

## EXECUTIVE 18<sup>th</sup> November 2021

<b>Report Title</b>	<b>Draft 2020/21 Outturn Positions for Corby Borough Council, East Northamptonshire District Council and Northamptonshire County Council</b>
<b>Report Authors</b>	Janice Gotts, Executive Director of Finance <a href="mailto:Janice.gotts@northnorthants.gov.uk">Janice.gotts@northnorthants.gov.uk</a>
<b>Executive Member</b>	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

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

### List of Appendices

None.

#### **1. Purpose of Report**

---

- 1.1. This report sets out the draft outturn position for Corby Borough Council and East Northamptonshire District Council for 2020/21 and compares this to the approved budget.
- 1.2. The closure of the former Northamptonshire County Council's 2020/21 accounts is being led by West Northamptonshire Council and the latest published outturn position is shown in the report for information purposes.

#### **2. Executive Summary**

---

- 2.1 The report provides a draft outturn position 2020/21 for Corby Borough Council and East Northamptonshire District Council. This is summarised in Table 1. The

business rates payments<sup>1</sup> will be moved to an earmarked reserve to allow for the time lag between the receipt of the grant and the impact on the Collection Fund; it does not provide additional resources for future Council use.

<b>Table 1 – Draft Outturn Position 2020/21</b>	<b>Outturn Excluding Business Rates S31 Payments</b>	<b>Outturn Business Rates S31 Payments</b>	<b>Draft Outturn</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Corby Borough Council	(2,763)	(3,509)	(6,272)
East Northants District Council	(2,115)	(5,227)	(7,342)

2.2 The report also sets out the draft outturn position 2020/21 for Northamptonshire County Council as reported to West Northamptonshire Council, which has the responsibility for closing the accounts of the former County Council.

### **3. Recommendations**

---

3.1 It is recommended that the Executive:

- a) Note the forecast outturn position for 2020/21 for Corby Borough Council, East Northamptonshire District Council and Northamptonshire County Council including a summary of the main variations as set out in this report.
- b) Note that the full detailed statement of accounts for Corby Borough Council and East Northamptonshire Council remain subject to External Audit and will be presented to the Council's Audit and Governance Committee once this is complete.
- c) Note the draft outturn 2020/21 for Northamptonshire County Council and that the Statement of Accounts for the County Council will be presented to West Northamptonshire Council's Audit Committee, in line with the requirement that West Northamptonshire Council lead on the closure of the County Council's accounts.

3.2 Reason for Recommendations – To inform Members of the outturn position for 2020/21 for Corby Borough Council, East Northamptonshire District Council and Northamptonshire County Council as the outturn will form part of the Statutory Statement of Accounts for these Councils.

### **4. Report Background**

---

4.1 This report considers the draft financial outturn for 2020/21 for Corby Borough Council and East Northants District Council and provides a summary of both Councils financial performance against its approved 2020/21 budget. It also incorporates the financial pressures resulting from COVID 19 and provides a summary of the funding received from Government as a result of the COVID 19 pandemic.

4.2 The COVID 19 pandemic has had a considerable impact on the provision of services by the legacy councils and their partners, as well as presenting

---

<sup>1</sup> Section 31 of the Local Government Act 2003

significant financial challenges during 2020/21. The implementation of a nationwide lockdown in late March 2020 meant that the financial impact of the virus was materially felt in the 2020/21 financial year.

## **5. Forecast Outturn Position 2020/21**

---

### **Context of the Financial Position for 2020/21**

- 5.1 Whilst Members are aware of the unprecedented nature of the COVID-19 pandemic during 2020/21, this report provides context around the challenges local government faced in delivering its services during 2020/21.
- 5.2 The extent of the COVID-19 Pandemic resulted in public agencies having to work together on a scale never seen before under the emergency planning protocols that were instigated in every region of the country. The challenges across Northamptonshire were further impacted due to the planned Local Government Re-organisation.
- 5.3 Whilst the budgets for 2020/21 were approved by each of the legacy councils in February 2020, the effect of the pandemic could not have been foreseen at that time.
- 5.4 The Government in response to COVID-19 provided support for small businesses, and businesses in the retail, hospitality, and leisure sectors. This support was initially provided through two grant funding schemes, the Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RHLGF).
- 5.5 A Discretionary Fund scheme widened access for support to businesses and further funding was made available by the Government.
- 5.6 Local Authorities were responsible for making payments to businesses - whilst the schemes were fully funded by the Government, this required resources to be redirected to ensure that those payments were made. Across North Northamptonshire around 20,000 payments were made to businesses to support them through the COVID-19 pandemic. Payments amounted to in excess of £97m.
- 5.7 The Government also provided support to those in receipt of Local Council Tax Support (LCTS), this again was administered by each of the legacy councils.
- 5.8 Further to this, there were four tranches of additional funding in 2020/21 for local authorities to help them respond and recover from COVID-19. Table 2 summarises the funding that the legacy councils across North Northamptonshire received, which amounted to £5.488m. In addition, Northamptonshire County Council received funding of £43.728m.

<b>Table 2 – COVID-19 Funding 2020/21</b>					
<b>Authority</b>	<b>First Tranche of Covid-19 Funding</b>	<b>Second Tranche of Covid-19 Funding</b>	<b>Third Tranche of Covid-19 Funding</b>	<b>Fourth Tranche of Covid-19 Funding</b>	<b>Total Covid-19 Funding</b>

Corby	£37,241	£724,281	£146,375	£438,936	£1,346,833
East Northants	£42,443	£950,970	£131,788	£100,000	£1,225,201
Kettering	£44,458	£1,024,078	£171,060	£335,324	£1,574,920
Wellingborough	£42,629	£797,537	£145,686	£355,082	£1,340,934
<b>Total</b>	<b>£166,771</b>	<b>£3,496,866</b>	<b>£594,909</b>	<b>£1,229,342</b>	<b>£5,487,888</b>

- 5.9 The Government also provided financial support to local authorities via the 'income compensation scheme' for lost sales, fees and charges. The funding was to compensate authorities where COVID-19 had impacted on their ability to generate revenues as a result of lockdown, government restrictions and social distancing measures, that related to the pandemic in the 2020/21 financial year.
- 5.10 The scheme involved a 5% deductible rate for those fees and charges impacted by COVID 19, whereby authorities had to absorb the first 5% loss – this loss was calculated based on their planned 2020/21 income for eligible sales, fees and charges income, with the Government compensating them for 75p in every pound of relevant loss thereafter.
- 5.11 The scheme compensated authorities for irrecoverable losses compared to budgets that had been set for the period from 1 April 2020 to 31 March 2021. The Government also extended this scheme for the first three months of 2021/22. Table 3 provides a summary of the irrecoverable losses claimed by each of the district councils during 2020/21. In addition, the county council claimed around £2.036m.

<b>Authority</b>	<b>First Tranche Apr to July</b>	<b>Second Tranche Aug to Nov</b>	<b>Third Tranche Dec to Mar</b>	<b>Total Sales Fees &amp; Charges</b>
Corby	£573,863	£417,000	£541,500	£1,532,363
East Northants	£107,250	£37,500	£56,250	£201,000
Kettering	£201,975	£155,250	£0	£357,225
Wellingborough	£35,246	£18,638	£13,500	£67,384
<b>Total</b>	<b>£918,334</b>	<b>£628,388</b>	<b>£611,250</b>	<b>£2,157,972</b>

- 5.12 All four of the former District and Borough Council's received £166,800 from the Government department for Business, Energy and Industrial Strategy ('BEIS'). This payment was received on 12 May 2021 but related to the additional costs resulting from grant delivery for the Local Restrictions Support Grant schemes, Christmas Support Payment for wet-led pubs and the Closed Business Lockdown Payment between August 2020 and March 2021. It therefore has been reflected in the 2020/21 accounts.
- 5.13 There was also a significant change to business rates in 2020/21 to address COVID impacts, with the Government introducing a scheme referred to as 'Extended Retail Relief' which applied 100% Business Rates relief to those businesses in the retail, hospitality and leisure sectors in response to the pandemic.
- 5.14 To ensure local authorities cashflows were not disadvantaged the Government paid local authorities the equivalent amount to what those businesses were due to pay in business rates. The reliefs were paid in accordance with Section 31 of

the Local Government Finance Act 2003 and these totalled £21.445m for the former legacy councils in North Northamptonshire (including the County Council). This is summarised in Table 4 below:

<b>Authority</b>	<b>Section 31 Grants</b>	<b>NCC Section 31 Grant</b>	<b>Total Section 31 Grant</b>
Corby	£3,509,388	£789,601	£4,298,939
East Northamptonshire	£5,266,599	£1,175,985	£6,402,584
Kettering	£4,730,364	£1,064,393	£5,795,027
Wellingborough	£4,339,707	£976,434	£5,316,141
<b>Total</b>	<b>£17,806,878</b>	<b>£4,006,413</b>	<b>£21,812,691</b>

5.15 The Business Rates scheme is based on the following proportionate shares – which have been reflected in Table 4 for the Districts and the County.

- Districts 40%
- County 9%
- Fire 1%
- Central Government 50%

5.16 This resulted in a timing issue to the General Fund as the Section 31 Grants were recognised in the General Fund in 2020/21 but the resulting deficit from those businesses in the Retail Hospitality and Leisure Sector from not paying rates in 2020/21 is not reflected in the General Fund until 2021/22. There was a transfer of £21.445m from the Business Rates reserve to fund the adjustment to the Business Rates Collection Fund as part of the 2021/22 budget – the forecast Collection Fund position as at 31 March 2021 is £21.813m deficit. The difference of £368k would be then form part of the Collection Fund Surplus / Deficit calculation which is required by the 15 January each year and would be reflected in 2022/23.

5.17 It is important that Members are aware of the financial impact that COVID-19 has had on the 2020/21 budget.

5.18 Members are reminded that the accounts are still subject to review by external audit before being finalised.

### **Corby Borough Council Outturn 2020/21**

5.19 The net budget for Corby Borough Council for 2020/21 was £8.803m. The draft outturn excluding Section 31 Grants for Business Rates (£3.509m) results in an underspend of £2.763m compared to the Budget. The main variances are shown in Table 5.

<b>Table 5 - Corby Borough Council 2020/21 Draft Outturn Summary</b>	
	<b>Variance</b>
	<b>£'000</b>
Main Variances	
Government Funding - COVID 19 (Table 2)	(1,346)
Savings on delayed election costs	(75)
Local Plan and special projects salary savings	(141)
Planning Applications - Additional Income	(625)
Government Funding - New Burdens Grants	(167)
Government Funding - Sales, Fees & Charges (Table 3)	(1,532)
New Burdens Grants - Admin BR, Covid and Discretionary Grant	(292)
Furlough	(447)
Refuse collection shared service savings	(303)
Financial support to leisure providers	235
Leisure - Reduced Income	1,738
MRP and Interest Payable	35
Car Parking - Off Street Parking - Reduced Income	335
Other Grants	(72)
Other	(106)
<b>Total</b>	<b>(2,763)</b>

- 5.20 The budgeted contribution to reserves was £1.086m, the actual movement to reserves is £6.272m. This resulted in a movement of £5.186m. The main movement in reserves results from Section 31 Grants for Business Rates (£3.509m) as set out in 5.14. The change in reserves between Budget and outturn are summarised in Table 6.

<b>Table 6 - Corby Borough Council Movement in Reserves</b>	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Business Rates S31	0	3,509	3,509
Medium Term Funding Reserve	1,086	2,763	1,677
<b>Total</b>	<b>1,086</b>	<b>6,272</b>	<b>5,186</b>

### **East Northamptonshire District Council Outturn 2020/21**

- 5.21 The net budget for East Northamptonshire District Council for 2020/21 was £13.122m. The draft outturn excluding Section 31 Grants for Business Rates (£5.227m) results in an underspend of £2.115m compared to the Budget. The main variances are shown in Table 7.

<b>Table 7 - East Northants District Council 2020/21 Draft Outturn Summary</b>	
	<b>Variance £'000</b>
Main Variances	
Government Funding - COVID 19 (Table 2)	(1,183)
Development Management Income	(175)
Business Rates - Tax Income Guarantee - Government Funding	(470)
Government Funding - New Burdens - Grants	(167)
Salary Costs	137
Council Tax - Tax Income Guarantee - Government Funding	(45)
Government Funding - Leisure	(57)
Contingency Savings	(147)
Government Funding - Sales, Fees & Charges	(201)
Housing Benefit Recovery	(336)
Additional costs for PPE and Cleaning due to covid	119
Project savings - investment not made	(113)
Court Costs Reduced Income	263
New Burden - Covid	(188)
Leisure - Support to Provider resulting from COVID	711
Garden Waste - additional income	(114)
Local Development Framework	(252)
Other Variations	103
<b>Total</b>	<b>(2,115)</b>

5.22 The budgeted contribution to reserves was £0.932m, the actual movement to reserves is £7.342m. This resulted in a movement of £6.410m. The main movement in reserves results from Section 31 Grants for Business Rates (£5.227m) as set out in 5.14 and a movement of £1.524m on the General Fund Reserve and (£0.341m) on the Community Facilities Fund. The change in reserves between Budget and Outturn are summarised in Table 8.

<b>Table 8 - East Northants District Council Movement in Reserves</b>	<b>Budgeted £'000</b>	<b>Outturn £'000</b>	<b>Variance £'000</b>
Business Rates s31	0	5,227	5,227
Community Facility Fund	1,023	682	(341)
General Fund Reserve	(91)	1,433	1,524
<b>Total</b>	<b>932</b>	<b>7,342</b>	<b>6,410</b>

### **Northamptonshire County Council**

5.23 The draft outturn for 2020/21 was presented to West Northamptonshire Cabinet at its meeting on 14 September 2021. The £6.4m County Council underspend represents 100% of the County Council's position; and will be disaggregated across North and West Northamptonshire on a set of disaggregation principles agreed with each council. The movement is set out in the table below (extracted from the West Northamptonshire Cabinet report).

<b>Table 9 – Northamptonshire County Council draft 2020/21 position as reported to West Northamptonshire Cabinet</b>	<b>£000</b>
Net draft outturn position reported to Cabinet (Feb 2021)	(7,133)
Increase in Doubtful Debt Provision within the Technical Finance budgets of £4.2m, based on a risk analysis of the current aged debt.	4,427
Favourable movement in Children's Services following reassessment of high-cost placements	(379)

<b>Table 9 – Northamptonshire County Council draft 2020/21 position as reported to West Northamptonshire Cabinet</b>	<b>£000</b>
An increase underspend position in Place Services with a favourable movement across a number of areas, most significantly Strategic Assets (£0.4m), Waste (£0.4m) and Asset, Traffic Management and Regulations (£0.4m). Other minor variations to offset by £0.18m.	(1,021)
An increased underspend within Corporate Services. Key movements include additional external audit fees in relation to the 2018-19 audit (£0.4m), offset by an increase in the Lead Authority Service share of the underspend (0.35m); the Occupation Health Services contract (£0.2m); and increased underspend on transformation costs due to the full funding of LGR costs (£0.2m)	(537)
An increase in Adult Social Care underspend. Key movements include an overall £1.1m pressure on client contribution budgets where lower numbers of clients have driven a reduction in income. This pressure has been offset by increases in the underspend position on independent care budgets of £0.8m; £0.9m of care home support grants to offset staffing costs within in-house provider services during covid; £0.8m of transport savings for both staff and clients; and £0.4m favourable balance from the closure of Olympus Care Services	(1,447)
Other Minor variances	(138)
<b>Net Position</b>	<b>(6,408)</b>

5.24 The final closing position on the assets and liabilities of the County Council to be disaggregated will be confirmed after the completion of the External Audit.

## **6. Implications (including financial implications)**

### **Resources and Financial**

- 6.1 The outturn position from Corby Borough Council and East Northamptonshire District Council are summarised in this report.
- 6.2 The Council will also receive a share of the County Council's assets and liabilities based on agreed disaggregation principles and therefore the draft outturn position for the County Council is also attached for information. The formal closure of the County Council's accounts is being led by West Northamptonshire Council. However, finance officers from North Northamptonshire Council are liaising with colleagues in the West regarding the final position and the treatment of the assets and liabilities within the County's balance sheet.
- 6.3 The final outturn and financial position for all the previous legacy councils will be subject to External Audit certification. The audit for 2020/21 accounts will commence later this year with the intention to report early in 2022.

### **Legal**

- 6.4 None



## **Risk**

- 6.5 The impact from the former legacy council's outturn on the deliverability of the 2021/22 Revenue Budget is monitored by Budget Managers and any variances or emerging pressures will be identified during the year to enable mitigating action to be sought and management interventions undertaken.
- 6.6 Details of pressures, risks and mitigating actions implemented will be provided as part of the finance monitoring reports for North Northamptonshire Council as the year progresses.

## **Consultation**

- 6.7 None.

## **Climate Impact**

- 6.8 None.

## **Community Impact**

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

## **7. Issues and Choices**

---

- 7.1 None – this is an information report.

## **8. Background Papers**

---

- 8.1 The former Legacy Councils monitoring reports and budget setting reports provide background papers.