

**WEST NORTHAMPTONSHIRE
SHADOW OVERVIEW AND SCRUTINY COMMITTEE**

Tuesday, 12 January 2021

Shadow Overview and Scrutiny Committee Members present:

Councillor Ann Addison	Councillor Jamie Lane (Deputy Chair)
Councillor Dermot Bambridge	Councillor Dennis Meredith
Councillor Jane Birch (Chair)	Councillor Ken Pritchard
Councillor Julie Davenport	Councillor Ken Ritchie
Councillor Penny Flavell	Councillor Emma Roberts
Councillor Andre Gonzalez de Savage	Councillor David Smith
Councillor Enam Haque	Councillor Allen Walker
Councillor James Hill	Councillor Mike Warren

Other Members Present:

Councillor Rebecca Breese	Chair, Budget and MTFP Task & Finish Group, West Northamptonshire Shadow Authority
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Officers present:

Ed Bostock	Democratic Services Officer, Northampton Borough Council
George Candler	Chief Executive, Northampton Borough Council
Jane Carr	Transformation Director, West Northamptonshire Authority
Anna Earnshaw	Chief Executive, West Northamptonshire Authority
Cathi Hadley	Shared Director of Children's Services and Statutory DCS, North & West Northamptonshire Shadow Authorities
Martin Henry	Chief Finance Officer, West Northamptonshire Authority
Andrew Hunkin	Legal and Democratic Lead, Future Northants
Paul Hymers	Strategic Finance Adviser, South Northants Council
Alex Melia	Democratic Services Officer, West Northamptonshire Shadow Authority (Minutes)
James Smith	Deputy S151 Officer, Northamptonshire County Council
Tracy Tiff	Democratic and Member Services Manager, Northampton Borough Council

1. APOLOGIES FOR NON-ATTENDANCE

None received.

2. NOTIFICATIONS OF REQUESTS TO ADDRESS THE MEETING

There were none.

3. MEMBERS' DECLARATIONS OF INTEREST

There were none.

4. CHAIR'S ANNOUNCEMENTS

The Chair asked for Members of the Committee willing to act as observers on relevant Task & Finish groups. Councillor Emma Roberts and James Hill volunteered to act as observers. The meeting dates would be provided to Councillors Roberts and Hill.

5. MINUTES OF THE MEETING HELD ON 15 DECEMBER 2020

RESOLVED: That the Shadow Overview and Scrutiny Committee approved the minutes of the meeting held on 15 December 2020 as a true and accurate record.

6. FINANCE SCRUTINY

Councillor Rebecca Breese introduced the report and highlighted the salient points:

- The report contains the first Draft Revenue Budget for 2021/22 and Medium-Term Financial Plan for the new West Northamptonshire Council, and comes for consideration here as part of the consultation process.
- Comments on the proposed budget from this consultation process and the Shadow Overview & Scrutiny Committee will be taken to the the shadow executive for consideration as part of the final budget proposal before the Budget is sent for approval at the West Northamptonshire Shadow Authority meeting in February 2021.
- The current plans assume no service reductions and a Council Tax increase of 1.99% for core activities and the full 3% social care precept increase as allowed by central government.
- The Council Tax Harmonisation Task and Finish Group met on 19th June and 21st July to consider 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.
- As this is the first budget created for the West Northamptonshire Council, due diligence has been given to forming the baseline figures transferring from the sovereign councils. There will be some inherent risk associated with the demand on services in the first year, which is augmented by the impact of Covid-19.
- Where such risks cannot be mitigated by the provisional settlement, attempts have been made to mitigate these issues through contingency funding in the plans.
- Post-vesting day, officers and the Executive will work together to provide a three-year corporate plan encompassing the corporate priorities that allow West Northamptonshire Council to operate as a high-functioning, sustainable authority.

The Chair notified attendees that following the all-member briefing, the Shadow Overview & Scrutiny Committee had submitted questions in advance of the meeting. In consultation with the Chief Finance Officer, West Northamptonshire Authority, it was agreed that this item would be split into sub-sections based on these questions and their responses.

Transformation

1. We would like to know more about the transformation programme. What is in the revised programme? The cost is £2.9m each year for the transformation team.

The Chief Finance Officer advised that:

- The cost represents that of providing a transformation team able to deliver the transformation required to deliver streamlined services, to reduce duplication and to make service operating models more efficient.
- The majority of the £2.9m is made up of staffing costs funding of 52 posts in addition to the Director of Transformation.
- There is also a spending budget of £20,000 to deal with the cost of running the service such as any general IT requirements, stationery costs, mileage and expenses claims.

The Transformation Director, West Northamptonshire Shadow Authority, noted that some transformation resources have been reallocated due to a lack of capacity caused by the impact of Covid-19.

2. There is £500,000 for efficiency saving projects which brings the 2021/22 budget to £3.4m. Is this funded from earmarked Reserves of Capital Receipts?

The Chief Finance Officer advised that:

- This is in addition to the £2.9m and the assumption within the draft budget is that it is funded through reserves. This will be an 'invest to save' fund whereby services can bid for this funding if they can demonstrate ongoing savings that will deliver savings in excess of the funding they are bidding for.
 - A 'Future Use of Capital Receipts' policy will form part of the final budget report to allow for the potential transfer of the funding of these costs into capital. However, the position set out in the draft budget report is cautious at this stage and assumes funding through revenue reserves.
3. What are the priority services which need to be brought together to produce more efficient operating models? What is the projected cost/ savings?

The Chief Finance Officer noted that senior management savings will total £1.9m. This reflects that there will only be one Chief Executive across West Northamptonshire rather than four and the numbers of directors and their support will be less than is currently in the sovereign councils. In addition to this, savings from service transformation will equate to approximately £1.8m.

The Transformation Director noted that three main priority areas for the first years of the authority are being developed in conjunction with the Transformation Task & Finish Group:

- Tier 4 – the management level below senior officers.
- Services hosted by West Northamptonshire Council.
- The aggregation of District and Borough services post vesting day.

The Shadow Overview and Scrutiny Committee made comment, asked questions and received the following feedback:

- The Transformation Director, West Northamptonshire Shadow Authority, noted that some transformation resources have been reallocated due to a lack of capacity caused by the impact of Covid-19.
- Members queried the potential of paying a national living wage to employees and whether this had been included in the draft budget. The Chief Finance Officer advised that there is provision to pay the national living wage where applicable, but that a formal living wage accreditation has not been assumed at this stage.

- Members expressed concerns that savings made from the reduction of senior management during the transformation process may reduce the capacity to take on new projects and whether the £1.9m of projected savings has taken account of elements such as senior figures in the Children’s Trust.
- The Chief Executive, West Northamptonshire Authority, emphasised that the Children’s Trust has a separate budget, therefore the £1.9m figure quoted does not include extra senior figures in the organisation. It was also noted that the draft budget has deliberately assumed further savings below senior management as transformation is still required.
- In response to a question, the Transformation Director, West Northamptonshire Authority, advised that the transformation team will become a permanent feature of the new authority, transferring to a “business as usual” approach as seen in other unitary authorities.
- Members asked for clarity on the budget-setting process as sovereign council audits have not taken place. The Chief Finance Officer advised that the process has remained consistent with other budgets, with estimates made based on earmarked reserves and general fund balances.
- In response to a question regarding audit fees, Councillor Rebecca Breese confirmed that this point has been raised in meetings with MHCLG and will continue.
- Members highlighted the complex nature of the budget with regards to the amalgamation of separate licensing authorities.
- In response, the Chief Finance Officer, noted that the pooled fees and charges from the four sovereign Councils had over 1600 individual elements. It was advised work in this area is ongoing and that a schedule on harmonised fees and charges will form part of the final budget proposal. The Chief Finance Officer agreed to update Members on the progress of this work.

Covid-19 Funds

1. What is the total of government Covid-19 grants to sovereign councils?

The Chief Finance Officer discussed the figures and provided details to the Committee.

He also advised on the total Covid-19 support that had been announced in the provisional settlement for West Northamptonshire for Financial Year 2021-22.

It was also noted that other specific, smaller funds have been received by the sovereign councils this year covering issues such as: care homes support, DEFRA – food support for vulnerable families, the winter support grant – to support community resilience, help with people self-isolating, help with bills and food for vulnerable families with children and a Contain Grant – for testing and outbreak management.

2. The long-term effects of Covid-19 on health, education employment, the economy and poverty are unquantifiable at present. How much of these government grants will transfer to WNC?

The remaining balance of grants from Daventry, Northampton and South Northants will transfer across to West Northamptonshire. Any balance of County Council funding will be allocated between West Northants and North Northants but will also transfer across. These amounts would be in addition to the funds provisionally allocated for Covid-19 for next year totalling £12.652m which will be payable directly to West Northants.

3. Is there a Covid-19 recovery plan? Will any current and future grants be ring-fenced?

It is expected that any Covid-19 related funding would be allocated to the costs of Covid-19 now and in the future.

The Chief Executive, West Northamptonshire Authority, commented as follows:

- The figures for Covid-19 funding are constantly changing, as further support is announced by central government and extra demands become apparent.
- Some funds are ring-fenced and must be spent in the current financial year.
- A Covid-19 recovery plan is in place and is being constantly worked on.
- Work is ongoing with the sovereign councils to administer business grants where necessary to aid economic recovery.

The Chair of the Shadow Overview and Scrutiny Committee highlighted the unforeseen nature of future demand on services due to the impact of Covid-19.

The Chief Executive, West Northamptonshire Authority noted that estimates for the allocation of funds are being consistently reviewed, citing the increased demand on mental health services as an example.

The Shadow Overview and Scrutiny Committee made comment, asked questions and heard:

- Members queried the references to “Covid-19 pressures” in the draft budget and requested further detail on the allocation of funds to specific service areas.
- The Chief Executive, West Northamptonshire Authority, confirmed that most grants have conditions that must be validated, such as the displacement of those in Adults Services into care homes. For clarity, these have been referred to as Covid-19 pressures within the report to signify the additional impact on services from Covid-19.
- Members expressed concern over contingency plans related to Covid-19 and the impact on community groups and council services.
- The Chief Executive, West Northamptonshire Authority, noted the significant pressure on services and advised that the budget assumes that current funding remains, with priorities set through a three-year corporate plan.

Reserves

1. The sovereign councils held substantial Reserves. How much will transfer to West Northamptonshire Council?

The Chief Finance Officer advised that:

- All of the district and borough council reserves held at the end of this financial year will transfer to West Northamptonshire Authority, along with a share of the County Council reserves held at the end of this financial year.
- These figures cannot be confirmed until the accounts for the current financial year (2020-21) have been finalised and this will take place after vesting day.
- Estimates have been made for what will be held at the end of this financial year in reserves and therefore the amount expected to be available for West Northamptonshire, which is a minimum of £95m, split into estimates of: general fund balances of £30m and earmarked reserves of £65m.

2. How much of these are being used to balance the budget?

The Chief Finance Officer noted that the draft budget assumes the following use of the above reserves:

- Up to £5m general fund reserves to fund the general contingency budget if required.
- Up to £3.4m use of earmarked reserves to fund transformation team and 'invest to save' fund to deliver ongoing efficiency savings which are expected to deliver ongoing savings that exceed these costs funded through reserves.
- Enterprise Zone admin costs of £661,000 to be funded through the Enterprise Zone earmarked reserves.
- Elections costs of £560,000 to be funded through the election's reserves.

3. Are Capital Receipts being used for General Funds?

The Chief Finance Officer commented that West Northamptonshire Council is not allowed to transfer capital receipts into the general fund. However, some allowable costs may be transferred from revenue into capital receipts, to free up revenue funding which can be used more flexibly than capital funding sources.

The Shadow Overview and Scrutiny Committee made comment, asked questions and received the following feedback:

- Members expressed concern over the reduction in Total Capital Programme Expenditure in the years following the financial year 2021-22.
- The Chief Finance Officer noted that Capital Programmes are being aggregated for 2021-22. Following this, future Capital Programmes will undergo a bidding, evaluation and review process moving forward.
- Members asked for clarity over the discrepancy in figures for the S106 Funded Highway Schemes listed in the report. In response, the Chief Finance Officer offered to provide further breakdown of the detail for this scheme outside of the meeting.
- The Deputy S151 Officer, Northamptonshire County Council clarified that funding is not allocated by scheme, but rather there are schemes included in the Capital Programme noted in appendix E to the report that have been funded by S106.
- Questions were raised over existing capital projects agreed by sovereign councils and whether these have been considered by the draft budget. The Chief Finance Officer advised that where there was slippage on capital schemes, these schemes will continue into the West Northamptonshire Council.
- Members enquired about the Northampton North West Relief Road project and how this would affect finances in future. The Chief Executive, Northampton Borough Council, advised that a funding package is set to be worked through and the aim is to commence the project in the autumn next year.

Children's Trust

1. There is a budget of £136.37m for the Children's Trust to deliver children's services. This is a demand led service with unpredictable areas of spend especially when the full effects of Covid-19 are understood. Where in the budget is a contingency to cover extra funding?

The Shared Director of Children's Services and Statutory DCS, North & West Northamptonshire Shadow Authorities, commented as follows:

- The total figure quoted is for the contract across Northamptonshire. West Northamptonshire Council's share of this is estimated to be approximately £76.01m, but after taking into account grant funding and other income the net costs of Children's Trust contract to the authority is £68.3m.

- There is a provision for £0.85m in the West Northamptonshire draft budget for the estimated 21/22 impact of Covid-19 relating to the Children's Trust against the provisional settlement announcement of 21/22 Covid-19 grants.
 - This calculation is based on the full year effect of the staffing and care costs to support the forecast additional children coming into care in 20/21 due to Covid-19. This is not included in the contract sum and will be held by the Council contingent upon the Trust providing evidence of demand.
 - Any additional demand led pressures would have to be dealt with in year or with the use of some of the general contingency set aside within the budget plans.
2. A business plan will present the case for extra funding. Against what criteria will this be agreed? Will there be no reduction in staffing or service?

The Shared Director of Children's Services and Statutory DCS, commented as follows:

- The financial performance for the initial 17-month contract sum which includes 2021/22 will be monitored through the Finance Mechanism.
- Any changes will go through the governance process which has been put in place.
- For future years, the process for agreeing contract sum will be alongside the Council's business planning and budget setting processes.

The Chief Executive, West Northamptonshire Authority, added that in the first instance, the Children's Trust is required to meet excess demand from its own reserves.

The Shadow Overview and Scrutiny Committee made comment, asked questions and heard:

- In response to a question, the Shared Director of Children's Services and Statutory DCS agreed to provide further updates on Transport Optimisation after a review.

Additional Comments

The Shadow Overview and Scrutiny Committee made comment, asked questions and heard:

- Members expressed concern that they felt that the budget consultation does not adequately consider the concerns of residents and questioned whether the expenditure package will provide quality services.
- Members noted the lack of references to residents' contribution to the Office of Northamptonshire Police, Fire & Crime Commissioner. After discussion, it was emphasised that if there is a separate cost due, the budget report should reflect this.

RESOLVED: That the Shadow Overview and Scrutiny Committee considered the attached reports that were considered by the Shadow Executive on 5 January 2021 and made comment as detailed above.

7. WNSA – EXECUTIVE FORWARD PLAN

George Candler, Chief Executive, Northampton Borough Council introduced the WNSA Executive Forward Plan and highlighted the salient points:

- The Shadow Executive meeting in February 2021 will receive the outcomes of the draft budget consultation.

- The Shadow Overview & Scrutiny Committee meeting scheduled for 25 January 2021 will look at the West Northamptonshire Council constitution to help shape the outlook of Overview & Scrutiny in the new authority.
- The meeting of the Committee scheduled for 2 March 2021 will centre on summarising the work of the Shadow Overview & Scrutiny Committee over the past year and ensuring that this work is taken forward into West Northamptonshire Council.

RESOLVED: That the Shadow Overview & Scrutiny Committee noted the contents of the Forward Plan.

8. URGENT ITEMS

There were none.

9. EXEMPT ITEMS

There were none.

There being no further business, the meeting concluded at 20.11 hours.