

WEST NORTHAMPTONSHIRE SHADOW AUTHORITY

SHADOW EXECUTIVE MEETING

25 August 2020

| | |
|----------------------|--|
| Report Title | Disaggregation Task and Finish Group |
| Report Author | Martin Henry, Interim Chief Finance Officer |

1. Purpose

- 1.1 The purpose of this report is to provide information in relation to the progress made on the Disaggregation Task and Finish Group.

2. Recommendations

- 2.1 It is recommended that the shadow executive notes the progress made by the Disaggregation Task and Finish Group.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The Disaggregation Task and Finish group for the West has met on five occasions to consider the approach to take on the disaggregation of County Council services and the aggregation of district and borough services across the West of Northamptonshire.

- 3.1.2 The group also considered the disaggregation and aggregations principles applicable to the balance sheet.

- 3.1.3 The group was made up of the following councillors:
Cllr Lizzy Bowen (Chair)
Cllr Phil Bignell (Deputy Chair)
Cllr Kevin Parker
Cllr Suresh Patel
Cllr Catherine Russell

3.2 Issues and Choices

Disaggregation

3.2.1 The following key activities and outcomes for the task and finish group were set out in the terms of the reference for the group and are replicated in the table below:

| Key Activities | Outcomes Sought |
|---|--|
| Splitting Northamptonshire County Council’s services budgets between North and West. | Agreed geographic allocation of existing NCC service budgets. |
| Splitting Northamptonshire County Council’s non service budget between North and West, for example Treasury Management and Contingencies. | Agreed geographic allocation of existing NCC non service budgets. |
| Splitting Northamptonshire County Council’s balance sheet between North and West, including loans and reserves. | Agreed geographic allocation of NCC assets and liabilities. |
| Splitting Northamptonshire County Council’s capital strategy between North and West. | Agreed geographic allocation of NCC Capital Strategy. |
| Aggregating existing District and Borough figures into disaggregated NCC budget. | Baseline Revenue Budget, Capital Strategy, Balance Sheet, Collection Fund and Housing Revenue Account for the West Shadow Authority. |

3.2.2 It should be noted that the actual disaggregation principles employed were wider than just the ‘geographic’ allocations highlighted above.

3.2.3 The Task & Finish Group met on five occasions and considered the following:

- Meeting 1 Terms of Reference and overview of requirements
- Meeting 2 NCC Revenue Budget disaggregation (principles and numbers)
- Meeting 3 NCC Capital Programme and Development Pool, Dedicated Schools Grant (DSG) and Public Health Grants (principles and numbers)
- Meeting 4 NCC Balance Sheet (principles only)
- Meeting 5 Aggregation of County Council and District and Borough position

3.2.4 The task and finish group considered all of the principles in detail over their five meetings. Rather than replicate that level of detail here it is recommended that the principles considered and endorsed by the task and finish group are the principles adopted to disaggregate services, the budget and the balance sheet.

3.2.5 The proposed principles were developed between finance and service directors and represent the most logical approach to disaggregate services.

3.2.6 A full list of the principles is available if required.

- 3.2.7 The disaggregation of the NCC financial position and aggregation with the District and Borough Councils is required to establish a baseline financial position for West Northamptonshire Council to commence its medium-term financial planning and budget process.
- 3.2.8 The output from the Disaggregation task and finish group will be an input to the Budget and Medium Term Financial Planning Group.
- 3.2.9 The detailed principles for all of the areas highlighted above were broadly agreed by the task and finish group and the same approach was taken in the North ensuring disaggregation proposals have been made using a common set of principles.

Risks

3.2.10 The main risk associated with disaggregation is set out below:

| Risk | Likelihood | Impact | Mitigation |
|--|-------------------|---------------|--|
| The disaggregation principles / outputs are disputed | L | M | Dispute resolution protocol to be developed and agreed |

Perceived Benefits

3.2.11 The primary benefit from undertaking the disaggregation of NCC's financial position and the amalgamation of the Districts and Borough's financial position is that it provides a starting point from which to develop the budget and associated policies/strategies for the new Council.

Costs

3.2.12 There are no direct costs arising from the task and finish working group work.

3.2.13 The overall starting position based on the application of all of the detailed principles considered in the task and finish group is summarised in Appendix 1. It should be noted that these figures are purely indicative at this stage and will develop in some areas where more up to date information is available.

Conclusions from the Disaggregation Task and Finish Group

3.2.14 The Disaggregation task and finish group has completed its work. The output of the task and finish group will be an input for the Budget and MTFP task and finish group to commence their work.

3.2.15 The task and finish group considered the detailed principles used to disaggregate the County Council's services and balance sheet. The district and borough's respective positions were then added to this providing a starting point for consideration at the Budget and MTFP Task and Finish Group. This position is summarised in Appendix 1. The figures in Appendix 1 are indicative at this stage and will evolve over time as more up to date information becomes available.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 The disaggregation and aggregation of County, district and borough services, assets and liabilities provides an indicative starting position for consideration by the Budget and Medium Term Financial Planning Task and Finish Group to begin the budget setting process for 2021-22.

4.2 Resources and Risk

- 4.2.1 There are no specific resource or risk implications at this stage of the decision making process. This report is highlighting the progress made in the Disaggregation Task and Finish group. The output from that group will feed into the Budget and Medium Term Financial Planning Task and Finish group which will make further recommendations to Executive as the budget process progresses.

4.3 Financial Implications

- 4.3.1 There are no direct financial implications stemming from this report.

4.3 Legal

- 4.3.1 There are no direct legal implications stemming from this report.

4.4 Equality and Health

- 4.4.1 None at this stage