

Minutes of a meeting of the Executive

At 10.00 am on Thursday 23rd December, 2021 in the
Held as Council Chamber, Cedar Drive, Thrapston, NN14 4LZ

Present:-

Members

Councillor Jason Smithers (Leader of the Council) (Chair)	Councillor Helen Howell (Deputy Leader of the Council)
Councillor David Brackenbury	Councillor Graham Lawman
Councillor Lloyd Bunday	Councillor Andy Mercer
Councillor Helen Harrison	Councillor Harriet Pentland
Councillor David Howes	

Also in attendance – Councillors David Jenney, Mike Tebbutt, Wendy Brackenbury and Dorothy Maxwell

130 Apologies for absence

Apologies for absence were received on behalf of Councillor Scott Edwards.

131 Members' Declarations of Interest

No declarations were received.

132 Notifications of requests to address the meeting

The Chair, Councillor Jason Smithers, reported that there was one request to address the meeting as set out below:

- Cllr Dorothy Maxwell - Item 4

133 Draft Budget 2022-23 and Medium-Term Financial Plan

The Chair, Cllr Jason Smithers invited Cllr Dorothy Maxwell to address the meeting, however Cllr Maxwell declined the opportunity.

Cllr Lloyd Bunday, Executive Member for Finance and Transformation then introduced a report that set out the Draft Revenue Budget for 2022-23 and the indicative Medium-Term Financial Plan for North Northamptonshire Council and sought approval from the Executive to commence consultation on the draft budget.

It was noted that, if approved, the consultation process would run until 28th January 2022 and would provide residents, local partners and other stakeholders with the

opportunity to review the proposed budget and provide feedback. The draft budget would also be presented to the Finance and Resources Scrutiny Committee for feedback.

The meeting heard that, taking into account the comments from the Finance and Resources Scrutiny Committee and the wider consultation response, the Executive would consider the final draft budget proposals and the Council Tax Resolution report for 2022-23 at its meeting on 10th February, with a view to recommending its approval by Full Council at its budget meeting on 24th February 2022. The Council Tax Resolution report would contain the final information from all the precepting authorities required to propose the Council Tax for all areas of North Northamptonshire.

Cllr Bunday stated that the Fees and Charges element of the report (Appendix C to the report) had been withdrawn in order for further review of the contents to be undertaken.

Cllr Bunday noted that at the time of publication of the report, the finance settlement from central government had not been announced and therefore a number of assumptions had been made in the production of the draft budget. Details of the settlement had subsequently been received and were reflected in the addendum to the report that had been published and circulated.

The budget report set out the latest estimated funding position, service budget pressures, key financial risks and challenges influencing the development of the Council's financial plans for 2022-23 and the ongoing financial impact of those plans, together with the longer-term estimates of funding and spending requirements.

Cllr Bunday brought members attention to Section 4 of the report that provided the detailed economic context nationally and locally for the 2022/23 budget and noted that there was governmental assumption that councils would set their Council Tax increases to the maximum permitted.

It was noted that the revenue account for the Council had five main income sources: Council Tax, Business Rates, government grants, fees and charges and the use of reserves where necessary and Cllr Bunday stated that it was imperative that the Council did everything possible to maintain and grow local resources that lay within its control.

Cllr Bunday referenced funding for the medium-term, noting that although there was a balanced draft budget for 2022/23, there was a shortfall to the end of 2025 of approximately £32m. It was heard that the government had, in the light of the Covid-19 pandemic, provided great support to both organisations and individuals, with further measures still being announced, however, it remained to be seen what the legacy effect would be on the health of residents and economy.

Cllr Bunday highlighted the key proposals of the Draft Revenue Budget for 2022-23 as follows:

- A balanced budget for 2022-23
- Further investment to protect vital services and invest in service change, including removal of previous one-off funding predominantly related to Covid-19

- Efficiencies and income generation
- Investment in the Children's Trust to protect and increase the baseline funding from 2021-22 into 2022-23. A further additional one-off revenue and capital investment to help deliver service improvements for some of the most vulnerable children and young people
- Planned savings and pressures from previous Medium Term Financial Plans would remain to be delivered, unless there was a requirement to change the assumptions following review
- Use of reserves to support non-recurring investment in service improvement, fund time limited projects, pump-prime invest to save schemes and help manage risk
- Investment of £1m spread over three years to forward fund initiatives to help address climate issues
- Investment in Social Care to recognise the increase in the National Living Wage and the increase in national insurance contributions for care providers
- Investment to consolidate the increase in pay for the Council's lower paid staff to the real living wage in 2021-22, together with improved incremental progression
- An increase in council tax and the Adult Social Care precept, resulting in an average weekly increase of 88 pence for a Band D equivalent property
- The Local Council Tax Support Scheme would remain unchanged
- Inclusion of a contingency to mitigate against uncertainty
- Officers and members would continue to seek efficiencies in order to help address the budget requirement from 2023/24

It was heard that the draft budget before members would support a wide range of services and reflecting the Council's newly adopted Corporate Plan. It was acknowledged that the draft budget had been set against an uncertain economic backdrop and the advent of unitary authorities in Northamptonshire had provided the Council with both opportunities and challenges. It was envisaged that stabilisation would continue into the second year of the Council, with transformation opportunities brought forward for the benefit of residents.

It was also acknowledged that the Council would continue to face financial challenges, with an element of the financial settlement from government proposed to be moved into Council reserves to assist in smoothing any future financial shocks that may arise.

Cllr Bunday concluded by noting that monthly budget monitoring and budget challenge sessions with each Directorate had assisted in shaping the draft budget and each service area would continue to take ownership of their part. Each Directorate would receive a copy of their budget to share with their respective portfolio holders.

Councillors Brackenbury, Howell, Pentland, Harrison and Lawman all spoke, offering their thanks to those involved in the preparation and setting of the draft budget which was considered to be comprehensive and well-constructed.

RESOLVED:-

(KEY DECISION)

- a) Approved for consultation the 2022-23 Draft Budget, which includes:
 - i. An estimated net revenue budget of £293.2m (£618.6m including the Dedicated Schools Grant) as set out in Appendix A, noting that this is subject to further update following the publication of the provisional Local Government Finance Settlement.
 - ii. An average Band D Council Tax of £1,578.73 for North Northamptonshire Council, representing a 1.99% increase in the 'core' Council Tax and a further 1% for the Adult Social Care Precept.
 - iii. Net Pressures of £8.2m, including adjustments for the reversal of one-off funding in 2021-22, and savings and income generation proposals of £7.6m as set out in Appendix B.
 - iv. That the draft fees and charges proposed at Appendix C be subject to further review
 - v. Corporate budget requirements as set out in paragraph 8.1, including a contingency sum of £4.250m as set out in paragraph 8.2.
 - vi. The draft planned use of, contribution to, and movement in, reserves as identified in paragraph 5.54 and section 9 of the report, noting the reserves will be reviewed again prior to the final budget proposals to consider the risk applying at that time.
 - vii. The provisional dedicated schools grant budget of £325.4m for 2022-23, pending the Final Settlement, as detailed in Appendix D.
- b) For the Dedicated Schools Grant (DSG):
 - i. Noted the provisional allocations of the increased funding for the Schools Block and High Needs Block for 2022-23 and reduced Central School Services Block for the Dedicated Schools Grant (DSG) allocations.
 - ii. Following consultation with the Schools Forum, delegated authority to the Executive Member for Children's Services in consultation with the Executive Member for Finance and Transformation, Director for Children's Services, and the Executive Director of Finance (S151 Officer) to determine the DSG 2022-23 schools funding formula, high needs funding arrangements and the early years funding formula in line with Department for Education guidance.

- c) Endorsed the budget consultation process as outlined at paragraphs 13.13 to 13.17 which commences following the approval of the recommendations in this report.
- d) Noted that the funding allocations are estimates at this stage and will not be confirmed until the publication of the Local Government Finance Settlement.
- e) Delegated authority to the Executive Member for Finance and Transformation in consultation with the Executive Director of Finance (Section 151 Officer) to amend the draft budget following the publication of the Local Government Finance Settlement.

Reason for Decisions: To ensure that the Council complies with its Constitution and legislative requirements in setting the budget for North Northamptonshire Council from 2022-23.

134 Capital Programme 2022-25

Cllr Lloyd Bunday, Executive Member for Finance and Transformation introduced a report that set out the baseline Capital Programme for 2022-23 and the Medium-Term Financial Plan for North Northamptonshire Council.

It was heard that the Capital Monitoring Report for the first half year had been submitted to the Executive in November, setting out the capital outturn position for 2020/21 and subsequent carry forward requests into the Council's capital programme. Throughout the year Capital Update requests had been brought to meetings of the Executive to bring forward further items.

The report before members presented the Draft General Fund Capital Programme for 2022-25, the Baseline Development Pool and the Housing Revenue Account Capital Programme 2022-25, with the key principles underpinning the current Capital Programme set out in the report alongside the Capital Strategy.

It was noted that new capital investment would only be permitted if it contributed to the achievement of the Council's corporate priorities set out in the Corporate Plan adopted by Full Council earlier in December.

Various key projects totalling some £72.2m between the General Fund and Housing Revenue were outlined in the report, with a further £62m of potential projects noted in the Development Pool.

It was noted that the disaggregation of the capital assets, balances and debts of the former Northamptonshire County Council were still to be finalised.

RESOLVED:-

That the Executive approved for Consultation:

- a) the General Fund Capital Programme 2022-25, Baseline Development Pool and HRA Capital Programme 2022-25.

Reason for Decision: To ensure that the Council complies with its Constitution and legislative requirements in setting the budget for North Northamptonshire Council for 2022-23.

135 Housing Revenue Account (HRA) Draft Budget 2022-23 and Medium-Term Financial Plan (MTFP) Proposals

Cllr Lloyd Bunday, Executive Member for Finance and Transformation introduced a report that set out the proposed draft budget for the Council's Housing Revenue Account (HRA) for 2022/23 and the key principles on which it is based, together with the Medium-Term Financial Plan (MTFP) that covered the following four years (2023/24 – 2026/27). The report also set out the proposals regarding rent increases for 2022/23.

It was noted that the Housing Revenue Account was a separate ring-fenced account within the Council for the income and expenditure associated with its housing stock. Local Government Reform had resulted in the Council operating two separate neighbourhood accounts, namely Corby and Kettering. It was noted that although at present these were run as two separate accounts, these would need to be amalgamated into a single HRA in future, a decision as to when this would occur had yet to be taken.

As part of the future HRA amalgamation, a 30-year business plan would be developed. Members noted that the social rent policy of previous governments has resulted in a cumulative loss of rental income amounting to some £130m which would have a significant impact on the plan going forward.

The meeting heard that the HRA did not directly impact on the Council's wider General Fund budget or on the level of Council Tax, with income to the HRA being primarily received through the rents and other charges paid by tenants and leaseholders.

Government guidelines for rent increases, to maintain service provision and continue investment was a calculation involving the Consumer Price Index (CPI) plus 1%, totalling 4.1%. This would result in an average rise in rental to £85.54 in Kettering and £81.07 in Corby. It was proposed that these increases be the subject of a consultation, details of which would be submitted to the Executive at its meeting on 10th February 2022.

Rental increases as detailed above would result in a balanced budget for 2022/23. However, the medium-term position 2023 to 2027 indicated a deficit for Corby HRA of £1.860m and a surplus for Kettering HRA of £3.921m, mainly due to the structuring of loans against the housing stock.

It was noted that North Northamptonshire Council owned in excess of 8200 properties, combined with a further 884 leasehold properties amounting to a projected rental income in excess of £34m. The numbers of Right to Buy properties and the number of empty properties had also been factored in, and it was predicated that this would reduce revenue by approximately £0.5m.

New properties had been added to the Council's stock during 2021 and it was envisaged that there would be further additions in coming years.

Cllr Bunday confirmed that since the HRAs were ring fenced, self-financing accounts with rental levels set by the Housing Rent Regulator, there was little room for movement save in efficiencies in aggregation and service improvement.

RESOLVED:-

That the Executive:

- a. Noted the draft 2022/23 Housing Revenue Account Budgets consisting of the Corby Neighbourhood Account and the Kettering Neighbourhood Account as set out in **Appendix A** to the report, which will be consulted upon with Tenants, which includes:
 - i) an increase in dwelling rents for 2022/23 of 4.1% (based on the Consumer Price Index (CPI) for September 2021 3.1% + 1%) which is in line with the Department for Levelling Up, Housing and Communities (DLUHC) Policy statement on rents for social housing.
- b. Noted the draft Housing Revenue Account Medium Term Financial Plan beyond 2022/23 consisting of the Corby Neighbourhood Account and the Kettering Neighbourhood Account, for 2023/24 to 2026/27 as set out in **Appendix B** of the report.

Reason for Decision: To ensure that the Council complies with its Constitution in setting the budget for North Northamptonshire.

136 Transformation Plan and Progress

Cllr Lloyd Bunday, Executive Member for Finance and Transformation introduced a report that set out the background context to the transformation activity that had been prioritised across the Council in 2021/2022 since Vesting Day on 1st April 2021.

The report sought to:

- Present North Northamptonshire's transformation progress and context since 1st April 2021.
- Define the Transformation Plan aims, objectives and benefit themes, which would shape future plans.
- Present the Transformation Project Proposal Plan 2022-25; and
- Set out the timetable for consultation and engagement.

Cllr Bunday stated that the plans before members had been formulated in collaboration and agreement with the Directorates of the Council and would be monitored and reviewed on an ongoing basis. It was noted that due to the Covid-19 pandemic, the Northamptonshire Reorganisation programme had required reprofiling as critical resource was redeployed. This had resulted in a significant amount of work being carried over from the legacy councils.

An interim Transformation Plan had been implemented from April 2021, including the three key programme areas; Critical Business, Service Improvement Structures and Disaggregation. This work had largely focused on delivering specific projects with a key dependency such as statutory obligation, contract period or legal requirement, as well as commencing the disaggregation of over 20 services currently within a hosted arrangement. This work would continue into 2022. In addition, focus had been placed on supporting the service improvement and harmonisation of key enabling support services as the Council aggregated multiple teams and services from across the geography of the legacy councils.

Details were provided to the meeting of completed and in progress projects across the Council which the Transformation team were supporting.

It was considered that with the adoption of the Corporate Plan, and aligned to the Budget setting process, now was the time to develop the Council's transformational objectives and plans for the future to contribute to the required savings by 2025. Accordingly, the report before members sought Executive approval of five Transformation Benefit Themes, which aligned directly to the areas of focus set out within the Budget Report and would help to focus, shape and demonstrate both the cashable and non-cashable benefits of the Council's Transformation Plan and priorities; Income Optimisation, Rationalisation, Service Improvement Design, Service Structure and Disaggregation.

Cllr Bunday stated that by using these themes and working with services via the recent 'check and challenge' sessions, service areas had identified their transformational priorities and where possible had outlined anticipated income or savings. Current plans had identified that Transformation, working with the service areas would contribute savings to the 2022/23 Budget. The Plan also identified key future projects that would be developed further to deliver savings in future years.

Cllr Bunday concluded by stating that Local Government Reform had provided North Northamptonshire with an opportunity to transform local government, allowing the Council to deliver great services that residents and businesses required in an effective and efficient way.

Cllrs Harrison and Brackenbury welcomed the report, noting that the Transformation Plan was a living document, the outcomes from which were key to the Council being able to deliver high standard services to its residents. Both Councillors also welcomed the concept and introduction of Community Hubs.

The Chair, Cllr Jason Smithers, also welcomed the report, noting that transformation required genuine outcomes, something the report before members clearly set out.

RESOLVED:-

That the Executive:

- a) Noted the Transformation Programme progress to date
- b) Approved the five Transformation Benefit Themes as set out in section 5.3 of the report that will drive and focus the Transformation Plan 2022-25

- c) Endorsed the draft Transformation Project Proposal Plan 2022 – 25, as set out in Appendix D to the report
- d) Approved the proposed timetable for consultation as set out in section 7.5.4 of the report

Reasons for Decisions:

- The option proposed aligns with local government reform and transformation outcomes
- Proposed recommendation aligns and is consistent with the transformational activity and assumptions reflected within the Medium-Term Financial Plan
- The Council and its customers will receive the maximum benefit from the option proposed

Chair

Date

The meeting closed at 10.47 am

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