

WEST NORTHAMPTONSHIRE SHADOW AUTHORITY

Report of the Shadow Overview and Scrutiny Committee

1 Purposes

- 1.1 The purpose of this report is to provide, as part of the budget consultation process, the comments of the West Northamptonshire Shadow Overview and Scrutiny Committee on the draft Budget 2021-2022 and Medium-Term Financial Plan – General Fund Revenue and Capital.

2 Context and Background

- 2.1 At its meeting on 8 September 2020 the Shadow Overview and Scrutiny Committee approved its Work Programme for 2020/2021. Budget finance scrutiny was programmed to take place at the meeting of the Committee on 12 January 2021. In-depth finance scrutiny took place at this meeting. The Shadow Overview and Scrutiny Committee considered and provided comment on the draft budget 2021-2022 and Medium-Term Financial Plan – General Fund Revenue and Capital as detailed in section 3 of this report.

3 Finance Scrutiny

- 3.1 Key areas of the draft budget were considered and commented on by the Shadow Overview and Scrutiny Committee in relation to:

- § Transformation
- § Impact of the Covid19 Pandemic on budgets
- § Reserves
- § Children's Trust

Transformation

The comprehensive responses to the Shadow Overview and Scrutiny Committee's main questions and comments in relation to Transformation were around the issues as detailed below:

The costs of £2.9 million each year are in relation to the Transformation Team and are made up of staffing costs funding 52 posts, in addition to the Director of Transformation. The budget represents the cost of providing a Transformation Team that will provide the transformation required to deliver streamlined services to reduce duplication and to make service operating models more efficient. Additionally, there is a spending budget of £20,000 in respect of running the service.

There is a budget of £500,000 for efficiency saving projects which is in addition to the above cost of £2.9 million. The assumption within the draft budget is that it is funded through reserves. It 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.

As part of the final budget report, a 'Future Use of Capital Receipts' policy will be devised that will allow the Authority to potentially transfer the funding of these costs into capital (and therefore free up revenue reserves).

Due to the unprecedented situation of the Covid 19 pandemic, the transformation programme was revised because there was less capacity in the extended year. Priority services within years one to three will consist of Tier 4 Managers, hosted services and the aggregation of Borough and District services. Within the draft budget plans, there are two budget savings incorporated relating to transformation savings:

Senior management savings of £1.9 million
Savings from service transformation equating to approximately £1.8 million

The Shadow Overview and Scrutiny Committee felt that the pooling of business rates was important and queried if this loss of income could be reclaimed from Government.

The shadow overview and scrutiny committee commented about the costs of closing the accounts of the sovereign councils and queried whether these costs could be reclaimed from Government.

A system-wide approach in relation to partnership working has been agreed.

There is provision in the draft budget for the inclusion of the Living Wage but there are no formal assumptions that the Authority will be an Accredited Living Wage employer.

Funds for support in relation to Covid 19

The Committee enquired and was advised of the total of Government grants specific to providing support for Covid 19 for the Sovereign Councils of the West for 2020/2021:

Local Authority	First Tranche of Covid-19 Funding	Second Tranche of Covid-19 Funding	Third Tranche of Covid-19 Funding	Fourth Tranche of Covid-19 Funding	Total Covid-19 Additional Funding
Daventry	£37,299	£864,167	£125,557	£129,581.00	£1,156,604
Northampton	£120,318	£2,239,849	£437,160	£1,225,563.00	£4,022,890
South Northamptonshire	£33,212	£937,698	£106,259	£100,000.00	£1,177,169
Total district and borough allocations 2020-21	£190,829	£4,041,714	£668,976	£1,455,144	£6,356,663
Total Northamptonshire County Council 2020-21	£17,262,065	£13,354,058	£4,748,971	£8,362,994.00	£43,728,088

Total Covid 19 support announced in the provisional settlement for West Northamptonshire for Financial Year 2021-22:

West Northamptonshire Provisional Allocations 2021-22	£
General COVID support (National amount £1.55bn)	9,542,136
COVID - LCTRS (National amount £670m)	3,109,482
Total provisional COVID allocations 2021-22	12,651,618
'Irrecoverable' collection fund losses (National amount £762m) - Yet to be allocated	

The remaining balance of grants from Daventry District Council, Northampton Borough Council and South Northants Council will transfer across to West Northamptonshire.

Any balance of Northamptonshire County Council funding will be allocated between West Northamptonshire Authority and North Northamptonshire Authority but will also transfer across. These amounts will be in addition to the funds provisionally allocated for Covid 19 for next year totalling £12.652 million which will be payable directly to West Northamptonshire Authority. It is expected that any Covid 19 related funding will be allocated to the costs of Covid 19, now and in the future.

Other specific, smaller, funds have been received by Northamptonshire County Council in 2020/21 for:

- 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
- Contain Grant – for testing, outbreak management

The Committee enquired about the development of a Covid 19 recovery plan. In response to the query regarding ringfencing of Covid19 funds, it was confirmed that it is expected that any Covid-19 related funding would be allocated to the

costs of Covid-19 now and in the future. A Covid-19 recovery plan is in place and is being worked on consistently.

Reserves

The full responses to the Shadow Overview and Scrutiny Committee's main questions and comments regarding reserves were around:

All the District and Borough Councils reserves held at the end of this financial year will transfer to West Northamptonshire Council. A share of Northamptonshire County Council reserves held at the end of this financial year will transfer to West Northamptonshire Council. It was noted that it is expected that this will be a minimum of £95 million and will be split down to an estimate of:

- general fund balances of £30 million
- earmarked reserves of £65 million

The draft budget assumes the following use of the above reserves:

Up to £5 million general fund reserves to fund the general contingency budget if required

Up to £3.4 million 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 reserve

Elections costs of £560,000 to be funded through the elections reserve

Children's Trust

The responses to the Committee's main questions and comments in relation to the Children's Trust were around:

There is a budget of £136.37 million 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.

The draft budget does include a contingency to cover extra funding. This is the total figure for the contract across the whole of Northamptonshire.

The West's share of this budget is estimated to be approximately £76.01 million, but after considering, grant funding and other income, the net costs of Children's Trust contract to the West is £68.3 million. In addition, there is a provision for £0.85 million in the West Northamptonshire draft budget for the estimated 2021/2022 impact of Covid 19 relating to the Children's Trust.

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 Children's Trust providing evidence of demand. Any additional demand led pressures will have to be dealt with in year, or with the use of some of the general contingency set aside within the budget plans.

The financial performance for the initial 17-months contract sum which includes 2021/22 will be monitored through 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.

Other issues raised

The following issues were also raised:

- Fees and Charges were highlighted as an area of interest and it was agreed that the once the Fees and Charges paper was finalised it would be shared with the member
- It was agreed that further information would be provided on the proposal in Appendix B4 which showed a saving of £128,000 against 'Transport Optimisation'.
- The calculation on aggregation savings would be shared with members
- Further details on the S106 funding, detailed in the Capital Programme, coming from each sovereign council would be provided.
- Members expressed concern about the limited amount of public consultation that had taken place on the budget

4 Conclusion

- 4.1 At its meeting on 12 January 2021, the Shadow Overview and Scrutiny Committee undertook comprehensive Finance Scrutiny and considered in depth the draft budget; providing comment as part of the West Northamptonshire Authority budget consultation process.

5 Recommendation

- 5.1 It is recommended that this report is forwarded to the Executive Director – Finance to be appended to the report to the West Northamptonshire Shadow Authority on the budget 2021 -2022 and Medium-Term Financial Plan – General Fund Revenue and Capital and Housing Revenue Account.