

EXECUTIVE 18th April 2024

Report Title	Budget Forecast 2023-24 at Period 11
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Key Decision	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there public sector equality duty implications?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972	N/A
Which Corporate Plan priority does the report most closely align with?	ALL

List of Appendices

Appendix A – Savings Schedule

1. Purpose of Report

- 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 23rd 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 February 2024 (Period 11) 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

- 2.1 This report provides commentary on the Council's forecast for the revenue outturn position 2023/24. This is an indication based on information available as at Period 11 (February 2024) – the forecast position for each of the funds is as follows:
- General Fund - overspend of £11.900m - (Period 10 - £11.036m).
 - Housing Revenue Account – underspend of £41k – (Period 10 Overspend – £128k).
 - Dedicated Schools Grant is forecasting a pressure of £9.509m (Period 10 - £9.115m).
- 2.2 **There are number of pressures and savings across the General Fund – the main ones are set in this Executive Summary.**
- 2.3 The main pressure relates to the Children's Trust – the total contract value for the Children's Trust is £150.938m. The Council's 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%).
- 2.4 The Children's Trust are forecasting an overspend of £32.540m – this is an increase of £1.638m to that previously reported to the Executive where the forecast pressure was £30.902m. The cost to the Council based on an overspend of £30.902m is **£14.370m**.
- 2.5 The Council has invested in additional agency workers to support the Education Health and Care (EHC) service to try to meet increasing demand for assessments in this area. This has a net impact of an additional expenditure above budget of **£1.604m**.
- 2.6 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** in relation to this contract. There is a net forecast pressure of **£12.846m** in relation to Third Party Payments in independent care spend including Residential and nursing care for both 65+ year old and the 18-64 years old clients. These pressures have been partially offset by net savings of **£1.953m** within Commissioning and Performance.
- 2.7 The income from Leisure facilities is forecast to be **£400k** greater than budget, this is as a result of changes in VAT.
- 2.8 There are net savings of **£2.548m** across the Place and Economy Directorate the main savings relate to additional income of £687k from the commercial investment portfolio.
- 2.9 There are pressures of **£654k** relating to increased bank charges of £232k, unrealised internal interest income of £267k and recovery of debt management expenses of £155k.
- 2.10 The main saving to offset the pressures comes from additional investment income of **£5.810m** this 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.

- 2.11 There are further savings of **£1.406m** this relates to annual increments for staff that have been charged across the authority and the cost of this has been absorbed through existing budgets as such the increments have been reflected as a saving. There are also savings of **£1.315m** on the employer's pension contributions and net staff savings of **£1.264m** across Enabling Services.
- 2.12 The proposals for the new pay and grading structure have been agreed, however the budget reflected the cost for a full year. This has been implemented from February 2024 and savings of **£2.066m** were reflected in the Period 8 monitoring which is equivalent to the costs over a 10-month period.
- 2.13 It is estimated that Business Rates income for 2023/24 is **£3.142m** above the original budget, this has been reflected in the monitoring and results in the resources line increasing from £339.034m to £342.110m.
- 2.14 There are further net additional pressures of **£1.360m** which result in an overall pressure of **£11.900m**.
- 2.15 The summary position relating to the Housing Revenue Account is set out in Sections 4.6 to 4.8 and the detail is set out in Section 6 of this report. The summary position relating to the DSG is set out in Sections 4.9 to 4.10 and the detail is set out in Section 7 of this report.
- 2.16 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.
- 2.17 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.
- 2.18 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 falling from 4% in January 2024 to 3.4% in February 2024. UK interest rates were left unchanged for the fifth consecutive time at 5.25% following the meeting on 21st March 2024. Interest rates were already at their highest for 15 years. The Bank of England had previously raised rates for the past 14 times in a row.

3. Recommendations

- 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 10 and consider the impact on this year and future years budgets.

3.3 Alternative Options Considered: The report focuses on the forecast revenue outturn against budget for 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

General Fund

4.1 The Council's Revenue Budget for 2023/24 was set at the Council meeting on 23rd February 2023. The overall outturn forecast for the General Fund for 2023/24, as at Period 11 is a forecast overspend of £11.900m (Period 10 - £11.036m) against a budget of £339.034m. This is summarised in the Table below.

General Fund Forecast Outturn 2023/24				
Description	Net Budget	Forecast Position 31/03/24	Forecast Variance 31/03/24	Forecast Variance 31/03/24
	£'000	£'000	£'000	%
Net Available Resources	339,034	342,176	(3,142)	-1%
Total Corporate Costs	23,079	14,451	(8,628)	-37%
Children & Education	70,187	85,996	15,809	20%
Adults, Health, Partnerships and Housing	126,696	138,887	12,191	9%
Public Health & Communities	9,114	8,889	(225)	-3%
Place & Economy	70,458	67,910	(2,548)	-3%
Enabling & Support Services	39,500	37,943	(1,557)	-5%
Total Directorate Costs	315,955	339,625	23,670	7%
Total Costs	339,034	354,076	15,042	4%
Net Position	0	11,900	11,900	4%

Note – Favourable variances are shown in brackets.

4.2 The forecast position at Period 11 is an overspend of £11.900m (Period 10 - £11.036m). The following table summarises the overspend.

	Report Ref	Net Budget	P10 Forecast	Movement in Forecast	P11 Forecast	
		£000	£000	£000	£000	%
Children & Education		70,187	14,860	949	15,809	22.52
Assistant Director of Education	5.14	5,793	908	152	1,060	18.30
Commissioning & Partnerships	5.16	1,114	306	73	379	34.02
Northamptonshire Childrens Trust - NNC Only	5.19	63,280	13,646	724	14,370	22.71
Adults, Health, Partnerships & Housing		126,696	12,266	(75)	12,191	9.62
Adult Services	5.33	100,065	12,585	0	12,585	12.58
Safeguarding and Wellbeing	5.36	10,095	178	0	178	1.76
Commissioning & Performance	5.38	13,785	(983)	0	(983)	(7.13)
Strategic Housing, Development and Property Services	5.40	2,751	486	(75)	411	14.94
Public Health & Communities		9,114	(225)	0	(225)	(2.47)
Public Health	5.43	0	0	0	0	0.00
Communities & Leisure	5.46	9,114	(225)	0	(225)	(2.47)
Place & Economy		70,458	(2,202)	(346)	(2,548)	(3.62)
Assets & Environment	5.49	4,130	(1,584)	(395)	(1,979)	(47.92)
Growth and Regeneration	5.51	4,601	(1)	49	48	1.04
Highways & Waste	5.53	57,881	(533)	(42)	(575)	(0.99)
Regulatory Services	5.55	3,163	(182)	42	(140)	(4.43)
Directorate Management	5.57	683	98	0	98	14.35
Enabling & Support Services		39,500	(1,893)	336	(1,557)	(3.94)
Finance & Performance	5.58	16,130	(1,385)	322	(1,063)	(6.59)
Chief Executive's Office	5.60	1,357	(470)	1	(469)	(34.56)
Chief Information Officer	5.62	10,470	311	16	327	3.12
Human Resources	5.64	3,931	(230)	(109)	(339)	(8.62)
Legal & Democratic Services	5.66	5,306	(92)	160	68	1.28
Customer Services	5.68	2,306	(27)	(54)	(81)	(3.51)
Available Resources	4.5	0	(3,142)	0	(3,142)	0.00
Corporate Costs	5.2	23,079	(8,628)	0	(8,628)	(37.38)
Total		339,034	11,036	864	11,900	3.51

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 12th 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).
- 4.5 It is estimated that Business Rates income for 2023/24 is £3.142m above the original budget, £2.666m was reflected in the Period 7 monitoring. In the Final Finance Settlement announcements, the Government confirmed that it would be redistributing £100m from the levy account surplus for the Business Rates Retention System in 2023/24. This is as a result, of the levy payments made by authorities being greater than the safety net payments being made by the Government to authorities which has generated a surplus. North Northamptonshire Council will receive a payment of £476k, together with the increase in Business Rates income, this has resulted in the resources line increasing from £339.034m to £342.110m.

Housing Revenue Account

- 4.6 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.
- 4.7 Within North Northamptonshire prior to 1st April 2021 there were two HRA accounts, covering the sovereign Councils of Kettering and Corby respectively. As part of the move to a single unitary council for North Northamptonshire, there was a statutory requirement to create a single HRA for the area. Whilst North Northamptonshire Council must only operate one HRA it will, for a period of time, operate two separate Neighbourhood Accounts, these being:
- the Corby Neighbourhood Account - responsible for the stock that was managed by Corby Borough Council and
 - the Kettering Neighbourhood Account - responsible for the stock that was managed by Kettering Borough Council.
- 4.8 The Council's overall outturn forecast for the Housing Revenue Account as at Period 11, is a forecast underspend of £41k (Period 10 - £128k overspend) against the approved budget of £38.752m. This is summarised in the table below and further details are set out in Section 6.

Housing Revenue Account Forecast Outturn 2023/24				
Directorate	Budget			P11 Forecast Variance at 31/03/24
	Expenditure	Income	Net	
	£'000	£'000	£'000	£'000
Corby Neighbourhood Account	21,481	(21,481)	0	(291)
Kettering Neighbourhood Account	17,271	(17,271)	0	250
Net Position 2023/24 (under)/over	38,752	(38,752)	0	(41)

Dedicated Schools Grant

- 4.9 The Dedicated Schools Grant (DSG) is a ringfenced grant allocated to Local Authorities by the government to support a range of education related services.
- 4.10 The Council's overall outturn forecast for the DSG as at Period 11, is a forecast pressure of £9.509m (Period 10 - £9.115m) the Net Spend is forecast to be £129.343m less £720k from reserves resulting in spend of £128.623m against the approved budget of £119.114m. 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.

Dedicated Schools Grants Forecast Outturn 2023/24

Block	Gross Budget £'000	July DSG Allocation Adjustment £'000	Nov DSG Allocation Adjustment £'000	Revised Budget £'000	Recoupment £'000	Net Budget £'000	Forecast Net Spend £'000	Variance £'000
Schools Block	270,284	0	0	270,284	224,383	45,901	45,901	0
Central Schools Block	3,287	0	0	3,287	0	3,287	3,666	379
High Needs Block	57,851	74	(6)	57,919	11,152	46,767	55,897	9,130
Early Year Block	23,541	(382)	0	23,159	0	23,159	23,159	0
Total	354,963	(308)	(6)	354,649	235,535	119,114	128,623	9,509

National Context

- 4.11 The national, and indeed the global, economy has seen significant inflationary pressures over the past few years, with energy prices pushed to record levels, which in turn has contributed to higher levels of inflation, however over recent months inflationary pressures have been lower, and the latest predictions are that inflation could drop to its 2 per cent target in the second quarter this year.
- 4.12 The Bank of England kept the Base Rate unchanged at 5.25% on 21st March 2024. There had previously been fourteen consecutive increases since December 2021 and the rate is at its highest level for 16 years (February 2008 – 5.25%).
- 4.13 The 12-month CPI figure for February is 3.4% (January 4.0%) and the 12-month RPI figure for February 2024 is 4.5% (January 4.9%).
- 4.14 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.
- 4.15 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 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.

- 4.16 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.
- 4.17 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.

5. Overview of Forecast Position 2023/24

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 February 2024 94.70% of Council Tax had been collected (February 2023 – 95.37%). Business Rates collection was 92.04% at the end of February 2024 (February 2023 – 93.83%).

Corporate Resources

- 5.2 The total net budget for Corporate Resources is £23.079m. The composition of the budget together with the forecast variances are shown in the following Table.

Description	Net Budget	P11 Forecast Variance	
		£'000	%
	£'000	£'000	%
Corporate Contingency	1,524	0	0.00
Minimum Revenue Provision (MRP)	7,970	0	0.00
Pay Contingency	1,406	(1,406)	(100.00)
Pay and Grading Review	2,479	(2,066)	(83.34)
Treasury	8,830	(5,156)	(58.39)
Bad Debts Provision	870	0	0.00
Total	23,079	(8,628)	(37.38)

- 5.3 The Council's Corporate Contingency Budget for 2023/24 was £3.746m, which represents around 1% of the net budget. The contingency budget is held to meet unknown or unplanned / unbudgeted costs. The recent pay award has resulted in a pressure of £2.222m this has been funded from the Contingency Budget leaving a balance of £1.524m. At this stage the Contingency Budget is currently assumed to be used in full during the year and this will include inflationary and demand pressures.
- 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 had set aside £5.708m in 2023-24 as a Pay Contingency to allow for annual increments and potential pay changes of 4%, as detailed at Section 5.3 the additional pressure from the pay award of £2.222m was funded through the Corporate Contingency Budget. This budget was allocated to services in Period 8 to meet the increase costs. The annual increments have been charged across the authority and the cost of this has been absorbed through existing budgets, resulting in a saving within the overall Pay Contingency of £1.406m.
- 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 1st April 2021. Other staff transferred across to the new unitary authority on their existing terms and conditions through TUPE arrangements. The new pay and grading structure was implemented from 1st February, the budget reflected the cost for a full year and savings of £2.066m were reflected in the Period 8 monitoring which is equivalent to the costs over a 10-month period.
- 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:

Description	Net Budget	P11 Forecast Variance
£'000	£'000	£'000
Investment Income	(3,173)	(5,810)
Borrowing Costs	11,273	0
Other Treasury Management costs	730	654
Total	8,830	(5,156)

- 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 5.50%, for every £1m borrowed this would be an additional interest payable of £55,000.
- 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 10 - £908k).

Assistant Director of Education	£'000
Expenditure	10,156
Income	(4,363)
Net Budget	5,793
Forecast	6,853
Variance	1,060

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	%
		£'000	£'000	%
1	Employees	8,569	1,604	18.72
2	Supplies and Services	1,259	(227)	(18.03)
3	Income	(4,363)	(383)	8.78
4	Other budgets	328	66	20.12
	Total	5,793	1,060	18.30

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 started to gradually phase out the existing agency staff from July 2023. The service is making effort to fill all the vacant posts before the financial year-end. Also, the initiative to upskill the existing staff remains the service's priority in ensuring 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 (£176k), Governance (£177k), Specialist Support (£319k), and other service areas (£9k), the salary budget forecast pressure in EHC (£1.811m) and Strategic Planning (£474k) has resulted in a net pressure of £1.604m.

- 2) The forecast underspend for supplies and services of £227k 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, respectively. In addition, there are other net minor savings of £61k. The Strategic Planning is one of the service areas contributing to the significant forecast overspend of £1.604m 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 £383k 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 savings of £52k across the services.
- 4) In respect of the other budget areas, there is a pressure of £66k. 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 £21k, 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 Childcare

- 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 10 - £306k)

Assistant Director of Commissioning and Partnerships	£'000
Expenditure	1,259
Income	(145)
Net Budget	1,114
Forecast	1,521
Variance	379

- 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	1,222	354	28.97
3	Income	(145)	(3)	2.07
4	Other budgets	37	28	75.68
	Total	1,114	379	34.02

- 1) The Commissioning and Partnerships is forecasting a net pressure of £354k 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 income of £148k, resulting in a favourable variance of £3k. 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 minor savings of £2k.

Northamptonshire Children's Trust

- 5.19 The forecast outturn position for the **Northamptonshire Children's Trust** is set out in the following Table (Period 10 - £13.646m).

Northamptonshire Children's Trust	£'000
Expenditure	67,645
Income	(4,365)
Net Budget	63,280
Forecast	77,650
Variance	14,370

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	%
1	Third Party Payments	67,645	14,370	21.24
2	Income	(4,365)	0	0.00
	Total	63,280	14,370	22.71

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 Children's Trust is £150.938m. The Council's 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 £32.540m – this is an increase of £1.638m to that previously reported to the Executive where the forecast pressure was £30.902m. The cost to the Council based on an overspend of £30.902m is £14.370m. If these pressures are not mitigated this will pose a significant financial risk to the Council. The following table summarises the contract sum and the forecast variances (excluding the risk on savings).

Description	Contract Sum	Forecast Variance Period 10	Movement	Forecast Variance Period 11	
	£'000	£'000	£'000	£'000	%
Staffing	49,732	3,650	434	4,084	8.21
Other non staffing costs	358	0	0	0	0.00
Placements	66,286	24,005	220	24,225	36.55
Contracts	5,001	0	0	0	0.00
Children's Homes	3,767	214	77	291	7.72
Legal	4,788	511	(1)	510	10.65
Adoption	7,776	(43)	0	(43)	(0.55)
Transport	2,870	802	0	802	27.94
Other care	5,889	91	0	91	1.55
NCT Central - Other budget	(762)	(275)	0	(275)	36.09
Support Services / SLA	5,233	0	0	0	0.00
Other Costs	0	1,947	908	2,855	100.00
Total	150,938	30,902	1,638	32,540	21.56

5.24 The main pressure within the Children's Trust relates to placements for children in care – this amounts to £24.225m and is an adverse movement of £220k to the pressure of £24.005m reported in Period 10. 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 10	Movement	Forecast Variance Period 11	
	£'000	£'000	£'000	£'000	%
In House Fostering	8,532	(137)	211	74	0.87
Agecny Fostering	16,895	2,189	60	2,249	13.31
Independent Residential	31,087	9,329	(23)	9,306	29.94
Supported Accommodation	3,400	12,177	231	12,408	364.94
18+ Agency Placements	4,400	170	(62)	108	2.45
Welfare Secure	339	(211)	0	(211)	(62.24)
Parent & Baby	910	1,222	102	1,324	145.49
UASC	6,918	4	349	353	5.10
Remand Secure	300	65	83	148	49.33
Income	(6,495)	(803)	(731)	(1,534)	23.62
Total	66,286	24,005	220	24,225	36.55

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 net staff related pressures of £1.990m.

- 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 10.
- 5.27 The forecast overspend on Transport is £802k, the main pressures relate to Commissioned Transport (£618k) and out of County Placements (£108k). There is pressure of £49k relating to the use of Public Transport and other pressures amount to £27k. There are further net pressures which amount to £2.918m.
- 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 – 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 10 £12.585m overspend).

Assistant Director of Adult Services	£'000
Expenditure	119,485
Income	(19,420)
Net Budget	100,065
Forecast	112,650
Variance	12,585

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, £617k 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	9,362	289	3.09
2	Third Party payments	95,277	12,846	13.48
3	Transfer Payments	14,258	0	0.00
4	Income	(19,420)	(550)	2.83
5	Other budgets	588	0	0.00
	Total	100,065	12,585	12.58

- 1) The employee related costs are currently forecasting an overspend of £289k this is as a result of agency staff owing to the number of vacancies.
- 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 including more people and, in some areas, higher costs. 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 for part of the year, with similar allocations for 2023-24 being expected to meet need for the full year. There are currently no indications that there will be further grant funding that will offset this growth.

Whilst Thackley Green transferred on 1st July 2023, it was not able to operate at full capacity until mid-January 2024. This resulted in some double running costs in the short term but has generated savings of around £400k by promoting independence and delivering reablement programmes at a greater scale than be able to previously deliver.

In September 2023, increased spend controls were introduced within adult social care aiming to mitigate against the increased demand. The Period 11 forecasts are broadly in line with the assumptions made in period 11.

- 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 £550k is received.
- 5) The main area of spend shown as Other include 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 10 – overspend £178k).

Assistant Director of Safeguarding and Wellbeing	£'000
Expenditure	11,089
Income	(994)
Net Budget	10,095
Forecast	10,273
Variance	178

5.37 The forecast outturn relating to the **Assistant Director of Safeguarding and Wellbeing** is set out in the following table and explanations for the variances are provided below the Table.

Ref	Description	Budget	Forecast Variance	
			£'000	%
		£'000	£'000	
1	Employees	9,894	178	1.80
2	Premises	382	0	0.00
3	Transport	324	0	0.00
4	Supplies and Services	489	0	0.00
5	Income	(994)	0	0.00
	Total	10,095	178	1.76

- 1) The employee related costs are currently forecast to be overspent by £178k this is as a result of agency staff owing to the number of vacancies.
- 2) The premises costs include costs associated with the running of the internal provider services. These are forecast to be delivered on budget.
- 3) The transport costs include £203k for leased cars and other travel costs associated with running the internal care provision. These are forecast to be delivered on budget.
- 4) The supplies and services include £150k of professional fees for the DOLS service and £155k for non-staffing expenses across the internal care provision. These are forecast to be delivered on budget.
- 5) The main income sources are from client contributions towards their care. These are forecast to be delivered on budget.

Assistant Director of Commissioning and Performance

- 5.38 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 10-£983k underspend).

Assistant Director of Commissioning and Performance	£'000
Expenditure	24,351
Income	(10,566)
Net Budget	13,785
Forecast	12,802
Variance	(983)

- 5.39 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	4,516	65	1.44
2	Third party Payments	18,518	(1,048)	(5.66)
3	Income	(10,566)	0	0.00
4	Other	1,317	0	0.00
	Total	13,785	(983)	(7.13)

- 1) The employee related costs are currently forecast to be an overspend of £65k this is as a result of agency staff owing to the number of vacancies.
- 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 £2.018m.

- 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 include assistive technology pool contribution, this is forecast to be delivered on budget.
- 4) Other costs amount to £1.317m 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

- 5.40 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 10 - £486k).

Assistant Director Strategic Housing, Development and Property Services	£'000
Expenditure	6,507
Income	(3,756)
Net Budget	2,751
Forecast	3,162
Variance	411

5.41 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 6 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.

Ref	Description	Budget	Forecast Variance	
		£'000	£'000	%
1	Employees	2,319	125	5.39
2	Premises	203	0	0.00
3	Supplies and Services	3,451	286	8.29
4	Third Party Payments	501	0	0.00
5	Other	33	0	0.00
6	Income	(3,756)	0	0.00
	Total	2,751	411	14.94

- 1) The employee related costs are currently forecasting an overspend of £125k in relation to the homelessness service, this is as a result of additional agency costs.
- 2) The main area of spend in relation to premises include cost associated with temporary accommodation £203k. This is forecast to be delivered on budget.
- 3) The main areas of spend relate to temporary accommodation within the homelessness service. This is forecast to be overspent by £286k this is due an increase in demand for the homelessness service.
- 4) The third-party payments include payments to private and independent contractors This is forecast to be delivered on budget.
- 5) Other costs include other minor costs. This is forecast to be delivered on budget.
- 6) Income is mainly made up of grants this includes the Homelessness Prevention grant (£1.019m), the Rough Sleepers Initiative (£926k) and other homelessness grants (£565k). In addition, there is income from property rents of £1.076m. The income is forecast to be delivered on budget.

5.42 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

- 5.43 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.
- 5.44 The grant is ringfenced and any variances will result in a movement to or from reserves ensuring that all grant conditions are met.

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

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

Description	Budget	Forecast Variance	
		£'000	%
£'000	£'000	£'000	%
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
Total	0	0	0.00

Assistant Director Communities and Leisure

- 5.46 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 10 - £225k)

Assistant Director Communities and Leisure	£'000
Expenditure	18,043

Assistant Director Communities and Leisure	£'000
Income	(8,929)
Net Budget	9,114
Forecast	8,889
Variance	(225)

5.47 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.

Ref	Description	Budget	Forecast Variance	
			£'000	%
		£'000	£'000	
1	Employees	7,749	0	0.00
2	Premises	3,034	0	0.00
3	Supplies & Services	4,118	175	4.25
4	Third Party Payments	3,699	0	0.00
5	Income	(8,929)	(400)	4.48
6	Other	(557)	0	0.00
	Total	9,114	(225)	0.00

- 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 £175k 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 forecast to be 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

5.48 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

5.49 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 10 - £1.584m).

Assistant Director Assets and Environment	£'000
Expenditure	25,243
Income	(21,113)
Net Budget	4,130
Forecast	2,151
Variance	(1,979)

5.50 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	£'000	%
1	Employees	10,239	(1,012)	(9.88)
2	Premises	9,337	396	4.24
3	Transport	4,591	(186)	(4.05)
4	Supplies and Services	1,561	9	0.58
5	Third Party Payments	1,024	41	4.01
6	Income	(21,113)	(717)	3.40
7	Other	(1,509)	(510)	33.80
	Total	4,130	(1,979)	(47.92)

- 1) The underspend of £1.012m (9.88%) 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 and into 2024/25.
- 2) The main areas of spend within Premises are Business Rates £1.552m, Utilities £3.475m, Building Repairs and Maintenance £1.719m, Rents and Service Charges £856k, Building cleaning £538k and other premises costs of £1.152m.

There is a pressure of £396k relating to outstanding liabilities for Business Rates £82k, Security £84k, cleaning costs £42k, Water charges £17k. There

is an additional pressure within Repairs and Maintenance of £245k due to works being completed to ensure Health and Safety compliance. Further minor net pressures amount to £40k. This is offset by a saving of £27k on utility costs across the service and within Grounds Maintenance £87k.

- 3) The main areas of spend within Transport relates to Vehicle leasing £3.047m, Fuel £1.245m and other transport costs £299k.

There is an overall saving of £186k relating to £260k Fuel based on the current cost of fuel being lower than anticipated and reflects the reduction in the cost of fuel. This is offset by £54k pressure on Vehicle running costs and £20k other transport costs.

- 4) There is an overall net pressure of £9k on Supplies and Services.
- 5) There is an overall pressure of £41k within Third Party Payments which relates to a Private Contractor for Ash dieback trees works.
- 6) The main income sources are Rent and Leases (£16.453m), Parking Income (£2.192m) and various other forms of income amounting to £2.468m.

There is additional income of £687k from Commercial Properties of which £337k relates to back rent and rent reviews.

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 £116K grant funding received for tree maintenance within Environment Services.

- 7) There is a saving of £510k which £456k relates to technical adjustments for Capital Financing. There are also minor savings of £54k.

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 10 - £1k).

Assistant Director Growth and Regeneration	£'000
Expenditure	10,102
Income	(5,501)
Net Budget	4,601
Forecast	4,649
Variance	48

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	%
1	Employees	6,334	318	5.02
2	Supplies and Services	3,663	69	1.88
3	Income	(5,501)	(337)	6.13
4	Other	105	(2)	(1.90)
	Total	4,601	48	1.04

- 1) There is a pressure of £318k 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 an overall pressure of £69k on Supplies and Services due to professional fees and subscriptions within Planning Management and Enforcement.
- 3) The main income sources are Planning Income (£2.89m) and other income, mainly external grants, which amounts to (£2.61m).

There is currently additional net income of (£337k). This is mainly planning income based on received and forecasted income for the financial year. This is due to Planning Performance Agreements that have been negotiated with several developers on major schemes.

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. The new fees have come into force from 6th December 2023. 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) Other minor savings amount to £2k.

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 10 - £533k).

Assistant Director Highways and Waste	£'000
Expenditure	71,749
Income	(13,868)
Net Budget	57,881
Forecast	57,306
Variance	(575)

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	£'000	£'000	
1	Employees	10,375	854	8.23
2	Supplies and Services	9,795	160	1.63
3	Transport	19,341	(569)	(2.94)
4	Third Party Payments	33,068	128	0.39
5	Income	(13,868)	(1,191)	8.59
6	Other	(830)	43	(5.18)
	Total	57,881	(575)	(0.99)

- 1) There is a pressure on Employees of £1.011m mainly relating to overtime and agency costs within Refuse and Recycling, work is ongoing to mitigate these pressures as part of a restructure. This is offset by a saving of £157k across the service due to vacant posts.
- 2) There is a pressure of £160k within Supplies and Services. This consists of a pressure of £65k relating to the Garden waste service (additional developer costs for ongoing direct debit solution), £27k additional Highways maintenance and transport related work & £68k Waste pressure.
- 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 £388k (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.

New bus service contracts to replace withdrawn commercial services and expansion of rural provision will now be introduced from April 2024, so limiting the costs incurred in 23/24. This, together with the high-level of Government grants which have been received has resulted in a £170k saving on the bus subsidy budget.

There are £11k other minor savings.

- 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 (£1.757m).

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 pressure of £128k within Third Party Services of which £254k relates to potholes and resurfacing works and a pressure of £121k relating to the maintenance of grass verges. 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 saving of £241k relating to the Waste disposal due to lower than anticipated tonnage levels and treatment costs. Other minor savings amount to £6k.

- 5) There is a favourable variance of £654k 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 £478k (156% of £307k Highways income budget) for Highways regulations and investigation searches arising because of higher-than-expected residential developments coming forward, house sales and utility works. Other minor savings amount to £59k.

- 6) Other minor pressures amount to £43k.

Assistant Director Regulatory Services

- 5.55 The **Assistant Director Regulatory Services** includes Bereavement Services, Building Control and Local Land Charges, Emergency Planning, Environmental Health and Licensing, Trading Standards, Private Sector Housing 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 10 - £182k).

Assistant Director Regulatory Services	£'000
Expenditure	7,403
Income	(4,240)
Net Budget	3,163
Forecast	3,023
Variance	(140)

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	%
1	Employees	6,095	(163)	(2.67)
2	Premises	589	(39)	(6.62)
3	Income	(4,240)	146	(3.44)
4	Other	719	(84)	(11.68)
	Total	3,163	(140)	(4.43)

1) There is an underspend of £163k within Employees primarily 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 and into 2024/25. 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 £261k, Business Rates £135k, Utilities £215k and other premises costs of £69k.

There are savings of £39k within premises relating to Electricity and Business Rates.

3) The main income sources are Bereavement Services (£2.226m), Building Control and Local Land Charges Income (£1m), Licensing Income (£683k), other minor income sources which amount to (£340k).

The overall income forecast is a pressure of £146k. The forecast outturn for income from Bereavement Services is (£130k) 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 £259k 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 the economic climate. Other minor pressures amount to £17k.

- 4) The underspend of £84k within Other is due to lower than anticipated spend on Professional Fees and Supplies and Services.

Place and Economy Management

- 5.57 This area includes the management costs for the Place and Economy Directorate and is forecasting a pressure of £98k due to agency costs and advertising (Period 10 - £98k).

Directorate Management	£'000
Expenditure	683
Income	0
Net Budget	683
Forecast	781
Variance	98

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 10 – £1.385m).

Finance, Performance, Procurement and Revenue and Benefits Service	£'000
Expenditure	85,210
Income	(69,080)
Net Budget	16,130
Forecast	15,067
Variance	(1,063)

- 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	16,172	(2,081)	(12.87)
2	Supplies & Services	3,915	614	15.68
3	Transfer Payments	64,711	0	0.00
4	Other	412	103	25.00
5	Income	(69,080)	301	(0.44)
	Total	16,130	(1,063)	(6.59)

- 1) A saving of £2.081m is forecast for Employees (Period 10 - £2.048m). This is partly due to forecast savings as a result of vacancies within the Procurement team (£161k), the Internal Audit team (£327k), Finance Team (£165k) and the Performance team (£200k). In addition, there are further forecast in year savings relating to employer's superannuation payments (£1.250m) and Unfunded Pensions (£65k). These savings are partially offset by a pressure from the use of agency staff within the Revenues & Benefits team (£87k).
- 2) There is a forecast pressure of £614k within Supplies and Services (Period 10 - £697k). This pressure is caused by an increase in Insurance premiums.
- 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), where there is a forecast net pressure of £103k (Period 10 - £5k pressure). The pressures arise in the Account Payable and Receivable functions (£138k) and are offset by minor items (£35k).
- 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 net pressure of £301k (Period 10 - £39k Saving), arising from pressures on legacy income targets totalling £425k and other minor in-year pressures totalling £70k. This pressure is partially offset by £194k grant funding received by the Revenues & Benefits service to offset the costs of additional work undertaken during the cost-of-living crisis.

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 10 - £470k).

Chief Executive's Office	£'000
Expenditure	1,384
Income	(27)
Net Budget	1,357
Forecast	888
Variance	(469)

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	Forecast Variance	
			£'000	%
		£'000	£'000	
1	Employees	1,815	(520)	(28.65)
2	Supplies & Services	432	41	9.49
3	Other	(863)	0	0.00
4	Income	(27)	10	(37.04)
	Total	1,357	(469)	(34.56)

- 1) There are anticipated savings within the Executive Support, Communications and Printing services of £520k (Period 10 - £533k). This is due to staff vacancies within the team's new structure, which are actively being recruited (£734k), partially offset by the use of agency staff (£214k).
- 2) Although the main areas of spend within Supplies and Services are printing and postage costs for the corporate print and post rooms, the forecast pressure of £41k is due to inflationary increases in corporate subscriptions of £37k (Period 10 - £37k) and other minor pressures £4k (Period 10 - £16k).
- 3) 'Other' spend includes HRA recharges, which are 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 (Period 10 - £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 10 - £311k).

Chief Information Officer	£'000
Expenditure	10,472
Income	(2)
Net Budget	10,470
Forecast	10,797
Variance	327

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.

Ref	Description	Budget	Forecast Variance	
			£'000	%
		£'000	£'000	
1	Employees	2,358	95	4.03
2	Supplies & Services	5,110	(152)	(2.97)
3	Third Party Payments	3,609	384	10.64
4	Other	(607)	0	0.00
	Total	10,470	327	3.12

- 1) Employee costs are forecast as a pressure of £95k (Period 10 - £71k). This is partly due to a pressure of £91k arising from developer staff costs that were previously capitalised. These costs can no longer be treated as capital where the systems are Cloud based, as this is a revenue cost. A further £296k pressure arises from agency costs and both are partially offset by forecast savings from vacant posts of £292k.
- 2) A saving of £152k is forecast in Supplies and Services (Period 10 - £144k), where the main areas of spend are software license costs, data line rental and telephone costs. There are savings on software licences (£94k), Data Line rentals (£53k) and other minor items (£55k). These are offset by a pressure on Mobile phones of £50k, caused by delays in moving over to more favourable contracts as part of the mobile phones project. The forecast savings on this project are expected to be delivered from 24/25 onwards.
- 3) Third Party Payments relate to the shared IT service with WNC. The pressure reflects estimated inflationary increases within this arrangement, which amount to £384k (Period 10 - £384k). Detailed work is ongoing to identify and validate other pressures within the WNC IT Shared Service.
- 4) 'Other' relates to internal income recharges. 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 10 - £230k).

Assistant Director of Human Resources	£'000
Expenditure	5,468
Income	(1,537)
Net Budget	3,931
Forecast	3,592
Variance	(339)

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

Ref	Description	Budget	Forecast Variance	
			£'000	%
	£'000	£'000	£'000	
1	Employees	5,204	(157)	(3.02)
2	Supplies & Services	500	(235)	(47.00)
3	Third Party Payments	418	0	0.00
4	Other	(654)	(23)	3.52
5	Income	(1,537)	76	(4.94)
	Total	3,931	(339)	(8.62)

- 1) Employees budgets have forecast savings of £157k (Period 10 - £99k), which relate to transitional vacancies carried in year.
- 2) Net forecast savings in Supplies and Services of £235k (Period 10 - £192k) arise from underspends against occupational health budgets (£74k), other professional services budgets (£112k), and other minor savings (£49k).
- 3) The main area of spend in Third Party payments is the recharge from WNC for the shared Payroll function and this is forecast to be delivered on budget.
- 4) 'Other' relates to support service recharges. There are minor forecast savings totalling £23k.
- 5) Income is mainly generated through Inter Authority Agreements (IAA) with WNC and NCT. A net pressure of £76k is forecast (Period 10 - £68k), arising from a pressure of £90k relating to apprenticeship delivery that is partially offset by minor savings of £14k.

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 10 – £92k).

Legal Services	£'000
Expenditure	6,202
Income	(896)
Net Budget	5,306
Forecast	5,374
Variance	68

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	3,779	240	6.35
2	Supplies & Services	2,152	(112)	(5.20)
3	Third Party Payments	762	100	13.12
4	Other	(491)	(27)	5.50
5	Income	(896)	(133)	14.84
	Total	5,306	68	1.28

- 1) The forecast pressure on the Employees budget of £240k (Period 10 - £187k) is due to the use of agency staff £1.621m (Period 10 - £1.605m), offset by savings on vacancies £1.381m (Period 10 - £1.418m). 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. Forecast savings of £87k (Period 10 - £174k) largely arise from savings on professional services budgets (£62k), with the balance arising within other minor items (£25k).
- 3) The main area of spend within Third Party Payments is the shared Coroner's service with WNC, where the latest forecast received increases the forecast pressure to £100k (Period 10 - £18k). This follows a review of the previously received forecast which had omitted some shared ancillary costs within the Coroner's function.
- 4) 'Other' relates mainly to support service recharges, members travel expenses and staff mileage. There is a forecast saving of £27k (Period 10 - £27k). This forecast saving relates 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 (£46k). The service is forecasting additional income of £70k within

Registration Services, due to an increase in the range of services provided. There is additional income of £63k related to the provision of legal services.

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 10 – £27k).

Assistant Director Customer Services	£'000
Expenditure	2,414
Income	(108)
Net Budget	2,306
Forecast	2,227
Variance	(81)

- 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	£'000	
1	Employees	3,125	(42)	(1.34)
2	Supplies & Services	157	(36)	(22.93)
3	Other	(868)	0	0.00
4	Income	(108)	(3)	2.78
	Total	2,306	(81)	(3.51)

- 1) There is a forecast net saving on Employees of £42k (Period 10 – £21k). This is due to savings from vacant posts within the Customer Service team of £291k (Period 10 - £228k), offset by one-off costs of £249k following the restructure of the service.
- 2) Although the main area of spend within Supplies and Services relates to the issuing of Blue badges (£70k), the saving of £36k (Period 10 - £45k) arises from a series of minor budgets.
- 3) Other budgets are internal recharges and are forecast 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). There are minor favourable variances of £3k.

6 Housing Revenue Account

- 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 10 shows an underspend of £291k (Period 10 - £266k underspend). This is summarised in the following Table:

Corby Neighbourhood Account			
	Current Budget 2023/24	Projection P11 2023/24	Forecast Variance
	£000	£000	£000
INCOME			
Rents - Dwellings Only	20,692	20,709	(17)
Service Charges	641	595	46
HRA Investment Income	148	148	0
Total Income	21,481	21,452	29
EXPENDITURE			
Repairs and Maintenance	6,440	6,716	276
General Management	5,438	4,794	(644)
HRA Self Financing	2,125	2,061	(64)
Revenue Contribution to Capital	4,875	5,061	186
Transfer To / (From) Reserves	807	807	0
Special Services	1,014	943	(71)
Other	782	779	(3)
Total Expenditure	21,481	21,161	(320)
Net Operating Expenditure	0	(291)	(291)

- 6.3 The forecast position for rental income from dwellings at Period 11 is £17k higher 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 1st April 2023 resulting in a higher rental yield. RTB sales were budgeted at 50 the current forecast is 42 which results in a rent gain of £18k 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 £69k 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 £46k this is a result of a £19k increase in the budget not being realised and £27k of optional emergency alarm charges not being taken up in the sheltered schemes.
- 6.5 The forecast position for Period 11 includes a total reduction in expenditure of £320k (Period 10 - £292k). The movements are set out in Sections 6.6 to 6.10.
- 6.6 There are pressures on repairs and maintenance costs of £276k, which relate to the higher cost of general repairs (£339k), overspends on services costs due to disrepair claims (£142k), overspends on voids clearance (£70k) and void

rates on empty properties (£25k), overspends on utilities (£32k) and overspends on salaries (£15k) due to agency costs. These are partly offset by savings on insurance of £30k, increased income from recharged services (£219k) and savings on equipment (£106k). There are other minor adverse variances of £8k.

- 6.7 There are savings of £644k in General Management and £71k in Special Services. This relates to salary savings due to vacant posts (£545k); savings on staff training (£36k), savings on insurance (£144k), savings on services (£85k) and utilities (£2k) due to lower than expected costs. This is partially offset by an overspend on equipment (£42k). There were further minor adverse variances of £55k.
- 6.8 There is a saving of £64k against the HRA Self-financing line which relates to savings on loan interest charges due to loans not being enacted. This is as a result of a lower spend on the HRA capital programme resulting in a saving on interest costs.
- 6.9 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 (RCCO) as a minimum must equal the depreciation charge, owing to the increase in the value of the stock this has resulted in a higher depreciation charge of £186k, which will be available to fund future capital programmes.
- 6.10 There are underspends within 'Other' of £3k which relates to overspends on salaries (£102k) due to agency costs and overspends on services (£29k). This is partially offset by the bad debt provision being £48k less than budgeted - owing to higher collection on arrears (Period 10 - £43k) and savings in utilities of £62k. There are other minor favourable variances of £24k.

Kettering Neighbourhood Account

- 6.11 The forecast position for the Kettering Neighbourhood Account at the end of Period 11 shows an overspend of £250k (Period 10 - £394k overspend). This is summarised in the following Table:

Kettering Neighbourhood Account			
	Current Budget 2023/24	Projection P11 2023/24	Forecast Variance
	£000	£000	£000
INCOME			
Rents - Dwellings Only	16,763	16,814	(51)
Service Charges	487	443	44
HRA Investment Income	21	21	0
Total Income	17,271	17,278	(7)
EXPENDITURE			
Repairs and Maintenance	4,632	5,024	392
General Management	2,988	2,671	(317)
HRA Self Financing	4,986	4,876	(110)
Revenue Contribution to Capital	3,268	3,604	336
Transfer To / (From) Reserves	(565)	(565)	0
Special Services	1,257	1,255	(2)
Other	705	663	(42)
Total Expenditure	17,271	17,528	257
Net Operating Expenditure	0	250	250

- 6.12 The forecast position for rental income from dwellings at Period 11 is £51k higher 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 1st April 2023 resulting in a higher rental yield. RTB sales were budgeted at 30 the current forecast is 11 which results in a rent gain of £45k 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 £61k 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.
- 6.13 There are pressures of £44k as a result of income from service charges being lower than budget.
- 6.14 The forecast position for Period 11 is a pressure in expenditure of £257k (Period 10 - £403k). The movements are set out in Sections 6.15 to 6.19.
- 6.15 There are pressures in Repairs and Maintenance of £392k, which relates to the higher cost for materials (£213k), overspends on salaries due to agency costs (£234k), services due to disposal costs (£55k) and subcontractor costs due to clearance costs (£45k). These are partly offset by savings on equipment costs (£14k), cyclical maintenance costs (£110k) and transport costs (£40k). There are also adverse variances of £9k.
- 6.16 There are savings of £317k in General Management and £2k in Special Services. This relates to salary savings due to vacant posts (£311k) and savings on grants (£22k) partially offset by overspends on utilities of £62k. There were further minor favourable variances of £48k.

- 6.17 There is a saving of £110k against the HRA Self-financing line which relates to savings on loan interest charges due to loans not enacted. This is as a result of a lower spend on the HRA capital programme resulting in a saving on interest costs.
- 6.18 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 (RCCO) as a minimum must equal the depreciation charge, owing to the increase in the value of the stock this has resulted in a higher deprecation charge of £336k, which will be available to fund future capital programmes.
- 6.19 There are savings within 'Other' of £42k which relates to the bad debt provision being £72k less than budgeted - owing to higher collection on arrears (Period 10 - £67k). This is partly offset by the overspend on void property rates (£30k). The contingency budget of £176k has been used in full to part fund the higher pay award.

7 Dedicated Schools Grant

- 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:

Dedicated Schools Grant (DSG)			
Schools Block	Central Schools Services Block	High Needs Block	Early Years Block
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. In July, the DSG allocation was revised to reflect a reduction of £308k, 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 DSG was further adjusted in the November allocation with a reduction of £6k to the High Needs Block as part of the import export allocation. The remaining reduction of £236k relates to the recoupment amount for the Schools Block and High Needs Block, which is where a local authority's DSG allocation is adjusted to reflect the grant that has been paid direct to academies. The revised net DSG budget for the Council is £119.114m. The forecast outturn is a pressure of £9.509m, this is summarised in the following Table:

Dedicated Schools Grants Forecast Outturn 2023/24								
Block	Gross Budget	July DSG Allocation Adjustment	Nov DSG Allocation Adjustment	Revised Budget	Recoupment	Net Budget	Forecast Net Spend	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Schools Block	270,284	0	0	270,284	224,383	45,901	45,901	0
Central Schools Block	3,287	0	0	3,287	0	3,287	3,666	379
High Needs Block	57,851	74	(6)	57,919	11,152	46,767	55,897	9,130
Early Year Block	23,541	(382)	0	23,159	0	23,159	23,159	0
Total	354,963	(308)	(6)	354,649	235,535	119,114	128,623	9,509

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 £1.743m on the HNB. This was offset against the historic surplus of £2.573m brought forward from 2021/22. A net adjustment of £110k has been made to the reserves to reflect Early Years clawback, resulting in an opening reserves position of £720k. For 2023/24, pressures have continued to increase, and it is now forecast that the HNB will be overspent by £9.850m. The remaining reserves of £720k have been used to partly mitigate this, leaving a forecast overspend on the HNB of £9.130m. There's a projected overspend in the central school's block, primarily attributed to the Schools Admissions services and School standards and effectiveness. The strain in these services is primarily related to staffing costs. 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 £2.766m.
- Sufficiency issues in local SEND placements meaning greater use of Independent Providers at significantly higher cost, this pressure is forecast to be around £3.084m.

- 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 £2.340m.
- Further analysis has been conducted on the Alternative Provision budget, the pressure is forecasted to be around £1.228m. This reflects the impact of the limited access NNC has to high quality AP places locally. As a result, more pupils are having to be provided with individual tutoring to ensure they have the required access to education. This significantly increases costs and restricts the breadth of curriculum that can be offered. Efforts are ongoing to create additional AP in NNC, including a strategic partnership with an outstanding Academy Trust that was brokered by DfE, A bid was made to the DfE for a new Free AP School, but confirmation has now been received that this was not successful. Other innovative approaches that will lead to the delivery of AP places in NNC are now being pursued.
- 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 £68k increase.
- The Central Schools Block covers funding allocated to LAs to conduct central education functions on behalf of pupils in maintained schools and academies in England. The School Standards and Effectiveness and School Admissions Services are both forecasting a pressure primarily relating to their staffing costs. The pressure is forecasted to be £379k.

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 was made with the DfE, confirmation has been received that this was not successful. Other innovative approaches are now being pursued.
- 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 In 2024/25 work will continue to mitigate these pressures, the Schools Forum agreed to a transfer of funding from the Schools Block (SB) of the DSG to HNB, this amounts to circa £1.5m additional funding for the HNB. Forum will 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 their 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) the allocation received by NNC is £1.112m for Sept 2023 to March 2024 and this will be allocated on a monthly basis out to providers. From 1st April 2024 the supplement grant will be removed, and the additional funding will form part of the base rate.

8 Conclusions

- 8.1 The Period 11 forecast for 2023/24 is an overspend of £11.900m (Period 10 - £11.036m). A contingency is held to help offset potential costs that were not known at the time of budget setting. Currently £1.524m of the contingency is available to meet further pressures. 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.

9 Implications (including financial implications)

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 £11.900m (Period 10 - £11.036m) and the Housing Revenue Account is forecasting an underspend of £41k (Period 10 - £128k overspend), the Dedicated Schools Grant is forecasting a pressure of £9.509m (Period 10 - £9.115m).

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

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

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, 23rd February 2023.

Monthly Budget Forecast Reports to the Executive.