buy Sales being 15 less than the budgeted amount of 50 in 2022/23, resulting in a higher number of dwellings on 1<sup>st</sup> April 2023 resulting in a higher rental yield. RTB sales were budgeted at 50 the current forecast is 43 which results in a rent gain of £11k being the part year effect from RTB sales. The reduction is in part from the current economic climate and the increased costs in borrowing, however, this is reduced by a shortfall of £94k due to lost income from a higher void rate. The number of sales and void rates are areas that will be closely monitored during the course of the year.
- 6.4 The pressure on income from Service Charges is £36k this is a result of a £19k increase in the budget not being realised and £17k of optional emergency alarm charges not being taken up in the sheltered schemes.
- 6.5 The forecast position for Period 6 includes a reduction in expenditure of £31k (Period 5 - £44k).
- 6.6 There are pressures on repairs and maintenance costs of £249k, which relate to the higher cost of materials (£176k), overspends on salaries due to agency costs (£88k), and overspends on services costs due to disrepair claims (£109k). These are partly offset by increased income from recharged services (£108k). There are other minor favourable variances of £16k.
- 6.7 There are savings of £6k in General Management and £227k in Special Services which mainly relate to salary savings (£152k) due to vacant posts, savings on services (£40k) and utilities (£42k) due to lower than expected costs. There were further minor adverse variances of £1k.
- 6.8 There are savings within 'Other' which relates to the bad debt provision being £50k less than budgeted - owing to higher collection on arrears (Period 5 - £50k). There were minor adverse variances of £3k.

- 6.9 The Council made provision for a 4% pay award in 2023-24 the Pay award will exceed the budget as the offer by the employers already exceeds the pay inflation allowed. The forecast outturn will be updated following the conclusion of the national pay negotiations and any additional pressures up to £66k would initially be funded from the contingency budget.

### Kettering Neighbourhood Account

- 6.10 The forecast position for the Kettering Neighbourhood Account at the end of Period 6 shows an overspend of £32k (Period 5 - £11k overspend). This is summarised in the following Table:

<b>Kettering Neighbourhood Account</b>			
	<b>Current Budget</b>	<b>Projection P6</b>	<b>Forecast Variance</b>
	<b>2023/24</b>	<b>2023/24</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>INCOME</b>			
Rents - Dwellings Only	16,763	16,746	17
Service Charges	487	446	41
HRA Investment Income	21	21	0
<b>Total Income</b>	<b>17,271</b>	<b>17,213</b>	<b>58</b>
<b>EXPENDITURE</b>			
Repairs and Maintenance	4,632	4,850	218
General Management	2,988	2,866	(122)
HRA Self Financing	4,986	4,986	0
Revenue Contribution to Capital	3,268	3,268	0
Transfer To / (From) Reserves	(565)	(565)	0
Special Services	1,257	1,233	(24)
Other	705	607	(98)
<b>Total Expenditure</b>	<b>17,271</b>	<b>17,245</b>	<b>(26)</b>
<b>Net Operating Expenditure</b>	<b>0</b>	<b>32</b>	<b>32</b>

- 6.11 The forecast position for rental income from dwellings at Period 6 is £17k lower than budget – a rent gain of £67k is a result of the Right to Buy Sales being 14 less than the budgeted amount of 30 in 2022/23, resulting in a higher number of dwellings on 1<sup>st</sup> April 2023 resulting in a higher rental yield. RTB sales were budgeted at 30 the current forecast is 20 which results in a rent gain of £24k being the part year effect from RTB sales. The reduction is in part from the current economic climate and the increased costs in borrowing, however, this is reduced by a shortfall of £108k due to lost income from a higher void rate. The number of sales and void rates are areas that will be closely monitored during the course of the year.
- 6.12 There are pressures of £41k as a result of income from service charges being lower than budget.
- 6.13 The forecast position for Period 6 is a reduction in expenditure of £26k (Period 5 - £44k).

- 6.14 There are pressures in Repairs and Maintenance of £218k, which relates to the higher cost for materials (£206k) and an overspend on salaries due to agency costs (£187k). These are partly offset by savings on subcontractor costs (£39k), equipment costs (£40k) and cyclical maintenance costs (£117k). There were also minor adverse variances of £21k.
- 6.15 There are savings of £122k in General Management and £24k in Special Services which mainly relate to salary savings (£130k) due to vacant posts. There were further minor favourable variances of £16k.
- 6.16 There are savings within 'Other' which relates to the bad debt provision being £98k less than budgeted - owing to higher collection on arrears (Period 5 - £50k).
- 6.17 The Council made provision for a 4% pay award in 2023-24 the Pay award will exceed the budget as the offer by the employers already exceeds the pay inflation allowed. The forecast outturn will be updated following the conclusion of the national pay negotiations and any additional pressures up to £176k would initially be funded from the contingency budget.
- 6.18 There could be further pressures to the two Neighbourhood Accounts as the HRA holds a depreciation charge that recognises the cost of managing and maintaining the Council stock at the current level. This funding represents a revenue cost to the HRA that is then used to support the capital programme to deliver the required enhancements to the stock to keep it fit for purpose. The revenue contribution to capital expenditure as a minimum must equal the depreciation charge and the value of the housing stock has increased resulting in a higher Revenue Contribution to Capital, the actual valuations will be confirmed as part of the final accounts process. These pressures would be mitigated by utilising the attributable debt from Right to Buy Sales.

## **7 Dedicated Schools Grant**

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- 7.1 The Dedicated Schools Grant (DSG) is a ring-fenced specific grant allocated to the Council by the Government to support a range of education related services.
- 7.2 The Department for Education (DfE) currently operate a four-block funding model for funding schools and pre-16 education including early years as set out in the following table:

<b>Dedicated Schools Grant (DSG)</b>			
<b>Schools Block</b>	<b>Central Schools Services Block</b>	<b>High Needs Block</b>	<b>Early Years Block</b>
The School's Block is the largest element of the DSG and is allocated to Schools and Academies for day-to-day spending in their individual budgets.	The Central Schools Block provides funding for local authorities to carry out central functions on behalf of maintained schools and academies.	The High Needs funding system supports provision for Children and Young People with Special Educational Needs and Disabilities (SEND) from their early years to age 25.	The Early Years Block provides funding for 2-, 3- and 4-year-olds.

7.3 The original DSG Budget for 2023/24 amounts to £354.963m. After allowing for recoupment, which is where a local authority's DSG allocation is adjusted to reflect the grant that has been paid direct to academies. In July, the DSG allocation was revised to reflect a reduction of £537k, there was a reduction of £382k in the Early Years Block due to lower participation numbers, this was partially offset by a slight increase in the High Needs Block of £74k resulting from additional funding for special free schools. The remaining reduction of £229k relates to the recoupment amount for the High Needs Block being adjusted from £10.853m to £11.082m this is due to an adjustment to the High Needs places. The revised net DSG budget for the Council is £120.663m. The forecast outturn is a pressure of £6.404m, this is summarised in the following Table:

<b>Dedicated Schools Grants Forecast Outturn 2023/24</b>							
<b>Block</b>	<b>Gross Budget</b>	<b>July DSG Allocation Adjustment</b>	<b>Revised Budget</b>	<b>Recoupment</b>	<b>Net Budget</b>	<b>Forecast Net Spend</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Schools Block	270,284	0	270,284	222,910	47,374	47,374	0
Central Schools Block	3,287	0	3,287	0	3,287	3,287	0
High Needs Block	57,851	74	57,925	11,082	46,843	53,247	6,404
Early Year Block	23,541	(382)	23,159	0	23,159	23,159	0
<b>Total</b>	<b>354,963</b>	<b>(308)</b>	<b>354,655</b>	<b>233,992</b>	<b>120,663</b>	<b>127,067</b>	<b>6,404</b>

7.4 The national pressure on services to support the education of children with additional needs is well documented. This has been exacerbated by the ongoing impacts of COVID on children and young people's health and wellbeing. Many Councils are struggling to contain expenditure within the budget available to meet needs. The mitigation actions that are available often have front loaded costs and benefits are felt over the course of many years. Whilst funding has been increased, this has not reflected the full increase in needs that are being identified.

7.5 In the financial year 2022/23 NNC reported an overspend of £1.8m on the HNB. This was offset against the historic surplus of £2.5m that had been brought forward from 2021/22, leaving a reserves balance of £700k, the reserve has been revised to reflect an Early Years clawback for 2022-23 financial year, amounting to £220k. For 2023/24, pressures have continued to increase, and it is now forecast that the HNB overspend will be overspent by £6.884m. The remaining reserves of £480k have been used to mitigate this, leaving a forecast overspend of £6.404m. The composition of these pressures prior to the use of reserves is as follows:

- The ongoing increase in the number of requests for Education, Health and Care Plans (EHCP), at Early Years and statutory school age, has exceeded the rate that was used in setting the budget, this pressure is forecast to be around £1.828m.
- A greater proportion of EHCP identifying high level needs and requiring higher levels of funding to be fully met, this pressure is forecast to be around £487k. (SENDIF)
- Sufficiency issues in local SEND placements meaning greater use of Independent Providers at significantly higher cost, this pressure is forecast to be around £3.404m.
- The identification of historic commitments that remain outstanding and must now be paid is a one-off pressure and amount to around £500k.
- Pressures in Mainstream Top Ups are related to an ongoing increase in the number of requests for statutory assessment over and above the level budgeted for. By supporting mainstream schools to meet higher levels of need, pressure is reduced on the specialist placement budgets, this pressure is forecasted to around £1.153m.
- Analysis has been conducted on the Alternative Provision budget, indicating a potential forecasted underspend of £414k. This budget is currently under further review and is subject to change.
- The High Needs budget saw an increase due to an adverse movement in the import-export review and an increase in funding allocated to Special schools the net favourable effect was a £74k increase.

7.6 Significant work has already been undertaken to put in place actions to mitigate pressures, these include:

- Collaborative work with two local special schools to create outreach service to support inclusion in mainstream settings and identify needs, and strategies to meet these, at the earliest opportunity.
- The creation of additional SEND places in Special Schools and Special School satellite provision on mainstream school sites.
- The creation of new SEND units in mainstream schools.

- Development of an early Years SEND provision.
- Partnership working with an outstanding Alternative Provision (AP) Academy Trust to create new capacity in NNC.
- Improved commissioning arrangements with independent providers to control costs and provide greater consistency of delivery.
- Joint commissioning work with health services to improve and widen provision of Speech and Language services.
- Greater focus on the Annual Review process to identify where needs have reduced or an EHCP is no longer required.
- Investment in the EHCP team to ensure needs are assessed in as accurate and timely manner as possible.
- Improved decision-making processes that ensure thresholds and funding decisions are robust and consistent.

7.7 This work is ongoing, and a key focus will be the identification of opportunities to create further capacity. NNC was not successful in a bid to DfE for a new Special Free School in the area, as such other routes to creating this capacity are being investigated. A separate bid for a Free AP provision is with DfE and an outcome is expected shortly.

7.8 Further opportunities to create SEND places are being developed in partnership with local Special and Mainstream schools. The impact of the outreach services is being assessed with a view to extending these and targeting resources as effectively as possible as part of a wider focus on inclusion. A simplification of EHCP funding through the adoption of a banded system will reduce pressure on the EHCP team and give schools and providers greater clarity and stability. The Education Case Management System will offer significantly improved financial functionality and rigour, improve parental access to information about the progress of an EHCP and create efficiencies in the EHCP process.

7.9 Where a local authority has an overall deficit on its DSG account at the end of the financial year, or where a surplus has substantially reduced during the year, they must provide information to the DfE about pressures and savings on the High Needs Budget as part of a DSG Deficit Management Plan. In addition, where there is a deficit, this will have an adverse impact on the Council's cashflow position and will impact on the resources available for investment – which will result in the investment income being lower.

7.10 Looking to 2024/25, it seems unlikely that any increase in government funding will meet the impact of the ongoing pressures identified, however the mitigation actions taken will continue to contribute to minimise these, but further actions will be required. The Council will be looking to work with the Schools Forum to consider a transfer of funding from the Schools Block (SB) of the DSG to HNB. This was not requested this year due to the pressure on schools' budget

and the DSG surplus the Council was holding at the time. If agreed, this would generate circa £1.7m additional funding for the HNB. Forum will also be asked to look at measures that will support inclusion in mainstream settings and provide challenge where any school may not be meeting this standard.

- 7.11 Identifying and meeting the needs of children and young people with SEND at the earliest opportunity and putting in place appropriate actions to meet these needs, remains the central focus of all of this work. Ensuring that the whole system works in an inclusive and joined up way is key to meeting this aspiration and to ensuring the efficient use of available resources to manage costs effectively.
- 7.12 At Spring Budget, the Chancellor announced additional funding for the existing early years entitlements worth £204m in 2023-24 (from September 2023) and £288m in 2024-25. This is for local authorities to increase hourly rates paid to childcare providers for the government's existing entitlement offers.
- 7.13 In July the Government announced that for 2023-24, that this will be distributed to LAs through a new standalone top-up grant called the Early Years Supplementary Grant (EYSG) and that the individual authority allocations would be announced in September. Details of the allocations will be provided in a future report.

## **8 Conclusions**

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- 8.1 The forecast for 2023/24 is an overspend of £7.575m (Period 5 - £7.821m) based on the position as at the end of Period 5. The Council's contingency budget of £3.746m has not, as yet been used to mitigate these pressures recognising the risks that remain within the forecast, most notably pay and price inflation. Service Directors will be working to mitigate these pressures in-year, including those of the Children's Trust. The Council also holds earmarked reserves which may be utilised if mitigations are not identified to fund the current pressures.
- 8.2 The key risks which are set out in the report will continue to be monitored and actions sought as required throughout 2023/24. The achievement of the approved savings targets is also integral to this process and will continue to be monitored and reported.

## **9 Implications (including financial implications)**

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### **9.1 Resources, Financial and Transformation**

- 9.1.1 The financial implications are set out in this report. The current forecast position for the General Fund is an overspend of £7.575m (Period 5 - £7.821m) and the Housing Revenue Account is forecasting an overspend of £52k (Period 5 - £15k overspend), the Dedicated Schools Grant is forecasting a pressure of £6.4045m (Period 5 - £4.995m).



## **8.2 Legal and Governance**

- 9.2.1 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 2023/24 budget.

## **8.3 Relevant Policies and Plans**

- 9.3.1 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 2023/24 Revenue Budget is monitored by Budget Managers and Assistant Directors. Where any variances or emerging pressures are identified during the year then mitigating actions will be sought and management interventions undertaken.
- 8.4.2 Details of pressures, risks and mitigating actions implemented will be provided as part of the finance monitoring reports as the year progresses. The main risks identified include demand led services such as Adult Social Care, children's services, and home to school transport together with the impact of high levels of inflation.
- 8.4.3 Whilst services will work hard to offset pressures, the Council holds a number of reserves to help safeguard against the risks inherent within the budget for 2023/24.

## **8.5 Consultation**

- 8.5.1 The 2023/24 budget was subject to consultation prior to approval by Council in February 2023.

## **8.6 Consideration by Executive Advisory Panel**

- 8.6.1 Not applicable.

## **8.7 Consideration by Scrutiny**

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

## **8.8 Equality Implications**

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

## **8.9 Climate and Environment Impact**

8.9.1 Among the new Council's priorities will be putting in place plans to improve the local environment and tackle the ongoing climate emergency. Where these have a financial impact then it will be reflected in the budget.

## **8.10 Community Impact**

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

## **8.11 Crime and Disorder Impact**

8.11.1 There are no specific issues arising from this report.

## **9 Issues and Choices**

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9.1 The report focuses on the forecast revenue outturn against budget for 2023/24 and makes recommendations for the Executive to note the current budgetary position and as such there are no specific choices within the report.

## **10 Background Papers**

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

Final Budget 2023/24 and Medium-Term Financial Plans, including the Council Tax Resolution, North Northamptonshire Council, 23<sup>rd</sup> February 2023.

Monthly Budget Forecast Reports to the Executive.