

Budget Consultation 2024/25 Budget and Medium-Term Financial Plan -Report of the Budget Scrutiny Panel

January 2024

Foreword from the Chair of Corporate Scrutiny Committee

On behalf of the Corporate Scrutiny Committee, in completing this year's Budget Scrutiny, I would like to take this opportunity to thank the Leader of the Council, Executive Portfolio Holders, Directors and Officers for giving up their valuable time to take us through the budget scrutiny sessions and provide the information and evidence to test the robustness of this year's budget proposals. I would also like to extend a personal thanks to my fellow members of the Corporate Scrutiny Team for their time, dedication and work to fully embrace this important task. I would also like to thank our Statutory Scrutiny Officer and support team for their organisation, advice and help throughout this process.

As a young unitary authority this year again brings major challenges, not just internally with programmes of Disaggregation, Transformation, Departmental Reviews and Harmonisation, continuing to take North Northamptonshire Council forward. We are also living in unprecedented times, with post Covid economic recovery, the volatility of interest rates, rising energy costs, global conflicts all having an impact on how we live and work, all putting pressure on how the LA recruits, delivers and procures services, alongside one year Government funding settlements aimed towards future self-sufficiency. The Members of the Corporate Scrutiny Committee acknowledge the challenges and sheer hard work, that has gone into delivering a 'Living Budget'.

There do however remain significant areas of risks around increasing inflationary and rising energy costs as well as demand led costs for outsourced services and getting transformation right. There are also risks around potential income sources for commercial and investment revenue, tax collections and service charges, however there are also opportunities through vision, innovation, collaborative working and looking at different ways of doing business, especially around rationalising some of our properties that could bring benefits to the authority.

The Corporate Scrutiny Committee understands the need for a careful balance between the council having the funds to deliver critical services and impact on residents' lives and incomes. The Corporate Scrutiny Committee is assured that the finance team led by the authority's Section 151 officer shall continue to strive to keep that balance.



Cllr Lyn Buckingham
Chair of Corporate Scrutiny Committee

Draft Scrutiny Submission to the Executive on 8th February 2024 - Budget 2024/25

Note:- Corporate Scrutiny Committee will consider the contents of this submission at its budget scrutiny meeting on 23 January 2024 and agree which comments, questions, and/or recommendations the Committee wishes to submit to the Executive, prior to its budget meeting taking place on 8 February 2024.

Purpose of Submission

1. To recommend to Corporate Scrutiny Committee a draft submission arising from the discussions held at the seven Budget Scrutiny Panel sessions, held during December 2023 and January 2024, and to assist the Committee in formulating any recommendations it wishes to make to the Executive as part of the 2024/25 budget consultation process.

Executive Summary

2. The Budget Scrutiny Panel, formed by the whole membership of the Corporate Scrutiny Committee, met for a series of meetings centred around individual departments between November 2023 and January 2024 to consider the budget proposals in two phases:-

Phase 1

Consideration of budget monitoring information for 2023/24 with the current outturn projections for 2023/24, as well as an early indication of key issues to be taken into account in the formulation of the draft 2024/25 budget proposals.

Service Area	Budget Sessions
Enabling Services	26 th October 2023
Children's Services (Children's Trust)	30 th October 2023
Children's Services (NNC provided)	30 th October 2023
Public Health and Wellbeing	10 th November 2023
Adults, Health Partnerships and Housing	13 th November 2023
Place and Economy	14 th November 2023

Phase 2

Detailed scrutiny of the proposed 2024/25 budget (notes attached as Appendices 1-7) which forms the basis of this report submission.

Background

Children's Trust Contract Sum 2024/25 and its Medium-Term Financial Plan *(Meeting notes of 4 December 2023 attached at Appendix 1)*

3. The contractual agreements between Northamptonshire Children's Trust and West Northamptonshire Council and North Northamptonshire Council provides for a deadline of 30th November in each year to agree a provisional contract sum for the following financial year and its subsequent incorporation into both Council's draft budgets for 2024/25.
4. The Budget Scrutiny Panel considered the draft Children's Trust Contract Sum 2024/25 and its Medium Term Financial Plan on 4 December 2024. It noted that the movement in the total contract sum between 2023-24 (£150.938m) and 2024/25 (£183.300m) is £32.362m; North Northamptonshire Council's budget share increasing for 2024/25 by £14.291m.
5. It is noted that the increase is indicative of the national picture of rising costs of children's social care, and a position that has been informed by the forecast outturn for the 2023/24 financial year.
6. The Panel is concerned about the rising costs of the contract sum for 2023/24 and considers that stronger governance arrangements are needed. It is therefore pleased to note that a Transformation and Efficiency Board has been created between North Northamptonshire Council, West Northamptonshire Council and Northamptonshire Children's Trust. The Budget Scrutiny Panel hopes the Board will achieve its aims of creating a systematic improvement in services for children in Northamptonshire, whilst driving value for money to ensure that resources are used effectively to support and improve outcomes.

North Northamptonshire Council Draft Budget 2024-25 and Medium-Term Financial Plan.

7. Following publication and launch on 21 December 2023 by the Executive on the Draft Budget 2024-25 and Medium-Term Financial Plan, the following phase 2 Budget Scrutiny Panel meetings took place during January 2024.

Service Area	Budget Sessions
Enabling Services	8 th January 2024
Public Health and Wellbeing	12 th January 2024
Children's Services (NNC provided services)	15 th January 2024
Place and Economy	19 th January 2024
Adults, Health Partnerships and Housing	19 th January 2024

8. Present at each meeting were members of the Budget Scrutiny Panel, relevant Executive portfolio holders, key departmental senior officers, key senior finance officers and the statutory scrutiny officer, supported by democratic services.
9. Key information on the budget proposals provided to each Panel meeting from the directorates was based around the following areas:-
 - Departmental Budget Overview
 - Directorate Main Risks
 - 2024/25 Budget Summary
 - 2024/25 Medium Term Financial Plan
 - 2024/25 Capital Programme
10. Members of the Budget Scrutiny Panel then interrogated the budget and asked questions of officers and Executive Portfolio holders, the notes of which are attached at Appendices 1-6 of this report.

Key Directorate Considerations

Enabling Services

(Meeting notes of 8 January 2024 attached at Appendix 2)

11. Enabling Services encompasses the key functional areas of Chief Executive &, ICT, Finance and Performance, Customer and Governance, and Corporate Services with a total of 418 FTE staff.
12. The draft budget for 2024/25 is £30.693m for Enabling and Support Services and £34.397m for Corporate Services.
13. It is noted this is a balanced budget for 2024/25, however there will be pressures in future years. It is further noted that the total spend across the Capital Programme 2024/25 to 2027/28 is £9.075m for Enabling Services.

Customer and Governance

14. There is some concern about the impact of the £157k savings in 2024/25 and 2025/26 for changes to customer contact in Customer Services. It is considered important that capacity and resilience to respond to customer contacts remains sufficient following any savings to be made.

15. The £30k saving in terms of retendering the occupational health contract is concerning in the event that the impact this could have on the service being able to respond to requests for assessments.

ICT

16. Investment in ICT is considered one of the biggest areas of risk for the Council with the reliance on technology and the impact that cyber security breaches could have on the operation of the Council. It is comforting to note that a revised strategy is in place, however, there remain concerns around value for money and the pace of disaggregation from a shared ICT service with West Northamptonshire Council, and ensuring access to key sovereign council information is not lost.

Public Health and Wellbeing

(Meeting notes of 12 January 2024 attached at Appendix 3)

17. Public Health and Wellbeing contains two key functional areas of Public Health and Communities & Leisure.

18. The two areas the draft budget for 2024/25 encompasses £8.553m, rising to £8.636m in 2027/28. It is also noted that the draft capital programme total spend from 2024/25 to 2027/28 is £1.285m.

Public Health

19. The progress being made in the area of Public Health is welcomed, as is the development of a Health and Wellbeing Strategy to meet local needs - noting that North Northamptonshire Council's needs do not always align with that of central government.

20. It is recognised that the Public Health relationship with West Northamptonshire is excellent and that disaggregation does not always provide best value should it cost more for each constituent council to deliver a disaggregated service. Whilst disaggregation can lead to a greater control of and targeting of services it remains that it is about getting the best service for residents and that it is recognised this is not always about money.

Communities and Leisure

21. It is noted that the proposed saving of £692k in 2025/26 for domestic abuse funding is a result of not knowing if government funding will continue and it is hoped that the funding announcement to be made shortly is positive.

22. For the refugee resettlement programme, it is noted that separate funding is received from the government and in terms of moving refugees from temporary to settled accommodation would not be a draw on the General Fund.
23. It is noted that each venue within Culture, Tourism and Heritage has been brought together to maximise efficiencies, and into a single service wide plan. It is noted that the Chester House Estate has been subsidising the other venues and that assurance has been provided that following five years of investment into Chester House, in two years it will become self-sustainable, with no further subsidy. This will benefit the Council, its residents and tourism. Plans to increase the commerciality of other parts of the service is also noted.

Children's Services

(Meeting notes of 16th and 19th January attached at Appendices 4 and 5)

24. The directorate is split into two areas: Education Services and Commissioning and Partnerships (inclusive of the client role for the Children's Trust), with 282 full time staff.
25. The draft budget for 2024/25 is £85.4m for Children and Education, rising to £98.2m in 2027/28 and Dedicated Schools Grant of £388.4m in 2024/25 rising to £388.4m in 2027/28.
26. It is noted that there are significant budgetary pressures within the directorate, with the medium-term financial plan opening to closing budget expectations having risen from £70.2m to £85.4m for 2024/25 and from £93.6m to £98.2m for 2027/28.

Education

27. In considering education budgetary pressures and savings, the Budget Scrutiny Panel draws attention to the following specific areas:-
- i. The inclusion of a saving of £59k for attendance fines is accepted as a prudent measure, officers having confirmed that there is enough evidence from previous years that this is expected to be recurrent year on year, though the objective is for all children to attend school regularly. This inclusion reflects what actually happens and is not a target;
 - ii. Disaggregation should not be based on ideology but on funding, best value and the best outcomes for service users;
 - iii. Appropriate service levels should be at the heart of scrutiny's budget discussions during 2024/25 by ensuring that there are sufficient funds to

deliver statutory services but also by considering what can be done around other areas to reduce spending on statutory services;

- iv. Support is given to the need for the Household Support Fund to continue and scrutiny is also happy to support any lobbying by the Council nationally for this to continue;
- v. Whilst the clearing of the backlog of the carrying out of Education Health and Care Plans is to be welcomed, there is concern that this is putting pressure on the high needs block of the dedicated schools grant.

Commissioning and Partnerships

28. It is noted with concern that the majority of the pressures within Commissioning and Partnerships is the investment required into the Children's Trust Contract Sum, managed by the Northamptonshire Children's Trust.

29. Whilst demand for services continues to increase, it is, however, welcomed that the Children's Trust budget appears to be starting to be managed, that the contract sum was agreed on time and that a Transformation and Efficiency Board has also been established to address cost pressures.

Dedicated Schools Grant

30. In respect of the High Needs Block, the cost of out of area placements is high, and support is given to the bid being made to the government for a new alternative provision school in North Northamptonshire, which the government would fund. It is noted that the Council could choose to build a facility itself, but this would be a significant investment in the face of scarce resources.

31. The Panel expresses its supportive of the following requirements identified by the Directorate for the High Needs Block as part of budget planning, as follows:-

Revenue

- Recognition that post LGR DSG / HNB does not reflect needs in NNC
- Agreement to transfer more than 0.5% of SB to HNB in 2024/25
- Access to additional revenue resources to deliver focussed developments around inclusion and SEND

Capital

- Successful outcome of bid to DfE for new AP School in NNC
- Opportunity to bid for new Special School provision in NNC – SEMH highest priority
- Additional capital resources to continue creation and expansion of new SEND provision to meet needs

Schools

- Focus, support and challenge on inclusion in all schools and academies
School funding reviewed and increased to reflect expectations and demand

Local Authority

- Sharing of best practice around all aspects of SEND and identification of Peer to Peer support opportunities
- Effective SEND support from DfE advisors focussed on pragmatic solutions to immediate and medium-term challenges
- Clarity around expectations in relation to management of budget position
- Confirmation that arrangements for managing DSG deficit within Council accounts will be maintained in the medium-term – Statutory Override beyond March 2026
- Medium term funding allocations that allow more accurate forecasting of available resources to support strategic planning

OFSTED

- Focus on inclusion and identification of poor practice as part of school inspection process
- Targeted inspections where schools are seen not to be acting in an inclusive way
- SEND inspection outcomes that reflect increasing need and pressures

32. The Panel is also pleased to note that there are currently no childminder vacancies, with enough spaces available to satisfy demand. This having been helped by the Government provision of start-up grants for newly registering childminders (£600 through registering with OFSTED and £1200 in two instalments through a childminder agency).

Place and Economy

(Meeting notes of 19th January attached at Appendix 6)

33. Place and Economy encompasses the key functional areas of Assets and Environment, Growth and Regeneration, Highways and Waste and Regulatory Services.

34. The combined draft budget for 2024/25 is £70.485m with a split of £2.473m for Assets and Environment, £3.535m for Growth and Regeneration, £60.916m for Highways and Waste, £2.896m for Regulatory Services and £0.665m for Directorate Management.

35. It is noted this is a balanced budget for 2024/25, however that there will be pressures in future years, particularly within Highways and Waste. It is further noted that the draft capital programme encompasses £79.964m from 2024/25 to 2027/28 and the development pool £114.180m also from 2024/25 to 2027/28.
Assets and Environment

36. The Panel notes that due to inflationary pressures and the need to protect budgets, some fees and charges were increased from 1 January 2023. It is noted there will be further reviews of fees and charges in the coming years as not all services have been the subject of harmonisation across the former sovereign council areas.

Growth and Regeneration

37. Concern is raised at the cost pressures around the Flood and Water Management Service of £56k in 2024/25. The increased instances of flooding in recent and current years are a matter of concern, but it is reassuring to note that there is a wide pool of specialists available to be called upon for advice within the Kier provided Flood and Water Management Service, as an extension of its wider contract with the Council, with several specialists available to be called upon within the wider organisation for advice, over and above previous arrangements.
38. The Panel notes that planning application fees set by the Government are rising for the first time in several years having fallen significantly behind inflation. The number of applications received and dealt with in the set performance period of 13 weeks has increased which is welcomed. It is however difficult to estimate if the current financial climate will result in the receipt of fewer applications.
39. The Panel is pleased to note there will soon be one IT platform available across the whole of North Northamptonshire to deal with the planning process.

Highways and Waste

40. The Panel considers there would be benefit in like for like comparisons in relation to pothole issues to be carried out between neighbouring councils and hopes the Department of Transport will issue guidance on this shortly. It is hoped this will contribute to improved repair rates and efficiencies.
41. It is of concern that the timescale for action in respect of Isham Bypass is getting very close and it is also of concern that funding could be lost to what is an important project.
42. The Panel has some concerns about the reduction in funding for local cycling and walking infrastructure plans (LCWIPs) and the number of schemes to be developed each year, with a reduction in funding of £215k in 2024/25. It is noted that work will continue on the approved LCWIPs in Corby and Kettering and the Wellingborough and Rushden LCWIPs exercise will continue. The Panel encourages the Council to continue to seek government funding wherever this may be available.

Adults, Health Partnerships and Housing

(Meeting notes of 19th January attached at Appendix 7)

43. Adults, Health Partnerships and Housing encompasses the key functional areas of Commissioning and Performance, Adult Services, Safeguarding and Wellbeing and Housing.
44. The combined draft budget for 2024/25 is £141.913m with a split of £13.464m for Commissioning and Performance, £115.946m for Adult Services, £9.671m for Safeguarding and Wellbeing, and £2.832m for Housing. The draft budget rises to £196.136m in 2027/28.
45. The Panel notes there will be significant service pressures of £19.947m in 2024/25, particularly in Adult Services of £18.648m, against savings of £4.217m. This will need to be monitored carefully in terms of maintaining a balanced budget for 2024/25. It is further noted that the draft capital programme encompasses £2.16m from 2024/25 to 2027/28.
46. In terms of the Housing Revenue Account (HRA), it is noted that the overall draft budget for 2024/25 is £42.425m encompassing the Corby Neighbourhood Account of £23.582m, and the Kettering Neighbourhood Account of £18.843m. It is further noted the HRA draft capital programme across 2024/25 to 2027/28 will be £21.641m, encompassing £16.289m for the Corby Neighbourhood Account and £3.94m for the Kettering Neighbourhood Account, with total capital funding of £58.758m across 2024/25 to 2027/28.

Adult Social Care

47. The Panel is concerned that sufficient provision is built into the budget to ensure that services will not be adversely impacted if unforeseen expenditure and demand led growth should result in a significant deficit position.
48. It is acknowledged that the model of adult social care has led to an increased reliance on independent providers of services. It is a concern whether this is sustainable to address the increased levels of need arising from demographic growth.
49. There is reassurance that through commissioning, several contracts have been secured with independent providers and the maintenance of sufficient capacity for home care; also that the vacancy rate within the independent care market has also decreased during the course of the previous year.

Health Partnerships

50. It is important to maintain and develop strategic partnerships in order to reduce cost and maximise efficiency of service delivery.

Housing Revenue Account

51. The Panel notes that bad debts provision has been maintained at the same rates and will be re-assessed on an annual basis. It is welcomed that the local authority engages tenants to address any concerns relating to rental charges. It is also pleasing to note that agreement has been reached with tenants on rent increases to help fund the HRA capital programme in line with the government formula (CPI inflation plus 1%).
52. The Panel is pleased to note the creation of new dedicated in-house stores that provides for quicker and efficient repairs for our housing stock. It also notes that the slippages on some programmes have been reduced due to the backlog of housing repairs being addressed, which is a welcome sign.
53. The energy efficiency programme for the housing stock is considered important , especially in respect of cost of living and the Panel considers this should be prioritised.

End of Budget Scrutiny Submission