

WEST NORTHAMPTONSHIRE SHADOW AUTHORITY

SHADOW EXECUTIVE COMMITTEE MEETING

5 January 2021

Report Title	Draft Budget 2021-22 and Medium Term Financial Plan – General Fund Revenue and Capital
Report Author	Martin Henry Executive Director (Finance) Martin.henry@westnorthants.gov.uk

List of Appendices

Appendix A – Draft Budget Summary 2021-22 to 2024-25
Appendices B (1-5) – Budget Proposal Listing
Appendix C – Council Tax Harmonisation
Appendix D – Draft Dedicated Schools Grant
Appendix E – Draft Capital Programme

1. Purpose of Report

- 1.1. This report sets out the first draft Revenue Budget 2021-22 and Medium Term Financial Plan for West Northamptonshire Council. The proposed budget commences the budget consultation process. Residents, local partners and other stakeholders will have the opportunity to review the proposed budget and provide feedback during the four-week consultation period. The draft budget will also be presented to the Shadow Overview and Scrutiny Committee for comment and there has and will be wider engagement with the elected members for West Northamptonshire.
- 1.2. This report identifies the key factors influencing and informing the development of the Council's financial plans for 2021-22, and the on-going financial impact of those plans into the medium term.
- 1.3. This first draft budget report includes the following financial plans;
- Draft Revenue Budget 2021-22
 - Draft Dedicated Schools Grant 2021-22
 - Draft Public Health Grant 2021-22
 - Medium Term Financial Plan
 - Draft Capital Programme 2021-2025
- 1.4. The draft budget report sets out the latest estimated funding position, service budget pressures, key financial risks and challenges influencing the development of West Northamptonshire Council's financial plans for 2021-22

and the ongoing financial impact of those plans, together with the medium term estimates of funding and spending requirements.

- 1.5. The Shadow Executive, subject to any changes made following consideration of the consultation feedback, will consider the proposals in the draft final budget for 2021-22 for recommendation to the West Northamptonshire Shadow Authority budget meeting on 23rd February 2021.

2. Executive Summary

- 2.1. This report presents the first draft budget and medium term financial plan for West Northamptonshire Council. West Northamptonshire Council will provide a range of services to residents and businesses across the area including care to vulnerable adults and children, education, the collection and disposal of waste, household waste recycling, leisure and community wellbeing, highways, planning, economic development, housing and support for the homeless.
- 2.2. The creation of a new single tier council provides the opportunity to transform and improve local services for the residents of West Northamptonshire in line with the vision previously set out in the prospectus for change and the stated ambition of the executive. The Council will also work with businesses and other partners to support economic recovery following the COVID-19 pandemic and to promote economic recovery and growth. We will also continue to protect and support our communities and vulnerable people as we emerge from the public health crisis and through our ongoing work with system partners, agencies and the voluntary and community sector.
- 2.3. The budget has been set in the context of the current health emergency and its impacts but with a focus on building a strong foundation with a 'safe and legal plus' transition from the sovereign councils to the delivery of the new West Northants blueprint. The budget does include efficiencies arising from a review of the senior management restructure and builds in the resources to progress significant transformation and drive benefits from bringing four councils together, but it also recognises the current uncertainties of a single year settlement and post COVID word by setting aside resources to respond to unexpected pressures.
- 2.4. Our plans and proposals ensure that resources are prioritised and earmarked to continue to support the most vulnerable in our local community.
- 2.5. The creation of a new Council does present a number of opportunities, such as the financial benefits of economies of scale both from amalgamating four councils into one and from the consolidation of contracts, assets and the redesign of processes. However, there remains a significant amount of financial risk, such as the nationally recognised budget pressures for local government, not only from the longer-term impact of COVID-19 on costs and income, but also from demand led and other cost pressures which pre-date the pandemic.
- 2.6. The creation of the new Councils has also created some additional and unavoidable cost pressures to ensure the ongoing safe and legal provision of services and as a result of changes in the business rate calculations based on the new Council footprint.

- 2.7. The budget is also the very first budget created for this new authority. While significant due diligence has been undertaken to create the baseline budgets transferring from the sovereign Councils there are some inherent financial risks associated with the demand for services in the first year of the new organisation as a result of the unprecedented impacts of the pandemic. Where such risks have not been mitigated through the provisional settlement, they have been mitigated by including some contingency funding with these plans.
- 2.8. This draft budget directly addresses these financial issues and has been prepared to deliver a balanced budget for 2021-22. The current plans assume no service reductions. This is in recognition of the need for stability as we start the new Council and the ongoing actions and changes that we have been asked to make through national COVID guidelines. This is a sensible and prudent approach for West Northamptonshire and is supported by contingency to mitigate against any unforeseen financial challenges.
- 2.9. Post vesting day officers and the executive will then work together to create a three-year corporate plan accommodating the transformation, consolidation, efficiency improvement and corporate priorities so that West Northamptonshire can deliver its longer term sustainability and ambitions.
- 2.10. To help maintain and protect levels of service provision the Shadow Authority will consult on a core Council Tax increase of 1.99% in line with the maximum limit set by government without triggering a referendum and utilising the allowable Council Tax social care precept increase of 3% in full. The combined total resulting in an increase of 4.99% on Council Tax.
- 2.11. This would contribute around £10.2m per annum and would represent a Band D level of Council Tax for West Northamptonshire Council of £1,566.39 in 2021/22, equivalent to £30.12 per week. This Band D figure does not include the Council Tax for individual town and parish councils or the Council Tax set for fire and police by the Northamptonshire Police, Fire and Crime Commissioner.
- 2.12. The Council tax also assumes harmonisation based on the average Council Tax across West Northamptonshire as described in the section on Council Tax Harmonisation later in this report.

Budget Headlines

- 2.13. The following summarises the main features of the proposed draft budget:
- A balanced budget achieved in challenging circumstances
 - The protection of existing service levels
 - No reductions in any service provision
 - Efficiency savings of £13.0m
 - Average Council Tax increase of £6.20 per month for a band D equivalent property
 - Incorporation of contingencies to mitigate the inevitable uncertainties associated with the first year of operation
 - Preservation of all current capital schemes across West Northamptonshire

3. Recommendations

3.1 It is recommended that the Shadow Executive Committee:

- a) Notes the 2021-22 Draft Budget that will be consulted upon, including:
 - i. an estimated net revenue budget of £710.647m (£323.647m excluding Dedicated Schools Grant) as set out in Appendix A.
 - ii. Council Tax harmonisation for West Northamptonshire using the alternative notional amount approach with the number of years to achieve harmonisation to be determined as part of the final budget proposals
 - iii. an average Band D Council Tax of £1,566.39 for West Northamptonshire Council which represents an increase of 4.99% on the average Council Tax levied across the West Northamptonshire area (1.99% increase in 'core' Council Tax and 3% Adult Social Care Precept).
 - iv. Local Council Tax Reduction Scheme changes as outlined in the report in section 8.18 to 8.22
 - v. The Draft Capital Programme as set out in Appendix E
 - vi. The consultation process as set out in paragraphs 17.8 to 17.13

- b) Notes the estimated taxbase for West Northamptonshire has been calculated at 137,374 band D equivalents as set out in paragraphs 8.7 to 8.9

- c) Notes the approach to Fees and Charges as set out in section 11

- d) Notes the provisional allocations, and planned usage of the Dedicated Schools Grant (DSG) for 2021-22 pending the final DSG settlement, and following consultation with the Schools Forum, delegates authority to the Director for Children's Services in consultation with the Portfolio Holder for Children's Services, the Portfolio Holder for Finance and the Executive Director of Finance (S151 Officer) to determine the DSG 2021-22 schools funding formula, high needs funding arrangements and the Early Years Funding Formula in line with Department for Education guidance.

3.2 Reason for Recommendations:

- *To ensure that the Shadow Authority complies with its Constitution and all other relevant requirements in setting the budget for West Northamptonshire.*

4. Report Background

4.1 The budgets of the new West Northamptonshire Council will comprise:

- a general fund revenue account
- a Dedicated Schools Grant (DSG) funded budget

- a Public Health funded budget,
 - a housing revenue account (though this is subject to a separate report)
 - a capital programme.
- 4.2 The general fund includes all revenue income and expenditure, including day to day running costs, financed from Council Tax, Business Rates, government grants and fees and charges, but excluding those related to council housing.
- 4.3 The DSG focuses on the funding for schools and Early Years settings as well as other specific Education related costs.
- 4.4 The Public Health budget funds a range of local public health activities.
- 4.5 The housing revenue account (considered in a separate report elsewhere on the agenda) includes all revenue expenditure and income on activities related to the Council's role as a housing landlord.
- 4.6 The capital programme includes all capital expenditure and income, including the acquisition, replacement and enhancement of assets financed from government grants, external contributions, revenue contributions, capital receipts and borrowing.
- 4.7 This report focuses on the Council's general fund revenue and capital budgets and notes the planned use of the Dedicated Schools Grant for 2021-22 and into the medium term.

National and Economic Context to the 2021-22 Budget

- 4.8 The Chancellor delivered a one year Spending Review on 25th November 2020, noting the economic emergency caused by COVID-19.
- 4.9 The government is expected to borrow £394bn in 2020-21, the highest level in the peacetime history of the UK. Borrowing is predicted to fall to £164bn next year and £105bn in 2022-23. The latest figures, as at the date of the Spending Review, show 1.62m people in the UK are unemployed, a number which has risen by more than 300,000 since last year. The Chancellor warned that UK unemployment is expected to increase to 7.5%, or 2.6m, by mid-2021.
- 4.10 The economy is predicted to contract by 11.3% in the current year, the largest fall in output for over 300 years, and grow by 5.5% next year and 6.6% in 2022. UK economic output is not expected to return to pre-crisis levels until quarter four of 2022, with lasting economic damage predicted. The UK will leave the EU single market and customs area on 31st December 2020. The Office for Budget Responsibility has said that if no deal is reached, and the UK and EU traded under World Trade Organisation rules, including tariffs, this could "reduce real GDP" by 2% in 2021, on top of the economic damage caused by COVID-19.
- 4.11 Full details of the Spending Review announced by the Chancellor are available using the link below. The paragraphs which follow summarise the main points for local government.

<https://www.gov.uk/government/publications/spending-review-2020-documents>

Core Spending Power

4.12 Core Spending Power (CSP) is a measure of the resources available to local authorities to fund service delivery. It sets out the money that has been made available to local authorities and is a combination of both central and local government decisions. CSP is forecast to increase by £2.1bn (4.5%) in 2021-22 – the composition of these changes is as follows;

- A 2% referendum level for the increase in “core” Council Tax plus a further 3% increase for the Adult Social Care Precept is estimated to generate **£1.6bn**, this assumes nationally a 0.9% increase in tax base and the maximum increase in Band D is applied by all authorities.
- There is **£300m** additional funding for adult and/or children’s social care. This has been funded from £150m of new resources and £150m transferred from New Homes Bonus monies. This is in addition to the existing adult social care grant and the Improved Better Care Fund. The 2019 Spending Review allocated £1bn for Social Care in 2020-21, and it has now been confirmed that this amount remains in the base budget for 2021-22.
- There is **£200m** for indexation. This has two elements: inflation for Revenue Support Grant (RSG), and the effect of cap compensation on business rates income and baselines. The basis for these calculations has not been confirmed and therefore remains provisional for now.

Business Rates Revaluations

4.13 The government announced that the business rates revaluation which is a review of the rateable values of all non-domestic properties would be postponed and has confirmed that the next business rates revaluation will take place in 2023, to better reflect the impact of COVID-19. It is intended that this revaluation will be based on property values as of April 1, 2021 and this will be the basis for calculating what businesses pay in rates.

New Homes Bonus

4.14 There will be a further year of reward through New Homes Bonus (NHB) for bringing more houses into use. As was the case in 2020-21, this will be a reward for one year only and there will be no associated legacy payment. There will be two legacy payments in 2021-22 relating to 2018-19 and 2019-20 – these will continue as planned.

COVID-19 associated funding

4.15 The government has made available funding of around £3bn for local government in 2021-22 in response to the impact of COVID-19. This funding is separate from the Core Spending Power. The composition of the **£3bn** is as follows:

- **£1.55bn** has been made available to fund local government’s expenditure pressures in the first quarter of 2021-22. It is important to note that this is one-off funding and that the COVID-19 support package was created after the vaccine news – so the package reflects some optimism that the future

impact of COVID on local government and the wider economy will be reduced.

- A compensation scheme for Collection Fund tax-income losses has been announced. The Tax Income Guarantee Scheme will fund 75% of 'irrecoverable' losses for Business Rates and Council Tax as a result of COVID impacts on employment, household incomes and business viability. The Treasury has estimated that the cost of the scheme will be **£762m**. Authorities will still have to spread their collection fund deficits over three years, but the spreading will be after the deduction of the irrecoverable losses.
- A further **£670m** in grant funding has been announced for local authorities in respect of Council Tax Support (Council Tax Reduction Scheme). This scheme is to reflect the extra costs from increased take-up on discounts as jobs and household incomes have reduced.
- The Sales, Fees and Charges (SFC) income compensation scheme will be extended into the first three months of 2021-22. Further guidance will be issued in relation to the baseline against which the losses will be measured. Currently, the scheme is expected to operate the same as that in place for 2020-21, where 75% of the loss in income will be reimbursed and there will be a 5% disregard, which will be calculated on the first quarter only.

Other CSR Announcements

- 4.16 As part of the Spending Review 2020 the Chancellor announced that most public sector workers will have their pay frozen in 2021-22, with only those earning less than £24,000 and NHS workers seeing any increase in salary. The National Living Wage is set to increase by 2.2% to £8.91 per hour.
- 4.17 It was announced in April 2020 that the government would not proceed with the implementation of the Review of Relative Needs and Resources (formerly referred to as the Fair Funding Review) and Business Rates reform in 2021-22. The reset of accumulated Business Rates growth has also been postponed and will not take place in 2021-22. The delay is likely to be positive for West Northamptonshire as the area has seen above average business growth in recent years. Significant uncertainty around levels of government funding after 2021-22 and into the medium term therefore remain.
- 4.18 Other announcements from the Spending Review include:
- Funding for the Troubled Families scheme will continue on a roll over basis
 - Funding of £254m was announced to reduce rough sleeping and homelessness. Of this, £103m had been announced earlier this year for accommodation and substance misuse support.
 - Public Works Loan Board (PWLB) lending rate cut back to 100 basis points from 26 November 2020 but with additional restrictions.
 - Levelling up funding - this is a bidding process and must be spent within this parliament term.

- 4.19 Due to the fact it is a one-year Settlement and many of the announcements are for one-off funding only, the position for 2022-23 and beyond remains uncertain and potentially extremely challenging.

Provisional Settlement

- 4.20 The spending review sets out the limits for Government departments at a national level and whilst we can estimate what we think those announcements may translate to it is not until the provisional settlement is released that the actual allocations for each local authority is issued.

- 4.21 The provisional settlement was announced on 17 December 2020 and the main announcements for West Northamptonshire were as follows:

- Total spending power announced of £304m. Spending power is a measure the Government uses to estimate how much authorities can spend using the grants they announce in the settlement and an assumption on the amount of Council Tax that can be raised if maximum increases are incorporated. The spending power can be broken down further as follows:

	<u>£m</u>
Business Rates Baseline funding	50.100
Revenue Support Grant	3.636
Business Rates multiplier compensation	2.613
Improved Better Care fund	9.772
Social Care Grant	7.990
New Homes Bonus	6.777
Rural Services Delivery Grant	0.393
Lower tier services grant	<u>0.461</u>
Total grant funding announced	81.742
<u>Assumed</u> Council Tax income*	<u>222.366</u>
Total spending power announced	<u><u>304.108</u></u>

* Assumed Council Tax income is a notional calculation made by the Government based on an assumed taxbase and Council Tax amount and will differ from the actual Council Tax estimates included within this report.

- There was also an announcement about COVID allocations for 2021-22. In the spending review a national amount of £1.55bn was announced and of this amount it was provisionally announced that West Northamptonshire would receive £9.524m
- The spending review also highlighted £670m for the impact of the increase in demand for the Council Tax Reduction Scheme (CTRS). West Northamptonshire have been provisionally awarded £3.109m of this funding.
- The spending review also highlighted a further £800m to provide financial support to compensate authorities for the 'irrecoverable' loss in Council Tax and

Business rates as a result of the pandemic. This element of funding is subject to further consultation from the Government.

- As detailed later in this report there are £12.5m of COVID expenditure or loss of income pressures built into the draft budget (not including collection fund losses, tax base reductions or CTRS increase). The provisional settlement announcement confirmed that £12.633m of COVID grants have been allocated so far and a further allocation for 'irrecoverable' collection funds losses is also to be received.

5. Governance

5.1 Governance processes which have been established to support the development of the draft budget have included:

- the establishment of cross party member led Task and Finish Groups to oversee progress and plans for:
 - Council Tax Harmonisation and Council Tax Reduction Scheme
 - Disaggregation of the County Council's revenue budget, capital programme, dedicated schools grant and public health budget
 - The development of the budget and medium term financial plan.
- regular budget development sessions with members of the Shadow Executive
- Officer led budget working groups for West Northamptonshire combining lead officers from all the sovereign Councils

6. Developing the Draft Budget

6.1 The approach taken in setting the 2021-22 Draft Budget and Medium Term Financial Plan for West Northamptonshire Council has been to:

- Establish the baseline budget for 2020-21 through the disaggregation of Northamptonshire County Council's budget and the aggregation of the three District and Borough councils' budgets for Daventry, Northampton and South Northamptonshire. This work was undertaken under the oversight of the Disaggregation Task and Finish Group, which presented a progress report to the West Northamptonshire Shadow Executive Committee on 25th August 2020.
- Identify pressures and initial savings in 2021-22 and into the medium term from the existing councils, including the disaggregated split of the County Council's pressures and savings, and the full year effects of previous decisions and demand for services.
- Identify efficiency opportunities arising from the transformation programme such as savings arising from senior management restructure. Work will start on the wider organisational, contractual and financial benefits of the wider consolidation of services post vesting day and as the COVID pandemic hopefully subsides.

- Review the funding position and assumptions, including risks and uncertainty around the announcements included in the Spending Review.
- Interpret and incorporate the information coming out of the provisional local government settlement announcements.
- Establish forecasts of Council Tax yield based on an assumption of harmonisation adopting the Alternative Notional Amount methodology (the average Council Tax approach) where the referendum principles are applied to the average Council Tax for the area, as recommended to the Shadow Executive Committee by the Council Tax Harmonisation Task and Finish Group on 25th August 2020.

Future Northants Programme

- 6.2 The Future Northants Programme has been in place to support the delivery of the two new Unitary Authorities, with dedicated programmes set up to deliver the new Council blueprints and supporting legal, workforce and technology infrastructure. First and foremost, all programmes must achieve a safe and legal day one transition. This means that each organisation must have the staff, systems, budgets, procedures and policies to deliver their statutory duties. This is to avoid disruption to services to residents and businesses and ensure that nothing falls through the net in the transfer, especially protecting vulnerable residents.
- 6.3 Wherever it is safe and practical, the Future Northants programme has sought to find ways and opportunities to transform and deliver “plus” elements in the programme, allowing improvements to be delivered in time for Vesting Day on 1 April 2021. This transformational activity will continue beyond Vesting Day, when the majority of service and process improvements will be delivered. To this end, a Transformation team will be set up within each of the new Unitary Authorities, led by a Director of Transformation who is already in post and leading the drive towards delivering ‘safe and legal (plus)’ arrangements by April and the further and more significant transformation of the future.

West Northamptonshire Transformation Programme

- 6.4 West Northamptonshire will have a dedicated transformation team working to deliver the transformation required in the West to separate the remaining hosted County services, bring services together, move towards single more efficient operating models for the services, utilise other potential contract and property efficiencies and therefore reduce costs going forward.
- 6.5 The Director of Transformation has put forward plans which estimates the annual cost of the team required to deliver the transformation programme over the next two years will be £2.9m each year. This amount can be funded through the budgets already agreed for the transformation programme and reserves that currently exist.
- 6.6 The transformation team will be fundamental to the delivery of the savings built into these draft plans which total £3.7m per year.
- 6.7 In addition to the above the draft budget also includes a £500,000 one off fund which will be controlled by the Director of Transformation and used to fund

investment that makes processes more efficient and can also be used as 'seed funding' for projects that will go on to deliver savings greater than the initial funding requirement. The release of these funds will be subject to a business case and at the discretion of the Executive Director of Finance and the Director of Transformation, in consultation with the Finance Portfolio holder.

- 6.8 In order for expenditure to continue to be incurred on transformation from 1 April a spending budget of £3.4m for 2021-22 and £2.9m for 2022-23 needs to be established which will be funded through earmarked reserves.

Future Use of Capital Receipts (FUCR)

- 6.9 Certain costs can be funded through the Future Use of Capital Receipts.
- 6.10 Qualifying revenue expenditure is time-limited expenditure incurred by the Council on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery in order to reduce costs or demand for services in future years.
- 6.11 Although set-up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure, the ongoing revenue costs of the new processes or arrangements are excluded.
- 6.12 The decision to use capital receipts to fund transformational expenditure is one that will be considered by the full authority when considering the final budget proposals.
- 6.13 Using capital receipts to fund this type of expenditure provides greater flexibility in terms of how our overall capital and revenue resources are utilised and frees up revenue funding.
- 6.14 The transformation costs referred to above and expenditure required to deliver some of the adult social care efficiencies are areas where we would seek authority to use capital receipts instead of revenue resources.
- 6.15 A policy on the Flexible Use of Capital Receipts will be developed for the final budget setting report.

Future Northants Benefits Realisation

- 6.16 As previously reported to the Shadow Executive Committee, an analysis of the impact of the COVID pandemic on the realisation of financial benefits has been undertaken on each of the Business Rates Retention Pilot schemes and NCC savings on the basis of what is currently known or assumed.
- 6.17 Although there may be some delay in delivering the benefits due to COVID impacts it is still expected that annual benefits of up to £85m a year will be achieved across Northamptonshire. With one off costs of £53.3m this still represents a significant return on investment and a positive legacy for the two new Unitary Councils. Of the total £85m it is expected that £35m will be delivered after Vesting Day. The delivery of these remaining savings will be fundamentally reviewed in 2021-22.

- 6.18 The £35m savings which are forecast to be delivered after Vesting Day have been disaggregated in line with the principles set out in section 6.21 below and are included in the Medium Term Financial Plans.

Disaggregation of the Northamptonshire County Council Budget

- 6.19 As part of the process of disaggregating the County Council's complex service budgets, a number of key overarching disaggregation principles were agreed by the 151 officer group in conjunction with the member Task and Finish Group. Individual services have been reviewed and analysed with the appropriate disaggregation principle being applied based on the nature, demand and any statutory rules for services costs. A particularly detailed analysis of these has taken place in adult social services. As the largest and most complex budget additional extra steps have been taken so disaggregation matches demand, complexity, caseloads and services provisions within geographic areas.
- 6.20 Whilst the majority of disaggregation principles have been agreed there are still some areas to be finalised particularly in relation to the balance sheet, corporate and support service budgets, capital financing, reserves, investments and the pensions deficit. This work is being undertaken in conjunction with the Council's external treasury advisers and the pension fund actuary.
- 6.21 The disaggregation principles applied in order to split the County Council's services and therefore develop a proxy for splitting the budget between West and North Northamptonshire can be grouped by the following categories:
- **Ordinary Residence** – Used to split Adult Social Care budgets based upon home postcode of service user, taken from CareFirst system and in line with the legal guidance on liabilities for social care. Ordinary Residence is a long established legal principle for establishing responsibility for care. The allocation of client contributions towards care packages is also split based on ordinary residence.
 - **Geographic Location** – Based upon the location used to deliver the service, for example location of Country Parks.
 - **Cost drivers** – Underlying cost drivers for particular service areas, for example the Highways budget has been split by road length
 - **Population** – for demand led services where costs are based upon usage.
 - **Funding Formula** – Where the split is prescribed within funding terms and conditions. For example, Dedicated Schools Grant (DSG) and Public Health Grant have used specific grant formula / data to allocate the funding.
 - **Staff numbers** – Used to pro-rata for support services, where the driver will be based upon the size of each Unitary Authority, for example the cost of a particular support service. In the case of adults staff are allocated on the basis of actual demand, caseloads, complexity and geography.

		Budget disaggregation based upon:					
		Ordinary Residence	Geographic location	Cost drivers	Population	Funding Formula	Staffing numbers
NCC budget element	Adult Social Care	X	X		X		
	Children's Social Care		X	X	X		
	Place		X	X	X		X
	Corporate Services		X		X		
	Back Office Support Services						X
	Corporate items		X	X			X
	Revenue Funding					X	
	DSG					X	
	Public Health		X		X	X	
	Balance Sheet		X	X		X	

- 6.22 The data sets used to calculate the budget allocation have been taken at a point in time, and whilst they are regularly updated there is a risk that with demand led budgets such as Adults Social Care there may be variations in volume trends between now and the start of the new financial year or predicted going forward
- 6.23 Following the application of the disaggregation principles the County Council's baseline net revenue budget for 2020-21 of £469.5m (excluding contribution to reserves) has been disaggregated across the two Unitary Councils as follows:

	North Northamptonshire (£m)	West Northamptonshire (£m)
County Council Baseline Budget	221.9	247.6

Disaggregation of Northamptonshire County Council Balance Sheet

- 6.24 There are linkages between items on the balance sheet, service revenue budgets, and the capital programme. Therefore, the principles used to disaggregate the balance sheet need to be consistent with the principles used to disaggregate revenue budgets and the capital programme.
- 6.25 The disaggregation of the County Council's Balance Sheet has been undertaken on a principles-based approach. It is important to note that the opening values for West Northamptonshire Council's Balance Sheet cannot be confirmed until the final audits of the previous sovereign councils' accounts have been completed, and this will be after Vesting Day.
- 6.26 Disaggregation principles have been applied in order to split the County Council's Balance Sheet. These can be grouped by the following categories:
- **Unitary Geography**– Fixed Assets (e.g. Land and Buildings) have been allocated based upon the geographic location of the asset.
 - **Link to Capital Programme / Capital Financing Requirement (CFR)** – For example borrowing to support historic capital expenditure. Further work is ongoing to determine the final splits that are linked to the capital programme.
 - **Link to corresponding service disaggregation** – Where balance sheet items are linked to particular service areas, for example service related provisions, these have been disaggregated on the same basis as the corresponding service budget.

- **Caretaker authority** – Outstanding legacy items such as debtor/creditor balances which will transfer to one of the Unitary authorities to be managed after Vesting Day.
- **District/Borough Council areas** – Collection Fund related balances can be allocated to specific Borough/District council areas.

6.27 As noted previously, whilst the majority of disaggregation principles have been agreed there is still some further work being undertaken to disaggregate some areas of the County Council's budgets and balance sheet.

Aggregation of County Council and District and Borough Budgets

6.28 The aggregation of the three District and Borough councils' budgets together with the disaggregated County Council position for the West was undertaken under the oversight of the Disaggregation Task and Finish Group, which presented a progress report to the West Northamptonshire Shadow Executive Committee on 25th August 2020.

6.29 The initial aggregated position was established based on the 2020-21 approved revenue budgets and was then reviewed and updated to incorporate budget movements to develop the draft 2021-22 budget, as set out in Section 7 below.

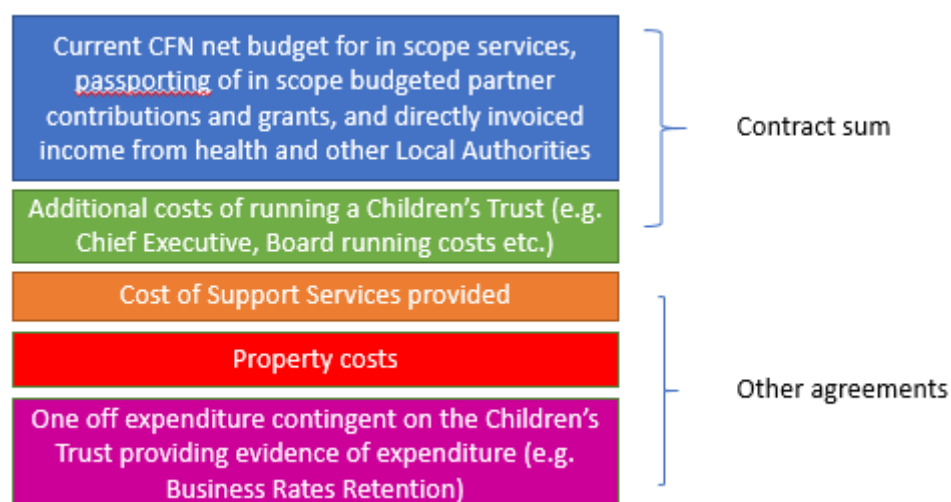
Aggregated Net Budget Baseline 2020-21	£m
Northamptonshire County Council (West Share)	247.6
Daventry District Council	15.8
Northampton Borough Council	28.8
South Northamptonshire Council	15.2
Total	307.4

Children's Trust

6.30 The Northamptonshire Children's Trust (NCT) was established from 1st November 2020 as a company wholly owned by Northamptonshire County Council, to deliver early help and social care services for children and families on behalf of the Council. From 1st April 2021 the ownership of NCT will transfer to the two new Unitary Authorities.

6.31 Northamptonshire County Council remains responsible and accountable for the delivery of Children's statutory duties (as will the two successor councils for North and West), employing a joint Director of Children's Services who ensures that the Councils' duties are met via the Trust. The Councils set the strategic outcomes and priorities. The Trust is responsible for delivering those outcomes. The Trust remains "operationally independent" and decides how those outcomes are met.

6.32 The Children's Trust budget is made up of the following components, in the diagram CFN stands for Children First Northamptonshire:



- 6.33 An initial Contract Sum has been agreed for the 17 month period from 1st November 2020 to 31st March 2022 to provide some stability to the trust during its improvement programme. The budgeted figure for the contract is £136.37m for 2021-22. This includes a provisional figure for support services, which will be finalised before the final West Northants Budget is agreed. This is split £60.36m (44%) to North Northamptonshire Council and £76.01m (56%) to West Northamptonshire Council.
- 6.34 Of the total share for West Northamptonshire part is grant funded and part relates to the provision of support services by the Unitary Councils. The amount funded through the General Fund budget is £68.3m and this is included in the total for Children's Services shown in the table under paragraph 7.24.

7. Revenue Budget Overview

- 7.1 The Summary General Fund Budget is set out in Appendix A. This section describes each of the budget movements and further detailed budget proposal breakdowns are set out in Appendices B1 – B5.

COVID-19 Impacts – Total £12.5m

- 7.2 Dealing with the impact of COVID-19 has resulted in significant additional costs and lost income for the existing sovereign councils in 2020-21. These pressures are forecast to continue into 2021-22 and, in some cases, beyond for the new Council as a result of the ongoing impact of restrictions and national lockdowns on businesses, the economy and employment in the short and long term. The impact of the pandemic could not have been foreseen and the new Council, like many other authorities across the country is facing a significant and long-term challenge.
- 7.3 Substantial new one off funding has been provided in 2020-21 to the existing sovereign councils to support COVID-19 pressures. For 2021-22 the government announced further one off COVID funding allocations to West Northamptonshire of £12.6m and are soon to announce further funding to deal with the impact of reduced collection of Council Tax and Business rates, which will have an impact on the Council.

- 7.4 Some of the main pressures which are forecast to continue into 2021-22 relate to the cost of social care packages commissioned by the Clinical Commissioning Group during the first wave of COVID as the hospitals were cleared to deal with the anticipated surge in admissions. These budget proposals represent additional demand for those packages continuing into 2021/22 (£3.596m). There are also increased COVID demand pressures in Adults mental health (£0.695m), children's and education services (£0.845m) and additional costs of remote working (£0.250m).
- 7.5 In addition, the draft budget includes a contingency of £7.114m to cover other predicted COVID pressures that are likely to arise but to be quantified as we recover from the current pandemic, such as additional costs of Leisure provision and lost income from Sales, Fees and Charges. This contingency will be increased if required, to reflect any increase in government funding for COVID, and will be allocated to services as needs arise.
- 7.6 The draft budget assumes total government funding of £12.6m for COVID related pressures to offset the potential COVID pressures referred to above of which the provisional settlement confirmed support of at least £9.5m. The Government has subsequently announced a provisional allocation to West Northamptonshire of £3.1m to help to fund the impact of the increased cost of the Council Tax Reduction Scheme.

Local Government Reorganisation - Total £1.724m

- 7.7 It was always expected that there would be some structural costs and benefits to the aggregation and disaggregation of the eight Local Authorities into the two new Unitary Authorities across Northamptonshire.
- 7.8 Within West Northamptonshire's budget costs of disaggregation of £1.2m largely reflect the need for additional posts that will be required due to current County Council functions needing to be delivered separately in the two Unitaries. These additional costs have been scrutinized and challenged and the additional posts have been validated based on statutory, business and demand need. There were inevitably some diseconomies of scale.
- 7.9 These will be offset by savings generated on the new senior leadership structure, which as reported to the November Executive are anticipated to be approximately £1.8m. In addition, it is also anticipated that a saving of around £1.9m will be realised through the aggregation and rationalisation of the services currently provided by the three District and Borough Councils and the consolidation of contracts, systems and assets. These savings have been included within the 'Savings and Efficiencies' proposals contained in Appendix B4.
- 7.10 Specific additional one-off costs of £0.5m have been identified in relation to the closure of the accounts for the legacy sovereign councils. The statement of accounts will be under particular scrutiny and will therefore require additional temporary Finance staff to complete the accounts, and potentially additional costs of audit.
- 7.11 One further unintended consequence of the LGR process is the impact on the amount of Business Rates growth to be retained by West Northamptonshire.

The Northamptonshire authorities currently operate a pool, but in 2021-22 this will need to be split West and North. In the West this will create a situation where a share of Business Rate growth has to be paid over to central government due to the imposition of a Levy. This is a loss of around £4m of funding, which is recognised in the funding forecasts for 2021-22. MHCLG have been made aware of this situation.

Budget Pressures – Total £10.380m

7.12 These are changes and additions to the baseline 2020-21 budget in order to reflect the anticipated cost of current service provision as adjusted for the anticipated demand for services in 2021-22.

7.13 These pressures total £10.38m and include:

- Contingency for employee Pay Award and Increments of £2.68m – this includes:
 - Provision for National Living Wage increase
 - Incremental increases for transferring staff where applicable in relation to their transferring terms and conditions.
 - Provision for a potential staff pay award although no decision has been taken on pay awards at this point and so this will be held as a contingency until then.
 - Salary budget adjustments where required
- Contractual Inflation £8.2m – This provides for in-built contractual and other inflationary cost related pressures such as care package costs.
- Demography and Service Demand Changes – net budget reduction (£0.5m) – while there are increases and decreases in current and predicted demand, this reflects the overall position based on detailed historic and predictive modelling. The net impact of these changes is an overall reduction of £500,000 in the base budget requirement for next year.

Savings and Efficiencies – Total savings (£13.029m)

7.14 A total of £13.029m of savings are included in the draft budget for 2021/22, as well as a further £8.85m in future years. These reflect the savings arising from decisions made in previous year's budgets and cover transformation savings funded through Business Rate Pilot programmes, through NCC's own transformation programme and measures put in place by the existing Districts and Borough.

7.15 As highlighted in the section on Local Government Re-organisation there are £3.7m worth of savings associated with:

- A reduced requirement for the total number of senior managers across West Northamptonshire when compared to the number of senior managers employed in total in the sovereign councils.
- An assumption that the cost of staffing will reduce when services are combined

- 7.16 Significant savings are anticipated from the continued implementation of the following transformation programmes within Adult Social Care.
- Admissions Avoidance Service (£1.76m) previously called “Rapid Response”, which is a new service (initially funded by the business rates pilot fund) provided by Adult Social Care with health partners. The Admission Avoidance care model focuses on patients/clients presenting at acute hospitals with relevant conditions who can be rapidly assessed, diagnosed and treated without being admitted to a ward, if clinically safe to do so. Currently the Crises Response Team supports the back door discharges at the acute hospitals, where Admission Avoidance will focus on the significant opportunity to provide care on/at the front door to avoid hospital admissions and care costs and improve client outcomes.
 - Strength Based Working Project (£2.24m) which is the Transformation of Adults Services pathways and processes to ensure focus on client outcomes, increased independence, better decision making and best practice approaches to reduce delays and spend. Business Rate Pilot funded assessment stage and now out for tender for implementation of new Target Operating Model (TOM) service design.
- 7.17 Savings of £1.1m are reflected in the Children’s Trust contract in relation to capacity building in foster care, reducing reliance on agency staff and improving outcome’s for children.
- 7.18 There will be a saving in the base budget contribution required to fund elections of £0.761m. The base budget can be reduced as there are already sufficient Elections Reserves held specifically to cover the costs of the Elections in 2021 and possibly the costs of the Elections in 2025.
- 7.19 A saving of £0.75m reflects the increased take up of the paid-for Green Waste collection service in the Northampton area, from the prior year levels. Other savings largely reflect the removal of one-off budgets that are no longer required in 2021-22.
- 7.20 All the savings above were already agreed and in train and do not represent any additional changes to service provision or levels. New opportunities to realise efficiency and other savings will arise as the services in the new Council are embedded and come together and we take the opportunity to consolidate, transform and create economies of scale. As noted earlier, a Transformation Director is in place and has responsibility to deliver a programme of transformation across all services in conjunction with partners and wider stakeholders.

Technical Changes –Net budget reductions (£0.381m)

- 7.21 Technical changes to budgets have no impact on the method or levels of service provided. For 2021-22 there is a net budget reduction of £0.381m. Full details are provided in Appendix B5, but the main areas to highlight are:

- Removal of a revenue contribution that was included in Daventry District Council's budget to forward fund infrastructure costs, that is not required in 2021-22 - £2.700m reduction
- Reduction in the level of contingencies included in the starting position of £2.397m. Contingencies will be largely funded through a contribution of one off funds for the first year of operation of West Northamptonshire Council.
- In order for expenditure to continue to be incurred on transformation from 1 April a spending budget of £3.4m for 2021-22 and £2.9m for 2022-23 needs to be established which will be funded through transformation reserves, as detailed in paragraphs 6.4 to 6.8.
- Other technical changes, both increases and decreases, net to an increase in the 2021-22 Base Budget of £1.316m.

Contingencies

7.22 There have been several contingencies built into the draft budget for 2021-22. This reflects the degree of uncertainty inherent within the first year for a new organisation with a net budget of over £300m

- **Covid Contingency** – As explained earlier in the report £12.5m has been set aside to deal with the ongoing impact of the Covid pandemic. Of this amount £5.4m has been allocated to services and the balance of £7.1m will be held as a central contingency. This expenditure will be funded through the Government Grant allocated for this purpose.

- **Base budget contingency** – There is a contingency of approximately £2.4m included in the base budget to deal with any adjustment required, including in relation to pay.

- **General Contingency** - The Draft Budget for 2021-22 also includes a one-off contingency of £5m, funded from reserves, to cover the associated risks within the budget and will be available to adjust budgets if necessary. This first budget for the new Unitary council has, of necessity, been produced on a summarised level, on a risk based approach, identifying material changes from the 2020-21 Baseline and a contingency is required in order to be able to respond effectively to any unanticipated increases in costs or demand that cannot be managed within the budget. The release of this contingency will be at the discretion of the Executive Director of Finance in consultation with the Finance portfolio holder.

7.23 Budgets would ordinarily be built from the bottom up, for example a salaries budget would be developed with reference to staff in post. This has not been possible this year as recruitment to the senior management structure has not been completed nor the disaggregation of NCC staff finalised. This exercise will be undertaken as soon as possible and will be used to inform the in-year monitoring and the preparation of the 2022-23 budget

7.24 The table below sets out the total draft budget for 2021-22 by Directorate (excluding DSG). This is based on the split of the 2020-21 Baseline plus/minus the budget movements allocated as shown in Appendices B1 – B5. It may be

subject to change when detailed budgets are built from the bottom up as described above.

	Baseline 2020-21 (£m)	Net Movements (£m)	Draft Budget 2021-22 (£m)
Adults, Communities & Wellbeing	109.287	4.673	113.960
Children's (including Trust)	71.655	2.154	73.809
Place and Economy	72.629	1.650	74.279
Finance	7.670	0.665	8.335
Corporate Services	20.948	4.899	25.847
Technical/Centrally Held Items	25.264	2.153	27.417
	307.453	16.194	323.647

8. Overview of Funding Assumptions

- 8.1 The new Council's net budget will be funded from three main sources, Council Tax, Business Rates and government grants. In recent years Central Government Funding has reduced and the ability to grow and maintain resources raised locally, such as Council Tax, has become even more important for local authorities' financial sustainability, particularly when considered against the change in local government funding and short-termism of financial settlements which does not facilitate medium term financial planning.
- 8.2 The headline figures for local authorities announced as part of the Spending Review are set out in section 4.12 - 4.18.
- 8.3 The provisional settlement for local government was issued on 17 December 2020 and is incorporated within the figures contained within this report. Paragraphs 4.20 and 4.21 provide further detail on the settlement.
- 8.4 The funding assumptions which have been made in the draft budget are set out below.

Council Tax

- 8.5 Council Tax is the most stable, sustainable and significant source of income for West Northamptonshire Council and the impact of the pandemic must be taken into consideration. It is driven by both the Taxbase (number of Band D equivalent properties in the area) and the level of the Band D charge set by the Council.

8.6 The government provisional settlement confirmed that the referendum thresholds for 2021-22 are a 2% increase in 'core' Council Tax plus a further 3% increase in the Adult Social Care Precept. Any increase above these thresholds would be subject to a local referendum. The draft budget figures set out in Appendix A are based on an average increase in the Band D Council Tax for West Northamptonshire of 4.99%.

Council Taxbase

8.7 The taxbase for 2021-22 has been calculated by the existing billing authorities based on a consistent set of assumptions and then aggregated to provide a single taxbase for West Northamptonshire.

- Property growth is calculated by reference to known developments, as provided by Planning colleagues
- A Council Tax Reduction Scheme (CTRS) with a minimum taxpayer contribution of 26.5%, as per the consultation that ended on 13 December is included.
- Assumed CTRS caseload growth of 10% compared to current levels.
- A collection rate of 98%.

8.8 Based on these assumptions the total taxbase would be 137,374, a fall of just over 1% from the 2020-21 taxbase, as detailed and explained below.

	2020-21 Band D Equivalents	2021-22 Band D Equivalents	Change %	
Total before CTRS	149,922	150,505	0.39%	Lower level of growth than in recent years due to economic slowdown.
CTRS Impact	(8,757)	(10,328)	17.9%	Increase in claimant caseload/awards of 7.9% over last 12 months plus forecast further 10%
Non-collection	(2,330)	(2,803)	20.3%	Forecast higher levels of non-collection due to economic conditions.
Taxbase	138,835	137,374	-1.05%	

8.9 The taxbase may change if the CTRS minimum percentage is set at a different level (see paragraphs 8.18 to 8.23 below for details). The final taxbase for 2021-22 will be determined by the Chief Finance Officer prior to the end of January 2021.

Council Tax Rate Harmonisation

8.10 Across the West Northamptonshire area different levels of Council Tax have previously been raised in each of the existing Districts and Borough. Whilst the Council Tax level set by NCC is the same for all parts of the County, the rates set by the Districts and Borough are different.

8.11 In order to set a single rate of Council Tax for West Northamptonshire there is a requirement to harmonise Council Tax. This is a process whereby the rates are adjusted over an agreed period to arrive at a single consistent rate.

8.12 The Council Tax for 2020-21 levied for each of the individual areas (based on a Band D property) is set out below and includes the County Council's element of the charge and Special Expenses where appropriate. The weighted average charge is £1,491.94.

Daventry District	£1,451.56
Northampton Borough	£1,516.26
South Northamptonshire	£1,481.75

8.13 It should be noted that these figures do not include the Council Tax for individual town and parish councils or the Council Tax set for fire and police by the Northamptonshire Police, Fire and Crime Commissioner.

8.14 Detailed regulations governing the transition process are made by Statutory Instrument, the latest being SI 2018 no.1296.

8.15 There are two options to harmonise Council Tax. The Council Tax Harmonisation Task and Finish Group have recommended using a referendum limit based on overall average Council Tax for West Northamptonshire (alternative notional amount, or ANA), which uses a weighted average of all Council Tax based on a Band D property. This approach generates the highest Council Tax yield. The Shadow Executive Committee noted the progress made by the Task and Finish Group at its meeting 25th August 2020 and the draft budget has been prepared using the ANA method.

8.16 It is a requirement to have harmonised Council Tax across the area by the start of the eighth year of the new organisation. The maximum period to achieve this is therefore seven years from Vesting Day. The harmonisation period does not impact on the total Council Tax yield but does impact on the percentage increases in each of the current District areas. Further details are set out in Appendix C.

8.17 At their meeting held on the 16 December 2020 the Budget and MTFP task and finish group recommended that harmonisation should take place over a three year period. However, it should be noted that the Task and Finish Group is not a decision making group and the final decision will rest with the Shadow Authority when it considers the final budget report in February.

Local Council Tax Reduction Scheme

8.18 The Local Council Tax Reduction Scheme (LCTRS) replaced Council Tax benefit in 2013. Council Tax benefit was a nationally prescribed scheme, whereas LCTRS is a local scheme set at the discretion of the relevant billing authority.

8.19 The scheme applies to working age claimants. Eligible pensioners continue to receive up to 100% Council Tax support depending on the levels of income they are in receipt of. The greater the level of support granted the greater the

contribution from the Council. The schemes are different across the three district and borough councils in the West by some margin as set out in the table below:

	Minimum Contribution from Taxpayer	Maximum Contribution from Council
Daventry District Council	20%	80%
Northampton Borough Council ^[1]	31%	69%
South Northamptonshire Council	8.5%	91.5%

[1] Note: there are two ways to calculate the scheme percentage. Daventry and South Northants calculated it using one method and Northampton used the other method. Neither are incorrect. In order to compare the schemes on a 'like for like' basis the Northampton method was re-calculated, so it became consistent with the method of calculation used by South Northants and Daventry

- 8.20 The Task and Finish Group recommended that the harmonised scheme should be cost neutral for the new Council. It was estimated that this would be a 26.5% scheme whereby claimants would have to pay a minimum of 26.5% of their Council Tax. The shadow authority went out to wide ranging consultation on a 26.5% scheme.
- 8.21 It is estimated that each 1% decrease would result in a taxbase reduction of 0.06%, and therefore a reduction in Council Tax income of £120,000 for West Northamptonshire Council. It would also result in reduced income for the NPFCC of around £25,000 and reduced income for the average Town or Parish Council of around 0.06%.
- 8.22 A report on the outcome of the consultation exercise and further details regarding the LCTRS scheme, is included elsewhere on this agenda.

Business Rates Baseline

- 8.23 The Comprehensive Spending Review confirmed the delay to the Business Rates review, Fair Funding Review and Business Rates Baseline reset. These will now not have an impact on the Council's funding until at least 2022-23. The delay in resetting the Business Rates baseline has brought some benefit as the accumulated growth is a significant funding source in 2021-22. However, the drop in funding when this does happen presents significant uncertainty in the medium term.
- 8.24 The provisional local government finance settlement was announced on 17th December.
- 8.25 The level of government funding is determined by the Settlement Funding Assessment (SFA), which is driven by a formula that has been in place since 2013-14. The draft budget shows a single figure for Government funding equivalent to the SFA, which is made up of both Revenue Support Grant and the Business Rates Baseline Funding Level.

Business Rates

- 8.26 Business Rates yield could be significantly impacted in 2021-22 due to the number of businesses that could potentially cease trading and a reduction in the collection rate.

- 8.27 Whilst the volatility is recognised, this will not directly impact the 2021-22 budget due to the accounting mechanisms of the Collection Fund whereby the demand from the Collection Fund is reflected in year regardless of what is collected, and the impact is felt in future years.
- 8.28 It should also be noted that, as a result of the Government's response to the COVID pandemic the 2020-21 deficit on the collection fund will be spread over three years rather than have to fund the loss in one year as was previously the case. The Government has also announced that up to 75% of 'irrecoverable' losses will be funded and has commenced consultation on this scheme as part of the provisional settlement.
- 8.29 The draft budget shows funding from Business Rates and Revenue Support Grant to be a total of £66.7m, including the baseline funding, growth and Section 31 grants (which compensate the Council for income lost as a result of central government decisions).
- 8.30 Northamptonshire has benefitted well under the present system due to an above average increase in business growth across the County, and from a Pooling arrangement whereby there has been a nil levy from central government and growth has been retained locally. However, West Northamptonshire has been hit with a Levy which reduces the forecast for retained growth by 33.36% to £7.82m.
- 8.31 The way that the business rate retention scheme operates in future years could have major financial implications for Councils. Members will recall that all Northamptonshire authorities participated in a single Pilot for 75% Business Rates Retention in 2019-20. The financial benefit of being in a Pilot for all Northamptonshire authorities amounted to around £18m.
- 8.32 It was expected that the government was going to announce that all Councils would move to 75% Business Rates retention for 2021-22. The Spending Review announced that this will not now be going ahead and also that there would be a freeze in the National Multiplier (this is used to calculate the Business Rates paid by businesses by multiplying it by the Rateable Value of the property). The Councils will be recompensed for the loss in income through a Section 31 Grant.

New Homes Bonus

- 8.33 New Homes Bonus was introduced in 2011 to encourage local authorities to grant planning permission for new houses in return for additional revenue. It is a grant paid by central government to local authorities to reflect and incentivise housing growth in their areas.
- 8.34 It is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use and it is based on the national average for a Band D property. There is also an extra payment for providing affordable homes, which amounts to £350 per home. Payments are split 80/20 in two tier areas between Districts and Counties. In Unitary areas no split exists.

- 8.35 Payments of New Homes Bonus were originally made for six years; however payments were reduced to five years from 2017-18 and then to four years from 2018-19. A national baseline of 0.4% housing growth was also introduced, below which grants will not be made.
- 8.36 Central government have previously announced that New Homes Bonus payments will be phased out over time. However, a further allocation was announced in the spending review and provisional settlement. As a result, in the draft budget are legacy New Homes Bonus Payments of £5.1m and a new allocation for 2021-22 of £1.7m, giving a total of £6.8m.

Social Care Grant

- 8.37 In the Spending Review of September 2019, the government announced an additional £1bn of funding for Local Authorities through a grant to be made in 2020-21. Of this funding, £850m was allocated using Adult Social Care Relative Needs Formula (RNF), with the remaining £150m allocated based on Adult Social Care precept flexibility. The 2019 Spending Review announcement also stated that existing £2.5bn of social care funding for 2019-20 would continue for 2020-21 at the same level. These elements were all rolled up together into the Social Care Grant for 2020-21. The 2020-21 allocation for Northamptonshire in totality was £15.3m. The draft budget assumptions include the continuation of this funding into 2021-22, at the same level as 2020-21.
- 8.38 The Spending Review announced an additional £300m of funding nationally for Adult and Children's Social Care. The allocations of this along with existing grant amount to a total of £7.99m for West Northamptonshire.

Improved Better Care Fund (IBCF)

- 8.39 The original health funding for the improved Better Care Fund was confirmed as part of the Local Government Finance Settlement 2016-17 as funding for 2017-18 onwards and supports the integration of Health and Adult Social Care support services. It is managed as an aligned, and in some areas, pooled budget with the local Clinical Commissioning Group (CCG) and expenditure and plans have to be agreed with the CCG and signed off formally through the Health and Wellbeing Board.
- 8.40 It is envisaged that during 2021-22 the IBCF will become part of the Integrated Care System (ICS) plans and that the schemes and allocations will be aligned to the ICS plans being developed by all areas for implementation in April 2021. The Adults service has been heavily engaged in that planning and integrated working forms part of the approved blueprint for the Council.
- 8.41 Further funding for the Improved Better Care Fund was announced as part of the Spring Budget 2017 with an additional £2bn made available to Councils over a three-year period. The purpose of this funding is:
- Meeting adult social care needs.
 - Reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready.
 - Ensuring that the local social care provider market is supported.

- 8.42 The improved Better Care Fund for 2021-22 was confirmed in the Provisional Financial Settlement as £9.772m for West Northamptonshire.

Impact of COVID-19 on Collection Fund

- 8.43 COVID-19 is likely to have a significant impact on the Collection Fund for both Council Tax and Business Rates as a result of the short and medium term economic impacts of the pandemic. The impact on Council Tax would be a reduced yield as a result of a reduction in collection rates, lower housing growth and increased Council Tax Reduction Scheme (CTRS) caseloads. For Business Rates the impact of COVID-19 would be businesses ceasing to trade and increase in the number of businesses applying for reliefs as well as a reduction in collection rates.
- 8.44 Due to the mechanics of the Collection Fund the amount that is actually collected in 2020-21 will not impact on the 2020-21 budget as the precepts and demands have been set for the year, however any changes in collection rates are accounted for in the following year and this will have a significant impact. The implications of existing and future bad debt and appeals provisions will also need to be factored in.
- 8.45 The impact of COVID-19 on the Collection Fund will result in an overall deficit position. Councils will estimate the deficit for 2020-21 and budget for it in 2021-22, the deficit position has raised concerns that an additional significant budget pressure would be created especially during time of uncertainty.
- 8.46 Therefore, the government announced that they would amend secondary legislation and require authorities to spread the estimated deficit on the 2020-21 Collection Fund in equal instalments over 3 years – 2021-22 to 2023-24, after taking into account the impact of irrecoverable losses funding announced in the Spending Review on 25th November 2020. The provisional settlement announcement highlighted that government would be going out to consultation on this scheme and the approach to be taken.
- 8.47 The currently estimated Collection Fund deficit for Council Tax to be charged to the General Fund in 2021-22 is £1.96m. A final figure will be calculated by 15th January 2021 in accordance with The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020.
- 8.48 For Business Rates the estimated deficit is considerably higher in the first year, this is due to the Extended Retail Relief Scheme which was introduced as part of the government's COVID-19 response. This resulted in many retail and hospitality businesses getting 100% rate relief. A s31 grant has been made available by the government to reduce any cashflow pressures arising from the scheme. The estimated Business Rates deficit to be charged to the General Fund in 2021-22, after retail reliefs, is £3.89m, the final figure will be calculated by 31st January 2021.

9. Dedicated Schools Grant

- 9.1 The Dedicated Schools Grant (DSG) is a ringfenced grant allocated to Local Authorities by the government to support a range of education related services.

The majority (>90%) of the DSG is allocated to the Local Authority and paid to providers based on a national formula which funds direct education provision including schools (Local Authority maintained and academies), early years' providers and high needs education in Further Education (age 16 to 25). The remaining 10% is paid to nurseries, schools and higher education institutions. The individual school's budgets for academies and funding for high needs 'places' in academies (set prior to the start of academic year) are paid to academies directly from the Education Skills and Funding Agency (ESFA). This funding is taken off the Dedicated Schools Grant before the grant is paid to LAs and is termed 'recoupment'.

9.2 Due to the majority of DSG funding being formula driven to arrive at the Local Authority's funding allocation, disaggregation has to replicate the national formulae used by the DFE for the North and West Unitaries. The work to arrive at indicative allocations for the two new Unitaries has been completed working closely alongside the ESFA.

9.3 The following table sets out the indicative disaggregated DSG funding based on the provisional settlement:

Schools Block	Early Years Block	High Needs Block	Central Schools Services Block (CSSB)	Total
£301m	£26m	£55m	£5m	£387m

Full details of the DSG are included in Appendix D.

10. Public Health

10.1 Public Health aims to protect and improve the health and wellbeing of Northamptonshire residents and reduce inequalities in order to enable people to live healthy, happy and productive lives. Public Health services specifically address prevention and reduce inequalities in Northamptonshire. These include; Substance Misuse, Sexual Health, Health Protection, Health promotion, Health improvement, Falls service, Commissioned Health – Wellbeing services, Mental Health prevention services and 0-19 services. This service is funded through a ring-fenced grant from the Department for Health and Social Care.

10.2 At this stage, the government has not confirmed 2021-22 grant allocations, however the expectation is that the grant will continue into 2021-22 at a similar level to 2020-21 allocation. Based on this assumption, the estimated Public Health grant for 2021-22 is £18m following a county council disaggregation process which replicates the current government funding methodology, largely driven by population, expenditure budgets have been disaggregated based on local need. Government are likely to announce the grant allocation in January 2021.

11. Fees and Charges

- 11.1 Income from fees and charges represents an important source of funds to the Council and enables a range of services to be provided within the area and beyond. West Northamptonshire's draft budget generates income in the region of £27m from Fees and Charges.
- 11.2 This is the first year that West Northamptonshire Council will need to set fees and charges. In previous years, fees and charges have been set by the previous District and Borough Councils, and the County Council. Those previous lists of fees and charges combine to form a single list with over 1,600 individual fees and charges.
- 11.3 Some of these fees and charges will cover services that were previously delivered by more than one Council but will now just be delivered by West Northamptonshire Council. It is not necessary to harmonise all fees and charges, but some do require harmonisation, and these are being prioritised and will be harmonised in April 2021
- 11.4 This work is complex and still being progressed and an update on progress will be provided as part of the final budget proposals.

12. Reserves

- 12.1 The Council will inherit reserves from the existing Districts and Borough as well as the disaggregated County Council. Many of these are earmarked for a specific purpose, although some are more flexible.
- 12.2 Based on the approved budgets for 2020-21, West Northamptonshire could inherit:
- General fund balances of £30m
 - Earmarked reserves of £65m
- The final position will depend on levels of expenditure in 2020-21 and the finalisation of the accounts for the predecessor authorities.
- 12.3 The draft budget for 2021-22 shows a balanced position including some minimal use of reserves for specific purposes, namely:
- Use of general fund balances of £5m to fund a general contingency. This funding would only be released if required and would be controlled by the Executive Director of Finance.
 - Use of the specifically earmarked Enterprise Zone reserve to fund Enterprise Zone admin costs of £661,000
 - Use of the Elections Reserve to fund the costs of the May 2021 elections, estimated to be £560,000

- Use of earmarked reserves to fund the cost of the transformation team for 2021-22, estimated to be £2.9m and to set up a fund of £500,000 for invest to save schemes.

It should be noted that the flexible use of capital receipts may be used instead of these earmarked reserves as explained earlier in the report.

13. Medium Term Financial Plan Forecasts

- 13.1 Although the draft budget for 2021-22 shows a balanced position, there is considerable uncertainty in the medium term due to the probable implementation of Business Rates reform, rebaselining and the Fair Funding Review, as well as the transition to new models of service delivery as the new Council develops.
- 13.2 Medium term assumptions around funding assume an inflationary growth in Government funding based on the Office of Budget Responsibility's forecasts for CPI and no assumptions are made regarding the impact of any future growth-rewarding mechanisms. The Council Tax referendum limit is assumed to be 1.99% per year and prudent assumptions around taxbase growth are included.
- 13.3 A number of transformation savings have an impact in future years and the impact of COVID is expected to completely fall out by 2024-25. The underlying forecast deficit in that year is £10.99m, around 3.5% of net budget, a challenging but achievable target.
- 13.4 The table below summarises the medium term financial position:

	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000
Estimated Budget				
Deficit	-	14,013	12,802	10,990

14. Capital Strategy and Draft Capital Programme 2021-22

- 14.1 The Capital Strategy demonstrates how the Council will make expenditure and investment decisions in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability. It sets out the key objectives and broad principles to be applied by the Council when considering capital investment and its funding and provides the context for how the Medium Term Capital Programme seeks to support the realisation of the Council's vision and corporate objectives. The Strategy also provides details of the Council's planned future capital programme and capital funding expectations.
- 14.2 The Baseline Programme has been put together by taking the already approved schemes in year from each of the existing West Districts and Borough and the West share of NCC's 2021-22 schemes including already approved slippage from the councils' 2020-21 programme. This has resulted in a General Fund Capital Programme of £63.877m over the four year period. Full details are set

out in Appendix E, including the total programme for 2020-21, some of which may slip into 2021-22.

14.3 The table below shows the total capital programme by directorate.

	Draft Programme 2021-22 (£m)	Total Draft Programme 2021-22 to 2024-25 (£m)
Adults, Communities & Wellbeing	2.521	8.462
Children's	13.807	14.084
Place and Economy	32.869	40.513
Finance	0.425	0.568
Corporate Services	0.097	0.250
	49.719	63.877

14.4 The Capital Strategy is being developed with reference to the requirements of the updated Prudential Code and Treasury Code of Practice and will be brought forward for approval as part of the final budget report in February 2021.

15. Treasury Management Strategy

15.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) has defined treasury management as “the management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

15.2 The new Council (as with its predecessors) will borrow and invest substantial sums of money and will therefore be exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the new Council’s treasury management strategy.

15.3 Work is still underway through Treasury Advisors, Link Asset Services, regarding the Debt split and Capital Financing Requirement (CFR) split of NCC’s Balance Sheet, which will help inform the Minimum Revenue Provision (MRP) policy. This will form part of the Treasury Management Strategy that will be brought to the Shadow Executive for approval as part of the final budget report in February.

16. CIPFA Financial Management Code

- 16.1 CIPFA published a Financial Management Code (FM Code) in October 2019, to be fully implemented in 2021-22. The FM Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management. The Council will demonstrate how it is compliant with the FM Code as it moves forward into the delivery of the 2021-22 budget.

17. Implications (including financial implications)

Resources and Financial

- 17.1 The resource and financial implications of the Shadow Authority's draft plans are set out in the body of, and appendices to, this report.

Legal

- 17.2 The provisions of the Local Government Finance Act 1992 set out what the Shadow Authority has to base its budget calculations upon for the new Council, and require the Shadow Authority to set a balanced budget with regard to the advice of its Chief Finance Officer (Section 151 Officer).
- 17.3 The robustness of the proposed estimates and the adequacy of the proposed reserves must be addressed in the formal report to be made in February 2021 to both the Shadow Executive and the Shadow Authority by the Chief Finance Officer (Section 151 Officer). This report is required under Section 25 of the Local Government Act 2003 prior to the Shadow Authority agreeing its 2021-22 budget.

Risk

- 17.4 The task of planning how the new West Northamptonshire Council will use its financial resources in an unprecedented and challenging economic climate with significant uncertainty around funding into the medium term results in high budget delivery risks.
- 17.5 Significant risks for the 2021-22 budget include the disaggregation of the County Council's service delivery budgets and balance sheet between the North and West, which could give rise to significant budget pressures and the ongoing impact of COVID-19 on the Council's resources and transformation programme.
- 17.6 Any risks or benefits crystallising in 2021-22 will be managed within the wider budget and the Medium Term Financial Plan will be updated accordingly.
- 17.7 The longer term mitigation of these risks and stability of the Council will be assured through the planned transformation and three year corporate and financial plan development that will commence at the outset of the new Council Term.

Consultation

17.8 This draft budget is presented to the shadow executive prior to the start of public consultation.

17.9 Budget consultation will commence on 6 January the day after shadow executive have considered the draft budget proposals and will be open for four weeks.

17.10 The draft budget will also be considered by Overview and Scrutiny Committee on 12 January who will then be able to give their view to the shadow executive prior to their consideration of the final budget for recommendation to the full authority.

17.11 The timeline for the rest of the budget process is as set out below:

- Publish draft budget	23 December
- Executive consider draft budget	5 January
- Commence draft budget consultation	6 January
- Overview and Scrutiny consider budget	12 January
- Consultation closes (four weeks)	2 February
- Publish final budget report	5 February
- Executive consider final budget	12 February
- Council Tax and Budget report published	15 February
- Full authority considers final budget	23 February

17.12 The response to the budget consultation will be analysed and form part of the final budget report to shadow executive on 12 February.

17.13 In addition to the general budget consultation there has already been a specific consultation process on the proposed Council Tax Reduction Scheme and the analysis and results from this consultation exercise are elsewhere on this agenda.

Equality Screening

17.14 The Council has a strong commitment to equality and diversity. This means considering how all groups and individuals within our community get the services they require and are not disadvantaged, and that services are available to them on an equal basis in order to meet their needs. Equality Impact Assessments help the Council to make informed decisions and to remove or minimise any impact on persons who share a protected characteristic.

17.15 An overall Equality Impact Assessment has been completed for the budget proposals for 2021-2022. The potential impact of the proposals on equalities groups has been assessed and, taking into account mitigating action that is planned or that is in place, many of the proposals are considered to have no or low, or in some cases a positive impact on service users.

17.16 An equality Impact assessment has been undertaken on the proposals to harmonise Council Tax. As Council Tax is applicable to all properties it is not

considered that the plans to harmonise Council Tax impact on any persons or groups with protected characteristics.

17.17 The Equality Impact Assessments will be reviewed following an analysis of the results from the budget consultation process

17.18 A separate Equality Impact Assessment has been undertaken on the proposals for a Local Council Tax Reduction Scheme 2021-2022

18. Background Papers

18.1 The following documents disclose important facts on which the report is based and have been relied upon in preparing the report.

- Spending Review Announcement 25th November 2020:
<https://www.gov.uk/government/publications/spending-review-2020-documents>
- Provisional settlement announcements 17 December 2020:
<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2021-to-2022>
- Previous reports to West Northamptonshire Shadow Executive 25th August 2020:
<https://cmis.northamptonshire.gov.uk/cm5live/MeetingsCalendar/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/3677/Committee/463/Default.aspx>

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Net Expenditure Budget B/Fwd (excl DSG Funded)	307,453	323,647	320,806	326,207
Base Net Budget (DSG Funded)	387,000	387,000	387,000	387,000
Total Base Gross Budget	694,453	710,647	707,806	713,207
Adjustments to Base Budget				
Covid Pressures	12,500	(7,072)	(3,888)	0
LGR - Transitional Costs	1,724	(160)	0	0
Budget Pressures	10,380	11,739	12,131	9,730
Savings and Efficiencies	(13,029)	(6,696)	(2,112)	(41)
Technical changes	(381)	4,348	(730)	1,110
General Contingency - funded from Reserves	5,000	(5,000)	0	0
Net Budget Movement	16,194	(2,841)	5,401	10,799
Net Expenditure Budget (excluding DSG Funded)	323,647	320,806	326,207	337,006
Net Budget (DSG Funded)	387,000	387,000	387,000	387,000
Net Budget	710,647	707,806	713,207	724,006
Funded By:				
Government Funding/Business Rates Baseline	(53,736)	(58,264)	(59,196)	(60,380)
Business Rates Growth	(7,824)	0	0	0
Business Rates - Section 31 Grant	(5,119)	(4,581)	(4,654)	(4,747)
New Homes Bonus	(6,777)	(2,953)	0	0
Social Care Grant	(7,990)	(7,719)	(7,842)	(7,999)
Improved Better Care Fund	(9,772)	(9,940)	(10,099)	(10,301)
Rural Services Delivery Grant	(393)	0	0	0
Lower Tier Support Grant	(461)	0	0	0
One off Covid Funding	(12,633)	0	0	0
DSG Grant	(387,000)	(387,000)	(387,000)	(387,000)
Council Tax Income	(215,167)	(222,740)	(233,988)	(242,224)
Collection Fund Deficit	5,845	2,798	2,798	0
Transfer to / (From) Reserves	(9,620)	(3,394)	(424)	(365)
Total Funding	(710,647)	(693,793)	(700,405)	(713,016)
Forecast Budget Gap	0	14,013	12,802	10,990

COVID Pressures

Directorate	Proposal Title	Proposal Description and service impact	Category	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
Technical	Covid Contingency	Estimated COVID pressures that are likely to arise based on current modelling and analysis, such as additional costs of Leisure provision and lost income from Sales, Fees and Charges.	Covid pressures	7,114	(3,697)	(3,417)	0
Adults, Communities & Wellbeing	CCG Hospital discharges into adult social care care home placements packages as a result of the pandemic	Additional costs (volume and price) for the ongoing cost of the CCG discharges made during the pandemic	Covid pressures	3,596	(3,125)	(471)	0
Children's Services	Additional Demand	The forecast full year effect of 20-21 covid-19 additional demand pressures emerging from COVID lockdown.	Covid pressures	845	0	0	0
Adults, Communities & Wellbeing	Mental Health Pool demand	Additional costs on the Mental Health pool with the CCG due to increased volume of clients which has occurred during the covid 19 period.	Covid pressures	695	0	0	0
Corporate Services	Additional costs of remote working.	Additional telephone costs as a result of additional remote working requirements following national pandemic.	Covid pressures	250	(250)	0	0
		Net Position		12,500	(7,072)	(3,888)	0

LGR Transition Pressures

Directorate	Proposal Title	Proposal Description and service impact	Category	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
Corporate Services	Disaggregation Costs - Additional Staffing	Additional staffing required as a result of splitting current NCC services in order to maintain skills, service levels and deliver income generating services to other Councils	LGR Transition	793	0	0	0
Finance	Closure of Accounts resources	Resources to ensure legacy Northamptonshire Council's prior year accounts can be closed	LGR Transition	500	(160)	0	0
Children's Services	Disaggregation Costs - Additional Staffing	Additional staffing required as a result of splitting current NCC services in order to meet statutory duties and maintain service provision	LGR Transition	278	0	0	0
Adults, Communities & Wellbeing	Disaggregation Costs - Additional Staffing	Additional staffing required as a result of splitting current NCC services in order to meet statutory duties and maintain service provision	LGR Transition	78	0	0	0
Finance	Disaggregation Costs - Additional Staffing	Additional staffing required as a result of splitting current NCC services in order to maintain skills and service levels	LGR Transition	75	0	0	0
		Net Position		1,724	(160)	0	0

Budget Pressures

Directorate	Proposal Title	Proposal Description and service impact	Category	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
All service areas	Provision for pay inflation and other employee related budget changes	This budget growth allows for national living wage increases, a provision for a staff pay award and other employee budget changes. At this stage no decision has been made on a pay award outside the NLW and increased contracted within staff Ts and Cs, but budgetary provision has been allowed for	Budget Pressures	2,680	2,319	2,360	2,310
All service areas	Contractual and other inflation related pressures	Provision for in-built contractual and other inflationary cost related pressures such as care package costs	Budget Pressures	8,198	6,802	7,154	5,710
All Service Areas	Changes in demographic service pressure	Budget adjustment to reflect the latest demand for services currently being projected for next year. Some services are seeing an increase in demand and therefore cost and some services are seeing a reduction in demand as a result of COVID. The net overall effect of this is a total reduction in the demand for services funded through the base budget for 2021/22 which then increases in the ensuing years and post COVID.	Budget Pressures	(498)	2,618	2,617	1,710
		Net Position		10,380	11,739	12,131	9,730

Savings and Efficiencies

Directorate	Proposal Title	Proposal Description and service impact	Category	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
Technical	Service Aggregation savings	Savings as a result of the merging of four councils into one, including reduced senior management costs and other aggregation savings. To be allocated to Directorates following recruitment and implementation of new structure.	Savings and Efficiencies	(3,744)	0	0	0
Adults, Communities & Wellbeing	Strengths based working	Continued transformation of adult social care pathways and processes to ensure focus on client outcomes, increased independence, better decision making and best practice approaches to reduce delays, crisis decision making and long term care spend.	Savings and Efficiencies	(2,241)	(2,241)	(611)	0
Adults, Communities & Wellbeing	Admission avoidance service	Business rate pilot funded -A new service provided between health and Care within the frailty assessment unit is hospitals - providing support following falls in the home and reduced hospital admissions and likelihood of long term social care support being required.	Savings and Efficiencies	(1,763)	(594)	0	0
Corporate Services	Elections Base Budgets	Removal of existing base budgets as elections for 2021 and 2025 will be funded through the already established Elections reserves held across West Northants.	Savings and Efficiencies	(761)	0	0	0
Place and Economy	Additional Green Waste Income from Northampton Borough Residents	Increased income reflecting increased take up of Green Waste collection service in Northampton	Savings and Efficiencies	(750)	0	0	0
Place and Economy	Environmental Services Savings	Reductions in the costs of Environmental Services to West Northamptonshire	Savings and Efficiencies	(695)	0	0	0

Savings and Efficiencies

Directorate	Proposal Title	Proposal Description and service impact	Category	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
Children's Trust	Improvement in capacity building in foster care	Ensuring that adolescents are not placed in residential home settings due to lack of in house fostering capacity, skill and abilities through the development of an in house specialist fostering service. Positive impact on children placed in a family setting, and savings will be delivered through reduced reliance on residential placements.	Savings and Efficiencies	(606)	(213)	0	0
Children's Trust	Improved children's outcomes	Ensuring that only children and young people who need to be in public care are placed, as a result of improved 'edge of care' support and intervention with families. Working towards minimising the amount of time a child is in care before they are united with their parents.	Savings and Efficiencies	(361)	(557)	(87)	0
Children's Trust	In-House Foster Carers	Increase use of in-house fostering through an improved recruitment and retention strategy for standard carers. This will reduce reliance on agency placement.	Savings and Efficiencies	(257)	(260)	(123)	0
Children's Trust	Reduction in Residential Care	Business rate pilot funded -Step down from high end residential places to Independent Fostering Agencies through reviews and joint working/incentives that drive better outcomes. This will drive reduced placement costs and more children will be cared for in a family setting.	Savings and Efficiencies	(237)	(339)	(162)	0
Technical	Reductions in Technical Finance Budgets	Removal of base budget relating to the cost of Commissioners at NCC.	Savings and Efficiencies	(230)	0	0	0
Place and Economy	Removal of one-off budget for externally commissioned Employment Appraisal	One off budget not required in 2021/22	Savings and Efficiencies	(200)	0	0	0
Adults, Communities & Wellbeing	Learning Disability Provider Framework efficiencies	business rate pilot funded -review activity to support progression for people with a Learning Disability, including implementation of new provider framework with improved pricing strategy, outcomes and incentivised step down	Savings and Efficiencies	(193)	0	0	0

Savings and Efficiencies

Directorate	Proposal Title	Proposal Description and service impact	Category	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
Adults, Communities & Wellbeing	Specialist centre for – Step down Care Mental Health and Acquired brain injury	Moray Lodge development by Northampton Borough Council and Northampton Partnership Homes to provide specialist and step down supported living for people with an acquired brain Injury and mental health support needs.	Savings and Efficiencies	(188)	0	0	0
Adults, Communities & Wellbeing	Contract cessation and redesign	The new adult social care Target Operating Model has resulted in the decision to not renew historic contracts (following their termination dates expiring). These services will now be delivered through an overarching approach to service delivery.	Savings and Efficiencies	(175)	0	0	0
Children's Trust	Reducing reliance on agency staff	Business rate pilot funded -A proposal to increase the proportion of permanent staffing within the Children's Trust, reducing reliance on agency staff, through a refreshed Workforce Strategy and Quality Assurance Framework that creates a stable and effective workforce.	Savings and Efficiencies	(135)	(290)	(189)	(41)
Children's Trust	Transport optimisation	Review of transport requirements to reduce costs to ensure an efficient use of service.	Savings and Efficiencies	(128)	0	0	0
Place and Economy	Removal of one-off budgets for Council Offices	Fitting of solar panels and safety works scheduled to be completed in 2020/21. This is a one off budget that is not required in 2021/22	Savings and Efficiencies	(113)	0	0	0
Children's Trust	Supported Accommodation	A new model of progressive semi-independent accommodation to support the transition for young people to self-supported housing.	Savings and Efficiencies	(112)	(112)	0	0
Place and Economy	Environmental Services Savings	Adjustment to budget to reflect actual charges from Veolia to NBC in 2020/21	Savings and Efficiencies	(75)	0	0	0
Adults, Communities & Wellbeing	Sheltered Housing Contracts cessation/redesign	The new adult social care Target Operating Model has resulted in the decision to not renew historic contracts (following their termination dates expiring). These services will now be delivered through an overarching approach to service delivery.	Savings and Efficiencies	(65)	0	0	0
Technical	Other Business Rate Pilot Savings	Target for other LGR savings through the transformation of IT systems, reduction in costs and renegotiation on third party contracts.	Savings and Efficiencies	0	(1,530)	(1,500)	0

Savings and Efficiencies

Directorate	Proposal Title	Proposal Description and service impact	Category	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
Place and Economy	Exploitation of Superfast Broadband	Increase the optimisation of Superfast Broadband to over 50%, which will trigger further sharing of one off benefits in 2022-23.	Savings and Efficiencies	0	(560)	560	0
		Net Position		(13,029)	(6,696)	(2,112)	(41)

Technical Changes

Directorate	Proposal Title	Proposal Description and service impact	Category	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
Place and Economy	Place Rebaselining	Adjustment to the base budget to recognise the impact of financial and COVID related issues and the on-going changes in service demand identified in 2020/21	Technical changes	743	0	0	0
Technical	Interest Budget -reduced investment income	Adjustment to the base budget to reflect the loss of income due to very low interest rates and reducing cash balances	Technical changes	657	290	324	(69)
Children's Services	Central Schools Services Block DSG funding reduction	The Government have announced a 20% annual reduction in the historical funding element of the Central Schools Services Block. This funding supports expenditure on statutory education services which the authority are unable to reduce in line with the reduction in Central Government funding. This proposal therefore replaces DSG funding of these services with Council general fund.	Technical changes	621	538	430	344
Technical	PFI Rebaselining	Correction of the base budget to reflect the PFI inflationary costs still required in 21-22 for FM elements of the contract only. Previously inflation wrongly removed in full.	Technical changes	560	0	0	0
Corporate Services	Election May 2021	One off budget to cover estimated costs of Unitary Council elections in May 2021. To be funded by Elections Reserves already in existence. Therefore, net impact on the base budget is zero.	Technical changes	560	(560)	0	0
Technical	Technical Rebaselining	Correction of the base budget to more closely reflect some unachievable income that was factored into the base.	Technical changes	516	0	0	0
Children's Trust	Pension contributions	The passporting of revised pension contribution rates for the Children's Trust calculated by actuary, which is matched by a reduction in contributions from the Council	Technical changes	509	0	0	0
Technical	Highways Contract	Base budget adjustment to reflect a re-alignment of the Highways Contract overheads between Capital and Revenue	Technical changes	500	0	0	0
Place and Economy	Highways Contract Renewal	Additional budget required to cover the estimated cost of Highways contract re-procurement, (excluding demobilisation).	Technical changes	306	0	0	0
Technical	NCC Pensions Deficit Disaggregation	Additional provision to cover potential additional cost following actuarial review.	Technical changes	255	0	0	0
Adults, Communities & Wellbeing	Direct Payment High balance review	One-off savings proposal from 2020/21 which now needs to be removed from the base budget for 2021/22 in line with Council approval in Feb 2019.	Technical changes	253	0	0	0
Place and Economy	Asset Management	Base budget correction to reflect the increased costs of managing and maintaining the commercial property portfolio within the NBC area	Technical changes	200	0	0	0

Technical Changes

Directorate	Proposal Title	Proposal Description and service impact	Category	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
Children's Trust	Family Group Conferencing	Removal of one off funding in respect of DfE grant funding for the Supporting Families: investing in practice programme. The DfE are working with a number of local authorities, including NCC, to test a model of Family Group Conferencing to gather robust and usable evidence on the effectiveness in keeping children and parents together.	Technical changes	167	0	0	0
Adults, Communities & Wellbeing	Single Handed & Assistive Technology Project Equipment	Proposal to change the way Single Handed & Assistive Technology Equipment is funded from capital borrowing after successful pilot programme. Now proposed to be funded through revenue as part of business as usual as ongoing service	Technical changes	162	0	0	0
Place and Economy	Place-based Public Health Offer	End of alternative funding of projects with outcomes aligned with the Public Health Business Plan and Joint Health and Wellbeing Strategy.	Technical changes	134	0	0	0
Adults, Communities & Wellbeing	Shaw PFI Programme - Funded Nursing Care	Base budget correction reflecting reduced nursing placements utilisation and corresponding FNC income originally forecasted.	Technical changes	119	0	0	0
Adults, Communities & Wellbeing	New Learning Disability Service provision	Correction of the base budget to reflect the COVID related delay in the build project with Northampton Partnership Homes to build of eight specialist bungalows for clients to live more independently creating savings from less use of residential care. The build is funded from Homes England and contributions from the Health Service.	Technical changes	95	0	0	0
Adults, Communities & Wellbeing	Additional Legal Service Costs	Additional base budget growth for legal services demand based on existing and forecast requirement over the next 4 years.	Technical changes	88	0	0	0
Corporate Services	Coroner Service	Reversal of one-off saving for 2020-21 only, due to cost sharing agreement for staff with Northamptonshire Police.	Technical changes	54	0	0	0
Place and Economy	Waste	Budget for advance procurement work on new Waste contracts	Technical changes	50	0	0	0
Place and Economy	Management of Closed Landfills	Risk based approach to the management and reduced inspection of historic closed landfill sites during 2020-21 based on industry practice.	Technical changes	49	0	0	0

Technical Changes

Directorate	Proposal Title	Proposal Description and service impact	Category	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
Finance	Insurance Premium Adjustment	Insurance Split adjustment - provisional and subject to final premiums	Technical changes	47	0	0	0
Children's Services	Investment in community resilience	Reversal of one off Public Health Reinvestment Fund contribution.	Technical changes	30	0	0	0
Place and Economy	Enterprise Zone Admin Budget Changes	Adjustments to budgets, funded from increased Business Rates income via the Enterprise Zone reserve.	Technical changes	28	(167)	(70)	(59)
Corporate Services	Emergency Planning	Base budget correction to realign historic income target	Technical changes	15	0	0	0
Adults, Communities & Wellbeing	Service provision following one-off funding reduction	Budget growth to fund the ongoing cost of permanent staff from 2022-23 of the rapid response service following the cessation of the pilots and end of the one-off transformation investment funding from Business Rates Retention.	Technical changes	0	431	0	0
Adults, Communities & Wellbeing	Capitalisation of equipment (Adult Social Care)	Proposal to change the way Community Equipment is funded from capital borrowing (previous years), now proposed to be funded through revenue from 2022/23 reflecting the asset life.	Technical changes	0	1,078	0	0
Adults, Communities & Wellbeing	Capitalisation of equipment (For whole Sustainability and Transformation Plan (STP))	Proposal to change the way Community Equipment is funded from capital borrowing to revenue from 2022/23.	Technical changes	0	1,078	0	0
Children's Services	Schools capitalisation	Reversal in 2022/23 of prior year refinancing of schools revenue contributions to capital through prudential borrowing.	Technical changes	0	214	0	0
Technical	MRP Increase	Annual increase in MRP to bring it in line with MRP Policy once over-provision is exhausted	Technical changes	0	1,250	1,250	1,250
Technical	Standardise vacancy factor at 2%	Vacancy factors are included in different budgets at different rates, this is the saving from standardising at 2% consistently in line with actual workforce and relevant adjustments	Technical changes	(117)	0	0	0
Children's Trust	Family Group Conferencing	Removal of one off expenditure in respect of DfE grant funding for the Supporting Families: investing in practice programme. The DfE were working with a number of local authorities, including NCC, to test a model of Family Group Conferencing to gather robust and usable evidence on the effectiveness in keeping children and parents together.	Technical changes	(167)	0	0	0
Adults, Communities & Wellbeing	One-off items removed from budget - Refurbishment of Towcester Centre for Leisure	Revenue costs in relation to the refurbishment of Towcester Centre for Leisure in 2020/21, not required in 2021/22	Technical changes	(200)	0	0	0
Place and Economy	Recycling & Trade Waste - Harmonise Income & Expenditure	Removal of differences between NCC expenditure and District & Borough Income in 2020/21 Baseline	Technical changes	(262)	0	0	0
Technical	Removal of legacy Daventry District Council contingency from the Budget	Existing contingencies removed and replaced by a single centrally held contingency	Technical changes	(321)	0	0	0
Children's Trust	Unaccompanied Asylum Seeking Children	Changes to the Council subsidy required due to changes in Home Office funding.	Technical changes	(367)	122	11	0
Technical	One-off items removed from budget - Interim Resources	Additional one-off costs of interim resources not required going forward (SNC)	Technical changes	(385)	0	0	0

Technical Changes

Directorate	Proposal Title	Proposal Description and service impact	Category	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
Technical	Minimum Revenue Provision (MRP) Policy alignment	Future repayments of debt inherited from NBC can be reduced when MRP policy is revised.	Technical changes	(391)	74	91	81
Place and Economy	One-off items removed from budget - Towcester Co-op Demolition	One off costs in 2020/21 not required in 2021/22	Technical changes	(416)	0	0	0
Technical	Pension contributions	Reduction in Council secondary contribution payments to the Pension Fund following transfer of staff to Children's Trust	Technical changes	(509)	0	0	0
Adults, Communities & Wellbeing	Public Health Grant Allocation	Public Health Grant spending aligned to West Northamptonshire Grant allocation	Technical changes	(612)	0	0	0
Technical	Community Infrastructure Levy Repayments	Repayment over 4 years of forward funding of infrastructure required to facilitate development, through the consequent CIL receipts (£789k/£289k/£155k/£592k - total £1,825k)	Technical changes	(789)	500	134	(437)
Technical	Remove LGR Budgets	Removal of one off budget included in the aggregated base position not required in 2021/22 (Daventry DC)	Technical changes	(866)	0	0	0
Technical	Reduce NCC Contingencies in Base Budget	Existing contingencies removed and replace with a single centrally held contingency	Technical changes	(2,397)	0	0	0
Technical	Removal of Direct Revenue Financing from Base	One off costs of forward funding infrastructure in Daventry district in 2020/21 removed for 2021-22	Technical changes	(2,700)	0	0	0
Corporate Services	Transformation Team	The transformation team will be fundamental to the delivery of the savings built into the draft budget. Funding will be from the Transformation Reserves brought forward or Flexible Use of Capital Receipts as appropriate.	Technical changes	2,900		(2,900)	
Corporate Services	Transformation Investment Fund	To fund investment that makes processes more efficient and can also be used as 'seed funding' for projects that will go on to deliver savings greater than the initial funding requirement. Funded from Reserves.	Technical changes	500	(500)		
		Net Position		(381)	4,348	(730)	1,110

West Northants Council – Council Tax Harmonisation Options

The Council Tax Harmonisation Task and Finish Group on 19th June and 21st July considered the options for Council Tax harmonisation and concluded that, in order to maximise income, harmonisation should be based on applying the referendum limit to the average level of current Band D rates. This approach was endorsed by the Shadow Executive Committee on 25th August.

There was no clear conclusion on the harmonisation period. As it currently has the lowest level of Council Tax, the increases in Daventry area will need to be at a higher percentage than the referendum limit in order to harmonise with the other areas. The longer the harmonisation period then the lower the average increase in the Daventry area, albeit it would be above the referendum limit for longer.

The Comprehensive Spending Review announced a referendum limit for 2021-22 of 1.99% plus an Adult Social Care Precept of 3%, i.e. a total increase of 4.99%. The harmonisation model previously presented to the T&F group was based on an average 3.99% increase. The impact of a 1% higher average increase is that the increases in each of the constituent areas will be around 1% higher, for any given harmonisation period.

The table below summarises the 2021-22 average increases in each of the existing Council areas for a given harmonisation period.

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs	7 Yrs	8 Yrs
Daventry	7.90%	6.43%	5.95%	5.71%	5.57%	5.47%	5.40%	5.35%
Northampton	3.29%	4.14%	4.42%	4.57%	4.65%	4.71%	4.75%	4.78%
South Northants	5.70%	5.34%	5.23%	5.17%	5.13%	5.11%	5.09%	5.08%

The differences in percentages beyond a 3 year harmonisation period have a minimal impact in cash terms. For example, the average Band D Council Tax in the Daventry area in 2021-22 would be £1,537.90 with a 3 year harmonisation or £1,529.23 with an 8 year harmonisation, a difference of just £8.67 for the year, or 17p per week.

It should be noted that the percentage increases quoted are the average increases within each of the existing Council areas. Individual taxpayers will see different increases depending on the impact of Special Expenses and Parish Precepts as well the increases determined by the Police, Fire & Crime Commissioner.

Appendix D

Dedicated Schools Grant (DSG)

1. Background

1.1 The Dedicated Schools Grant (DSG) is a ring fenced grant allocated to the authority by the Government to support a range of education related services. The majority (>90%) of the DSG is allocated to the Local Authority (LA) and paid to providers based on a national formula which funds direct education provision including schools (Local authority maintained and academies), early years' providers and high needs education in Further Education (age 16 to 25). The remaining 10% is paid to nurseries, schools and higher education institutions for

- 1.1.1 pupils and students with special education needs and disabilities (referred to as high needs 'top ups'),
- 1.1.2 funding to cover increases, i.e. in-year increases in pupil and student numbers (referred to as 'growth funding')
- 1.1.3 maintained school de-delegations (funding top sliced from the maintained individual school budgets (ISB) at their approval, and managed centrally by the LA, for example trade union facility time), and
- 1.1.4 funding for historic and ongoing commitments.

The individual school's budgets (ISB) for Academies and funding for high needs 'places' in academies (set prior to the start of academic year) are paid to Academies directly from the Education Skills and Funding Agency (ESFA). This funding is taken off the Dedicated Schools Grant before the grant is paid to LAs and is termed 'recoupment'.

1.2 The Department for Education (DfE) currently operate a 4 block funding model for funding schools and pre-16 education including early years as set out in the following table:

DEDICATED SCHOOLS GRANT			
Schools Block	Early Years Block	High Needs Block	Central Schools Services Block (CSSB)

Each of the blocks covers different elements of education funding with the respective funding allocations being based on different underlying formulae and data sets.

The total DSG that the Authority receives is largely based on all schools' pupil and children numbers as per census data for the county whether maintained

or academy. But each of the four blocks is allocated to the LA on a different basis.

- **Schools Block**
 - 96.8% of funding allocated to the LA is driven by pupil numbers and the Primary Unit of Funding (PUF) and Secondary Unit of Funding (SUF)
 - allocated to schools for day to day spending in their individual school budgets through the schools funding formula and includes the Pupil Growth Fund for new and growing schools.

- **Early Years Block**
 - 93.6% Allocated to the LA based on January Early Years Censuses
 - funds all early years' settings for 2, 3 and 4 year olds with a statutory minimum of 95% allocated to schools, other private, voluntary and independent early years education providers and childminders through the Early Years Single Funding Formula (EYSFF). Schools Forum annually approve up to the remaining 5% of the block funding to be used to fund LA central functions to manage and administer the early years' arrangements.

- **High Needs Block**
 - 53.9% of funding is allocated to LAs based on proxy indicators (population, deprivation, ill health, disability, prior attainment), 33.7% of funding is historically based (on 2017-18 spend) and 10.1% of funding is based on special school pupils from autumn census
 - largely covers funding for the education of pupils with special educational needs and disabilities, for example those with Education, Health and Care Plans. This covers ages 0-25 in a range of provision including special schools, special educational needs units in mainstream schools, alternative provision and independent specialist provision. This block also funds teams within the authority that support the high needs sector to meet the needs of high needs pupils.

- **Central Schools Services Block (CSSB)**
 - 35% of funding allocation to the LA is based on the school autumn census data and 65% of funding is Historically based (this is being unwound by Government and is reducing 20% each year).
 - funds historic commitments previously agreed between the Schools Forum and the LA for example pensions costs and ongoing responsibilities that the authority has in respect of education for example School Admissions.

1.3 Maintained schools continue to receive funding directly from the Council through the DSG. However, the authority's DSG grant is reduced in respect of academies who receive their funding direct from the DfE, reflecting the shift in responsibility for the funding of academies. The removal of grant funding from the DSG paid to NCC to pay directly to academies is termed "recoupment". Academies are independent of the local authority and are accountable directly

to the DfE. The DfE agency responsible for all school related funding is the Education and Skills Funding Agency (ESFA).

1.4 Within West Northamptonshire, there are currently 4 maintained nursery schools, 65 primary and 3 special maintained schools. There were also 86 primary, 17 secondary, 5 All-through and 5 special academies.

1.5 Schools Forum membership is made up of representatives from maintained and academy, primary and secondary schools, nurseries, Council Officers. The meetings are open to the public and are held every 2-3 months. The Forum have a statutory role in ensuring that school funding across the county is equitable and fair by considering proposals from the council for such areas as the school funding formula and central expenditure from the DSG.

1.6 The LA consults with Schools Forum each year on the allocation of DSG funding in accordance with the legislation and guidelines issued by the DfE. This includes the local formula factors to be applied in the calculation of the school's individual budgets. As well as the requirement to consult with the Schools Forum on changes to formula funding, the Forum authorises the central expenditure budgets for ongoing commitments, movements of funding between blocks and the growth fund policy.

1.7 The Shadow West Northamptonshire Schools Forum was appointed to in October 2020. This was required not only for vesting day readiness to assume formal roles, but to make decisions, and receive information on the budget setting and policies for schools, academies, high needs and early years' providers that will take effect post vesting. From Vesting Day the 'Shadow' element will be removed from the Schools Forum label and the roles and membership will formally assume. Membership will be valid for 4 years.

2. 2021-22 Funding Summary

2.1 Following the July 2020 provisional 2021-22 indicative allocations, the DfE have, in the third week of December, published the final DSG settlement figures for three of the four DSG funding blocks. Early Years funding is based on pupil counts at different times of the year meaning allocations are published to a different timetable.

2.2 This is the point at which individual school budgets can be modelled and set through Northamptonshire's schools' funding formula. The submission deadline for the schools funding formula part of the DSG is the 21st January 2021.

December 2020 Settlement funding headlines

No change to provisional settlement July 2020:

- 2.3** School funding through the National Funding Formula (NFF) is increasing by 4% overall in 2021-22 which is £2.2bn nationally (the same as indicated in the provisional information)
- 2.4** The minimum per pupil funding levels will ensure that every primary school receives at least £4,000 per pupil, and every secondary school at least £5,150 per pupil, delivering on the Government's pledge to level up the lowest funded schools.
- 2.5** The high needs NFF will ensure that every local authority receives a further increase of at least 8% per head of population, compared to this year, with some authorities receiving up to 12%
- 2.6** Councils are expected to set a Minimum amount of funding per pupil, which is an increase from the per pupil guarantee in 2021-22. The minimum per-pupil funding level in primary schools will be at least £4,000 (was £3,750) and in secondary schools, at least £5,510 (was £5,000).

Changes from previous announcement:

- 2.7** High needs funding will increase by a further £840m, or 11.9%, in 2021-22.
- 2.8** Early Years funding was not updated in July 2020 and the December settlement provides updated Early Years NFF rates for 2021-22. The rates will be applied to the January 2021 census (first 5 months of 2021-22) and January 2022 census (last 7 months of 2021-22, update provided in July 2022). The increase announced is 6p on the 3&4-year-old rate and 8p on the 2-year-old rate. This gives an indicative increase in Early Years funding of £45m which is an increase of 1.2%.
- 2.9** Central Schools Services Block funding in 2021-22 will increase nationally by 3.09% for the ongoing responsibilities that local authorities continue to have for all schools, however funding for historic commitments within this block will decrease by 20% for those local authorities in receipt of this funding.
- 2.4** Due to the majority of DSG funding being formula driven to arrive at the authorities funding allocation, disaggregation has to therefore replicate the national formulae used by the DFE for each North and West unitary. The work to arrive at indicative allocations for the two new unitaries has been completed working closely alongside the ESFA.
- 2.5** The following table sets out the Council's 2021/22 DSG funding based on the December 2020 settlement:

2021-22	Schools Block	Early Years Block	High Needs Block	Central Schools Services Block (CSSB)	Total
Settlement (Dec 2020)	£301m	£26m	£55m	£5m	£387m

2.6 The vast majority of the disaggregation of the DSG will be through the national funding formula, as set out above which are based on the relevant censuses for each cohort in each Unitary area.

2.7 However, there are two historical parts to the DSG funding which are based on prior year's expenditure, these are within the high needs block and Central Schools Services Block. The basis of the disaggregation for the high needs historical block is the 2019-20 expenditure outturn, which gives the percentage of the High Needs Historical funding as 54.1% for the WNU. The basis of the split for the Central Schools Services Block is more complex but relates to less than 1% of the overall DSG being disaggregated. Each budget has been reviewed individually and WNU receives either 50%, 53.57% or 56.88% (or with the PFI scheme of £300k, 100% as this is in the WNU area).

2.10 There is an inherent pressure within the DSG relating to the growth in the funding needed for young people with special educational needs and disabilities (SEND). It is six years since reforms were introduced to better support children and young people with special educational needs and disabilities (SEND) but the allocation of funding available to support pupils with high needs has become a national issue. There is a Government led review currently underway aimed at improving the services available to families who need support, and to equip staff in schools and colleges to respond effectively to their needs. The review also aims to ensure that public money is spent in an efficient, effective and sustainable manner, placing a premium on securing high quality outcomes for those children and young people who need additional support the most.

2.11 The latest forecast overspend for the 2020-21 financial year is £4.4m across Northamptonshire of which 54% (estimated to be £2.4m) will pass to West Northamptonshire on vesting day.

2.12 The pressures which have resulted in the High Needs block overspend are expected to continue into future years and this presents risks around affordability of provision for pupils with high needs.

2.13 The level of overspend is not currently at a level that requires a recovery plan to be submitted to the ESFA however active management in order to bring the overall high needs budget in to balance is required. Work is being progressed to look at the high needs system and provision as a whole.

- 2.14** ESFA regulations allow up to 0.5% of the Schools Block funding to be moved to the High Needs Block to cover the ever increasing costs to support pupils with high needs. Following consultation with schools and approval by Schools Forum at the December 2019 meeting, £1.25m was moved between the 2 blocks for 2020-21 (0.25%). Consideration is being given to the ongoing requirement to transfer from the Schools Block for 2021-22 given the indicative allocations from the DfE and high needs pressures.
- 2.15** The proposals being discussed are to consult on the following:
- The ability to transfer 0.5% of the Schools Block allocation to the High Needs Block. For West Northamptonshire, this equates to £1.5m in 2021-22 and will be required to offset the forecast carried forward High Needs deficit from 2020-21, and fund the continuing pressure in 2021-22,
 - The value at which the Minimum Funding Guarantee should be set, for 2021-22 this can be set between +0.5% and +2% which means that the per pupil funding must increase by between +0.5% and +2% from the 2020-21 level.
 - Whether West Northamptonshire should operate a funding cap on a per pupil, year on year increase, if required, to ensure affordability of the overall formula (2021-22 NFF includes a 12% cap),
 - The continued use of the Central Schools Services Block on a line by line basis, some of which has a direct impact on the budgets for these services in the authority.
 - The use of any surplus within the CSSB funding
 - The financing arrangements for 2020/21 high needs overspend (it is currently assumed that a part of the high needs block increase for 2021-22 and 2022-23 will be needed to cover the 2020-21 carried forward deficit.
- 2.16** The results of the consultation will be presented to and voted on at the Shadow Schools Forum meeting on the 19th January 2020. However, the final schools funding formula remains a local authority decision.

Appendix E - West Northamptonshire Base Capital Programme as at November 2020

Consolidated WNC Base Capital Programme	Original LA	2020/21 £ (info only)	2021/22 £	2022/23 £	2023/24 £	2024/25 £	Total £ (Excl 20/21)
Adults, Communities and Wellbeing							
Disabled Facilities Grant	NBC/DDC/SNC	3,555,016	2,170,200	2,170,200	2,170,200	713,000	7,223,600
Home Repair Assistance Grants	DDC	155,000	155,000	155,000	155,000	155,000	620,000
Homelessness Temporary Accommodation	DDC	3,964,500	0	0	0	0	0
Leisure Centre East	DDC	3,011,329	0	0	0	0	0
Northampton Leisure Trust	NBC	1,800,000	0	0	0	0	0
Redevelopment / Refurbishment works at Towcester Centre for Leisure	SNC	550,000	0	0	0	0	0
Other Schemes below £500k each	Various*	2,284,616	196,000	180,000	130,000	112,500	618,500
Total for Adults, Communities and Wellbeing		15,320,461	2,521,200	2,505,200	2,455,200	980,500	8,462,100
Childrens							
Towcester South Primary School	NCC*	0	6,869,636	123,716	0	0	6,993,352
Northampton School for Girls Extension	NCC*	0	2,250,000	0	0	0	2,250,000
Magdalen College School Extension	NCC*	1,944,000	1,301,600	97,500	0	0	1,399,100
Moulton School and Science College Extension	NCC*	1,378,000	1,226,893	55,286	0	0	1,282,179
Northampton Secondary School Capacity	NCC*	1,196,000					0
Schools Minor Works 2020-21	NCC*	0	1,155,948	0	0	0	1,155,948
Other Schemes below £500k each	Various*	766,711	1,003,183	0	0	0	1,003,183
Total for Childrens		5,284,711	13,807,260	276,502	0	0	14,083,762
Place and Economy							
Northampton North West Relief Road	NCC*	11,922,000	17,237,000	140,000	0	110,000	17,487,000
Site 1 and Cinema	DDC	8,452,854	0	0	0	0	0
Vulcan Works	NBC	6,624,038	0	0	0	0	0
S.106 Funded Highways Schemes	NCC*	0	5,039,925	0	0	0	5,039,925
A43 Northampton to Kettering Phase 1b	NCC*	1,007,000	1,491,000	2,000	540,000	0	2,033,000
Northampton Superfast Broadband	NCC*	1,680,000	3,760,960	1,456,000	1,596,560	0	6,813,520
A45 Daventry Development Link Road	NCC*	1,000,000	1,828,878	67,500	67,500	0	1,963,878
Acquisition of M&S 41-45 Abington Street	NBC	1,700,000	0	0	0	0	0
HCA Upton Remedial Works	NCC*	0	200,000	294,000	97,196	238,000	829,196
National Productivity Fund - Cliftonville Rd	NCC*	1,091,000	0	0	0	0	0
Chipping Warden Relief Road	NCC*	2,000,000	0	0	0	0	0
Capitalised Staff Salaries	DDC	194,000	198,000	202,000	210,000	214,000	824,000
Daventry to Braunston Cycle Track	DDC	719,945	0	0	0	0	0
Street Lighting	NBC	701,318	0	0	0	0	0
Northampton Growth Management Phase 1	NCC	4,982,000	560,238	0	0	0	560,238
Environmental Services Vehicles	NBC	352,338	190,800	262,200	262,200	0	715,200
Operational Buildings - Enhancements	NBC	304,274	250,000	250,000	250,000	0	750,000
Parks/Allotments/Cemeteries Enhancements	NBC	372,866	250,000	250,000	250,000	0	750,000
Other Schemes below £500k each	Various*	5,876,051	1,861,601	396,060	434,369	55,000	2,747,030
Total for Place and Economy		48,979,684	32,868,402	3,319,760	3,707,825	617,000	40,512,987
Corporate							
Other Schemes below £500k each	Various*	293,751	97,000	57,500	47,500	48,000	250,000
Total for Corporate		293,751	97,000	57,500	47,500	48,000	250,000
Finance							
IFRS16 Right of Use Assets	DDC	0	410,663	128,000	0	0	538,663
Other Schemes below £500k each	Various*	236,253	14,900	14,900	0	0	29,800
Total for Finance		236,253	425,563	142,900	0	0	568,463
Not Yet Disaggregated by Directorate							
NCC 2020-21 schemes estimate	NCC*	17,652,000	0	0	0	0	0
Total Not Yet Disaggregated		17,652,000	0	0	0	0	0
Total Capital Programme Expenditure		87,766,860	49,719,425	6,301,862	6,210,525	1,645,500	63,877,312

*Estimate of WNC's share of the current NCC capital programme for 2020-21. It is assumed that any unspent elements carried forward to the new authority will already have funding identified and allocated.

Consolidated WNC Base Capital Financing (includes an estimate of WNC's share of the NCC 2020/21 schemes)		2020/21 £ (info only)	2021/22 £	2022/23 £	2023/24 £	2024/25 £	Total £
Discretionary		34,708,187	8,702,216	3,531,660	3,419,260	797,500	16,450,636
S106		40,992,711	35,727,349	519,002	736,869	110,000	37,093,220
Self Funded Borrowing		196,751	0	0	0	0	0
Community Infrastructure Levy (CIL)		4,763,157	240,000	0	0	0	240,000
Grant Funding		6,769,801	4,239,157	2,151,200	1,954,396	638,000	8,982,753
Revenue Funding		236,253	538,663	0	0	0	538,663
External Funding		100,000	272,040	100,000	100,000	100,000	572,040
Total Funding		87,766,860	49,719,425	6,301,862	6,210,525	1,645,500	63,877,312