



## SUPPLEMENTARY INFORMATION

### Corporate Overview and Scrutiny Committee

Monday 18 September 2023

Agenda Item Number	Page	Title	Report Author	Reason for delayed publication
8.	(Pages 3 - 50)	Revenue Monitoring Report – Period 4 2023-24s	Executive Director – Finance (Section 151 Officer)	Report not available at the time of agenda publication

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# West Northamptonshire Council

## Corporate Overview and Scrutiny Committee

18 September 2023

CLlr Malcolm Longley – Finance Portfolio holder

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**Report Title**                      **Revenue Monitoring**  
**Period 4 – Financial Year 2023-24**

**Report Author**                      **Martin Henry**  
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### Contributors/Checkers/Approvers

<b>West MO</b>	Catherine Whitehead	30 August 2023
<b>West S151</b>	Martin Henry	14 September 2023
<b>Communications Lead / Head of Communications</b>	Becky Hutson	30 August 2023

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**Cabinet Report – September 2023**

**Appendix A – 2023-24 Revenue Forecast Outturn by Directorate**

**Appendix B – Budget Savings Tracker**

**Appendix C – Treasury Management Update**

#### **1. Purpose of Report**

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1.1. To present to the Committee the Period 4 Revenue Monitoring report that shall be considered at the meeting of the Cabinet on 19 September 2023.

#### **2. Executive Summary**

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2.1 Cabinet shall consider the Period 4 Revenue Monitoring position of the Council on 19 September 2023.

### **3. Recommendations**

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3.1 It is recommended that the Committee:

- a) Considers the attached Period 4 Revenue Monitoring report.

### **4. Reason for Recommendations**

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- To meet with the requirement of the Committee and its work programme

### **5. Report Background**

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5.1 The attached Cabinet report sets out the year end forecast financial position of the authority based on information available at the end of the third quarter.

5.2 The report goes into detail about the external pressures that have caused the financial pressure which could not have been forecast at the time of setting the budget and sets out the approach for managing those pressures.

### **6. Issues and Choices**

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6.1 The attached Cabinet report sets out the main issues and choices for consideration.

### **7. Implications**

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#### **7.1 Resources and Financial**

7.1.1 There are no direct resource or financial implications stemming from this report as it is reporting the forecast financial position of the authority for information.

#### **7.2 Legal**

7.2.1 The legal implications are set out in the attached Cabinet report.

#### **7.3 Risk**

7.3.1 The risk implications are set out in the attached Cabinet report.

#### **7.4 Consultation**

7.4.1 Consultation information is contained within the attached Cabinet report

#### **7.5 Consideration by Overview and Scrutiny**

7.5.1 The report comes to Corporate Overview and Scrutiny for information and comment.

**7.6 Climate Impact**

7.6.1 There are no direct climate impacts stemming from this report.

**7.7 Community Impact**

7.7.1 There are no direct Community Impacts stemming from this report

**8. Background Papers**

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8.1 None

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# WEST NORTHAMPTONSHIRE COUNCIL CABINET

19 September 2023

## CABINET MEMBER WITH RESPONSIBILITY FOR FINANCE: COUNCILLOR MALCOLM LONGLEY

Report Title	Revenue Monitoring Period 4 - Financial Year 2023-24
Report Author	Martin Henry, Executive Director (Finance) Martin.Henry@westnorthants.gov.uk

### 1 List of Approvers

Monitoring Officer	Catherine Whitehead	30/08/2023
Chief Finance Officer (S.151)	Martin Henry	07/09/2023
Communications Lead/Head of Communications	Becky Hutson	30/08/2023

### List of Appendices

**Appendix A – 2023-24 Revenue Forecast Outturn by Directorate as at Period 4**

**Appendix B – Budget Savings Tracker**

**Appendix C – Treasury Management Update**

#### 1. Purpose of Report

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- 1.1. The report provides an assessment of the Council’s financial performance against its approved 2023-24 budget, incorporating key financial risks, issues and opportunities identified since 1st April 2023 for General Fund and the Housing Revenue Account (HRA).

## 2. Executive Summary

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- 2.1. West Northamptonshire Council provides 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, collection of council tax and business rates, housing benefit, council tax support, housing and support for the homeless.
- 2.2. During 2022-23 the Council alongside all other local authorities across the nation, continued to experience significant increases in the cost of service provision, as a result of external factors beyond its control. These cost pressures include increasing inflationary and cost of living rises, with rates hitting a 40 year high in October 2022 of 11.1% (CPI), significant pressure on demand led services such as Children's and Adults Social Care, and increasing demand for temporary accommodation placements.
- 2.3. Due to the Council's swift response to these financial challenges, and with the focus of Directorate Management Teams on reducing the cost of service delivery, the Council mainly contained these pressures, reporting only a small overspend within the provisional outturn report presented to Cabinet in July 2023.
- 2.4. Now in its third year of operation the Council continues to drive forward the delivery of the Council plan and its key corporate priorities, against the continuation into 2023-24 of a challenging local, national and global economy, both within the current financial year and the medium term horizon. The latest assessment of pressures include:
- Inflationary and cost of living pressures impacting on the cost of providing services, with inflation reducing at a slower pace than nationally forecast.
  - Demand led and cost pressures within the Children's Trust.
  - Demand led and cost pressures within Adult Social Care.
  - Continued high costs and demand for temporary accommodation.
  - Cost of living pay award greater than the amount included at the time of setting the budget.
- 2.5. Table one summarises the revenue forecast currently being estimated for this financial year.



**Table One - Forecast Outturn 2023-24 by Directorate**

Directorate	Net Budget £'000	Forecast Net Spend £'000	P4 Outturn Forecast Variance £'000	Forecast Variance against budget
Corporate Services	17,816	17,913	97	0.5%
Chief Executive Office	2,822	2,822	0	0.0%
Education Services	5,223	5,236	13	0.2%
Children's Trust	81,861	95,821	13,960	17.1%
Communities and Opportunities	14,190	16,444	2,254	15.9%
Adults, Communities & Wellbeing	128,882	130,006	1,124	0.9%
Place and Economy	92,853	92,853	0	0.0%
Finance Directorate	10,815	10,815	0	0.0%
<b>Cost of services</b>	<b>354,462</b>	<b>371,910</b>	<b>17,448</b>	<b>4.9%</b>
Technical / Centrally Controlled Budgets	29,055	17,544	(11,511)	-39.6%
<b>Total budgeted expenditure</b>	<b>383,517</b>	<b>389,455</b>	<b>5,938</b>	<b>1.5%</b>
Less funding	(383,517)	(386,667)	(3,150)	0.8%
<b>Net Position 2023-24</b>	<b>0</b>	<b>2,788</b>	<b>2,788</b>	

Technical / Centrally controlled includes use of unallocated general contingency of £8.2m

- 2.6. The forecast outturn position for 2023-24 is an overspend of £2.8m after the use of £8.2m of budget contingencies, which were set aside in the budget for risks that may crystallise in the current financial year. This equates to a variance of less than 1% of the net budget (0.7%). The detailed forecast variations against budget are set out in section 6.
- 2.7. The main reasons for the underlying pressures which Directorates are seeking to mitigate are as follows:
- Continued demand and cost pressures within the Children's Trust contract.
  - Pressures within housing and temporary accommodation.
  - Demand and cost pressure on Adult Social Care independent care budgets.
  - The cost of the 2023-24 pay award being greater than forecast at the time of setting the budget.

### **Housing Revenue Account**

- 2.8. The Housing Revenue Account is a ring-fenced account used to manage the Council's housing stock. The costs of managing and maintaining the properties, collecting rents and meeting the interest cost of monies borrowed to pay for investment in the housing stock are all charged to the housing revenue account.

2.9. Northampton Partnership Homes (NPH) are an arms-length management organisation and manage the Council's housing stock on its behalf, and is responsible for the delivery of the following services:

- Allocations and lettings
- Repairs and maintenance
- Housing management, including dealing with anti-social behaviour
- Tenancy support
- Tenant involvement

2.10. The financial reporting of service delivery for these areas is also supplied by NPH and are incorporated in the Councils HRA's financial position for the current year.

**Table Two: HRA Forecast Outturn 2023-24 by Activity**

Retained WNC Budgets	Net Budget	Period 4 Forecast Outturn	Period 4 Forecast Variance	Period 4 Variance
	£'000	£'000	£'000	%
Dwelling Rents	(57,181)	(57,016)	165	-0.3%
Non-Dwelling Rents	(1,094)	(1,061)	33	-3.0%
Other Charges for Services	(2,906)	(3,067)	(160)	5.5%
Contributions towards Expenditure	(9)	(14)	(5)	60.5%
General Management	1,835	1,830	(5)	-0.3%
Special Services	51	51	0	0.0%
Rent, Rates, Taxes & Other	302	302	0	0.0%
Provision for Bad Debts	400	350	(50)	-12.5%
General Fund Recharges	2,820	2,820	0	0.0%
Interest Capital Financing Charges	8,770	8,800	31	0.4%
Depreciation (MRA)	13,699	13,699	0	0.0%
Voluntary Repayment Contributions	-	509	509	-
Revenue Contributions to Capital	517	0	(517)	-100.0%
Contributions to/from Reserves	0	0	0	100.0%
<b>Total Retained Budgets</b>	<b>(32,795)</b>	<b>(32,795)</b>	<b>0</b>	<b>0.0%</b>
<b>Budgets Managed by NPH</b>				
Repairs & Maintenance	17,964	17,964	0	0.0%
General Management	8,793	8,793	0	0.0%
Special Services	6,038	6,038	0	0.0%
<b>Total Managed Budgets</b>	<b>32,795</b>	<b>32,795</b>	<b>0</b>	<b>0.0%</b>
<b>Net Position</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>

- 2.11. The HRA is reporting a balanced position against the original budget. However, key variances are explained below.
- 2.12. The shortfall in rental income is due to new build properties coming online slower than expected, which is broadly offset by additional service charge income.
- 2.13. The bad debt provision is forecast to be lower than budget and in line with last year's spend, and the capital finance charges are higher than budget due to the new planned capital investment for resettlement schemes.
- 2.14. The council has introduced a Voluntary Revenue Provision for repayment of debt in year which provides for the repayment of borrowing taken out to fund the capital programme. The forecast revenue surplus, (Revenue Contributions to Capital), is redirected to provide for this VRP going forward based on a robust calculation of repayments on an annuity basis, much like a mortgage.

### **Dedicated Schools Grant**

- 2.15. The Dedicated Schools Grant (DSG) is a ring-fenced specific grant allocated to the Local Authority (LA) by the Government to support a range of education related services.
- 2.16. The Department for Education (DfE) currently operate a four-block funding model for funding schools and pre-16 education including early years as set out in the following table:

<b>Dedicated Schools Grant</b>			
Schools Block	Early Years Block	High Needs Block	Central Schools Services Block (CSSB)

- 2.17. The Dedicated Schools Grant (DSG) forecast at the end of Period 4 is as follows:

**Table Three – DSG**

<b>DSG Block</b>	<b>Gross Expenditure Budget £'000</b>	<b>Recoupment £'000</b>	<b>Net Expenditure Budget £'000</b>	<b>Forecast Net Spend £'000</b>	<b>Period 4 Variance £'000</b>
<b>Schools</b>	341,995	(273,243)	68,752	68,752	0
<b>Early Years Provision</b>	28,151	0	28,151	28,013	(138)
<b>High Needs</b>	71,245	(17,233)	54,012	55,624	1,612
<b>Central Schools Services Block</b>	3,791	0	3,791	4,229	437
<b>TOTAL</b>	<b>445,182</b>	<b>-290,476</b>	<b>154,706</b>	<b>156,618</b>	<b>1,911</b>

- 2.18. The DSG is currently forecasting an overspend of £1.91m.

### High Needs Block

- 2.19. The forecast pressure in the high needs block totalling £1.61m overspend is due to increased demand for out of county placements provision for pupils with SEND. This is especially for young people with social, emotional and mental health needs alongside other needs such as autism spectrum disorder (ASD) and learning difficulties. Independent special school placements have increased by 34 pupils by the end of July whereas the increase for the whole of 2022-23 was 52. The cost of placements has also increased from an annual average of £50k to £55k which is a combination of increased need but also inflation on the costs being charged.

### Central Schools Services Block (CSSB)

- 2.20. The CSSB forecast overspend totals £0.4m which is largely made up of historical pensions costs above budgeted levels, due to index linked inflationary uplifts in payments to the teachers pensions company for previously centrally employed teachers pensions.

### Early Years Block

- 2.21. The early years block is forecast to underspend by £0.14m on central expenditure due to staffing vacancies. The service continues to recruit to centrally funded posts to offer the sector advice, support and guidance around quality first teaching, safeguarding, SEND specialist support, transitions, funding and any other areas of need.

### Public Health Grant

- 2.22. The Public Health Grant for 2023-24 is £19.7m and is a ring-fenced grant for use on public health functions.

**Table Four – Public Health**

	<b>2023-24 Budget £'000</b>	<b>Period 4 Forecast £'000</b>	<b>Variance £'000</b>
Health Protection and Healthcare Public Health	2,809	2,709	(100)
Wider Determinants	3,480	3,480	0
Health Improvement and Communities	1,226	1,212	(14)
People & Wellbeing and Commissioning	8,334	8,500	166
Management and Admin	4,034	3,982	(53)
Public Health Grant	(19,730)	(19,730)	0
<b>General Fund (for Healthwatch)</b>	<b>153</b>	<b>153</b>	<b>0</b>

- 2.23. Although there are some underlying staffing pressures due to the cost of disaggregation and project delivery, these are currently mitigated through reductions in non-statutory expenditure and planned use of the Public Health reserve.

### 3 Recommendations

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3.1. It is recommended that the Cabinet:

- a) Note the forecast outturn position for 2023-24 and associated risks
- b) Note the deliverability assessment of West Northamptonshire Council savings requirement for 2023-24 summarised in section 7 and detailed in Appendix B
- c) Delegate authority to the Executive Director – Finance in consultation with the portfolio holder for finance to apply any budget virements required to effectively manage the overall budget.
- d) Note the Treasury Management update in Appendix C.

### 4 Reason for Recommendations

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- *To update members on the financial position of the Council and ensure that the Authority complies with its financial regulations*

### 5 Report Background

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5.1 The Council's budget for 2023-24 is £383.5m and was approved on 24 February 2023 by Full Council, the budget includes £32m of savings proposals. This report includes an analysis of the deliverability of these efficiency and income proposals, and the in-year variations to budgeted assumptions.

### 6 Financial Overview by Directorate

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6.1 This section of the report provides an update on the forecast variations against the 2023-24 budget. A more detailed breakdown of the 2023-24 forecast is included in Appendix A.

#### **Corporate Services**

**Net Budget** £17.8m

**Forecast Outturn** £17.9m

**Forecast overspend** £0.1m

**Variance percentage** 0.5%

6.2 The Corporate Services Directorate delivers services including human resources, customer services, Digital Technology, and Innovation (DTI), legal, democratic and transformation services.

6.3 The Directorate is reporting an overspend of £0.1m, with a significant proportion of the net pressure being experienced within the DTI service budget, this is due to the additionality of cost for existing and new IT contracts, which has been partially offset by savings through contract rationalising, review of cost recharging model to partners and savings on staffing due to delays in recruitment.

- 6.4 Within the reported position, Corporate Services Management Team have also identified a further mitigations of £1.3m to contribute towards offsetting the Corporate Services budget pressures.

#### **Chief Executive Services**

**Net Budget** £2.8m  
**Forecast Outturn** £2.8m  
**Forecast underspend** 0.0m  
**Variance percentage** 0.0%

- 6.5 Chief Executive Office includes the Chief Executive, Assistant Chief Executive, Communications Business Intelligence Services, and Sustainability team.
- 6.6 The Directorate is reporting an overall balanced position.

#### **Education Services**

**Net Budget** £5.2m  
**Forecast Outturn** £5.2m  
**Forecast overspend** £0.0m  
**Variance percentage** 0.2%

- 6.7 Education Services is made up of Council services which deliver statutory education functions against approximately 200 duties as set out in various Education and Children Acts, and regulations including, but not limited to, school quality assurance and intervention, pupil place planning and admissions, early years and special educational needs.
- 6.8 The Directorate is reporting a forecast overspend of £0.01m.
- 6.9 This is made up of a combination of the forecast non-delivery of savings totalling £0.13m along with minor overspends across the directorate which are offset in full.
- 6.10 Forecast non delivery of savings of £0.13m is across two savings proposals with non-delivery being primarily mitigated by forecast staffing underspends.
- 6.11 Educational Psychology income is forecast to fall short of the target by £0.3m due to the continued focus on statutory work and difficulties in recruiting to vacant posts. This in turn has driven the majority of forecast underspends in the Directorate across staffing due to vacancies totalling £0.36m.
- 6.12 Additional capacity is being commissioned on a fixed term basis, funded by one off resources, to provide the statutory assessments needed and significantly improve the current performance while enabling the current service to continue to recruit permanent staff and complete new assessments.

## **Northamptonshire Children's Trust**

**Net Budget** £81.9m

**Forecast Outturn** £95.9m

**Forecast overspend** £14.0m

**Variance percentage** 17.1%

- 6.13 The contract for Northamptonshire Children's Trust provides children's social care services across both West and North Northamptonshire Councils.
- 6.14 Northamptonshire Children's Trust (NCT) are reporting a total forecast demand led pressure of £22.186m against a contract sum of £150.938m which is representative of a challenging national context relating to the cost of children's services. The WNC share of this based on the disaggregated contract sum split is £12.389m.
- 6.15 Forecast pressures across children's placements make up £20.230m of the total with £11.296m attributable to WNC. The total across both Councils includes approximately £9m relating to a structural deficit due to additional demand and increased average placement costs since the setting of the contract sum in November 2022. Placements savings proposals totalling £1.3m are forecast as undeliverable this year whilst plans are fully developed and implemented. The remainder is due to a combination of forecast demographic growth, complexity of need driving higher average placement costs and average price increases above budgeted growth and inflation.
- 6.16 Staffing costs are forecast to overspend by a total of £1.299m (£0.725m WNC share). This includes £1m forecast for the preferred in year pay award which is still subject to approval. The NCT offer ensures that the lowest paid receive a higher percentage increase in recognition of the increased impacts of the cost of living and will assist in the recruitment and retention of key staff in hard to recruit areas. The remaining forecast overspend is due to continued pressure on recruitment and use of agency staff.
- 6.17 Legal costs, transport and expenditure in children's homes make up a total of £0.800m (£0.447m WNC) forecast overspends which are mainly due to increased demand and inflation above budgeted levels. Forecast underspends of £0.143m (£0.08m) across other non-placement related care expenditure mitigates this in part.
- 6.18 Forecasting is challenging given the current pressures on placement provision through demand and complexity. Combined with inflationary pressures on these demand led budgets and social work recruitment, these factors present a risk to year end projections. For example, the demand led nature and lack of sufficiency of suitable placements around residential provision means that an individual placement can cost in excess of half a million per annum.
- 6.19 In addition to their reported forecast, NCT have outlined material financial risks which they are still working through in detail relating to joint funding of complex care packages, continuation of managed teams due to pressures in recruitment and retention of staff in hard to recruit to areas and placement demand.

- 6.20 In taking a prudent approach to forecasting WNC have provided for a sum of £1.6m in relation to these risks on top of the NCT reported position, bringing the total forecast overspend to £14.0m.

### **Communities and Opportunities**

**Net Budget** £14.2m

**Forecast Outturn** £16.4m

**Forecast overspend** £2.3m

**Variance percentage** 15.9%

- 6.21 The Communities and Opportunities Directorate includes Housing, Leisure, Libraries, Economic Development, Regeneration and Community Safety & Engagement.
- 6.22 The Directorate is forecasting an overspend of £2.3m, which in the main is driven by pressures on both temporary and supported accommodation.
- 6.23 Service Project groups are working on a number of key initiatives to address prevention and supply options which should bring down costs over time.
- 6.24 Overspends are also forecast within the museum service due to pressure on both commercial income and staffing budgets, with increased movement due to factors beyond the control of the service in relation to the allocation of Non-Domestic Rates at Abington park Museum from 2017 to 2023-24.
- 6.25 These pressures are offset by various underspends across the directorate which include better than expected recovery of Leisure Contract Management Fees, along with other savings which include staff savings.

### **Adult Social Care**

**Net Budget** £128.9m

**Forecast Outturn** £130.0m

**Forecast overspend** £1.1m

**Variance percentage** 0.9%

- 6.26 The Adult Social Care Directorate consists of services that provides support to older people or those living with disabilities or with mental or physical illness under the Care Act, to promote their independence and improve their well-being. This support enables them to manage their needs and live life to the fullest regardless of the challenges they may face as a result of their circumstances. The Directorate also has responsibility for Public Health.
- 6.27 Adult Social Care had significant net growth added into the budget for 2023-24 of £24m, that included proposals to bring the independent care budget in line with forecast demand and to respond to be both inflationary pressure and increases in national minimum wage. However, demand through both hospitals and the community, since setting the budget, continue to increase contributing to pressure on independent care. These pressures are consistent with those seen nationally. The service has implemented a number of planned mitigations that will need to be monitored closely throughout the year given this increased demand and the volatility we see through winter.



- 6.28 The Directorate is reporting a £1.1m pressure. This is despite £10.1m of savings being largely on track for delivery in full as detailed in table at 7.1 of this report.
- 6.29 Other pressures across Adult Services relates to transport costs of £0.3m based on journeys recharged year to date through the Place Directorate. A project team has been set up to review transport requirements for the Directorate and explore other transport options for service users.
- 6.30 Within Health & Reablement, £0.2m of pressure relates to the residual cost of Spinney fields Care home. Spinneyfields Specialist Care Centre was closed in January 2023 and at present is still unoccupied. As a consequence, WNC are still incurring utility and business rate costs. Work is underway at a system level to identify an alternate use.
- 6.31 Across Safeguarding and Wellbeing, there is net underspend of £0.5m, despite staffing overspends within the Longlands Specialist Care Centre of £0.5m (primarily driven by the inability to recruit to permanent staff and having to employ agency staff). This is offset by underspends across Provider Services with staffing underspends and reduced property costs of £0.7m. Prevention and Assistive Technology are forecasting an underspend from increased sales of equipment (£0.2m) and other minor underspends across Call Care, Quality & Performance and DoLs (£0.1m).

### **Place and Economy**

**Net Budget** £92.9m

**Forecast Outturn** £92.9m

**Forecast underspend** £0.0m

**Variance percentage** 0.0%

- 6.32 The Place Directorate delivers services including Waste Management, Highways and Transportation, (including Home to School Transport), Asset Management (including car parking), Environment Services, Regulatory Services & Planning.
- 6.33 The Directorate is reporting an overall nil variance to budget in 2023-24, however, within this position, there is pressure of £0.9m on savings delivery and in year pressures of £1.3m, both of which are fully mitigated by further underspends identified by the Directorate Management Team.
- 6.34 Of the £0.9m budgets savings delivery identified, approximately £0.4m is due to in year implementation delays on several proposals. There is approximately £0.5m of undeliverable budget savings proposals, these are primarily pending the outcome of the Waste Strategy Review.
- 6.35 In Assets and Environment in year pressures of £0.8m have been identified, mainly consisting of; £0.3m pressure on utilities due to inflation being higher than budgeted, £0.2m base inflation pressure on the Northampton Schools PFI contract, and £0.3m in relation to pressures on service charge income and office optimisation. Within Highways and Transport there are also inflationary pressures in relation to the Streetlighting PFI Contract of £0.1m.
- 6.36 Waste Services have identified further in year pressures consisting of £0.2m.

- 6.37 These pressures are being offset within the Directorate by £0.4m business rates savings across property estates, car parks and market due to revaluations. In addition, Car Park and CCTV income/recharges are currently forecast higher than budget by £0.2m. Legal costs of £0.08m will be recovered during 2023-24 following successful outcome of a Judicial review.
- 6.38 Highways and Transport have identified £0.1m specific mitigations to offset the non-delivery of the Home to School Transport Policy changes which will not be implemented until September 2024.
- 6.39 Within Waste Services pressures are being offset by in-year savings on refuse and recycling, fuel deflation, and a net underspend on garden waste subscriptions totalling £0.5m. Additional income is forecast at household waste recycling centres £0.1m.
- 6.40 In year savings have been identified relating to reduced costs for concessionary fares £0.25m (passenger numbers below pre-COVID levels), and additional income due to the high volume of road closures £0.25m.

### **Finance**

**Net Budget** £10.8m

**Forecast Outturn** £10.8m

**Forecast underspend** £0.0m

**Variance percentage** 0.0%

- 6.41 The Finance Directorate services include strategic finance, accountancy, revenue and benefits, procurement, and internal audit services.
- 6.42 The Directorate is reporting a balanced position.

### **Technical/Centrally Held Items**

**Net Budget** £29.1m

**Forecast Outturn** £17.5m

**Forecast underspend** £11.5m

**Variance percentage** -39.6%

- 6.43 Technical and centrally controlled budgets include the treasury budgets, pension deficit contribution payments for West Northants and the contingency budgets. This area will also reflect any council wide corporate cross cutting issues or opportunities. The Technical and Centrally Controlled Directorate are forecasting an overall underspend of £11.5m against budget for 2023-24.
- 6.44 A council wide contingency budget is managed within the centrally controlled budget which at the start of the year stood at £19.0m. This consisted of a disaggregation budget of £0.5m brought forward from 2022-23, pay inflation £7.6m and a general contingency of £10.9m.
- 6.45 A summary of commitments against the general contingency is shown below:

	£m
<b>2023-24 Opening Contingency Budget</b>	<b>19.0</b>
Pay Inflation	(7.6)
Disaggregation contingency allocation to Corporate Services	(0.5)
<b>General Contingency Balance</b>	<b>10.9</b>
Agreed transfers	
Pay award (addition due to local agreement)	(1.2)
Cultural events	(0.2)
Bus subsidies	(0.2)
Forecast Commitments	(1.1)
<b>Remaining balance</b>	<b>8.2</b>

6.46 There is a forecast underspend of £3.3m within treasury management. This is driven in the main by improved position on investment income due to higher interest rate yields and newly negotiated rate of returns on pooled cash held with the Council's corporate bank in June. A comprehensive update on Treasury Management is included in Appendix C.

### Funding

6.47 The Council's net service budget is funded from the following areas: Council Tax income, Business Rates income, Government grants, one off COVID funding and reserves. A breakdown of the funding budget is detailed below in Table Five.

**Table Five**

Funding	Net Budget
	£'000
Council Tax income	(244,908)
Business Rates income (including S31 Grant)	(90,839)
Adult Social Care Grants	(33,855)
Transfer from Reserves	(7,939)
New Homes Bonus	(3,510)
Services Grant 23-24	(2,028)
Other Government Grants	(438)
<b>Total Funding</b>	<b>(383,517)</b>

6.48 The Period 4 position includes forecast additional business rates income of £3.1m. The 2023-24 budget includes the Council's known funding assumptions at a point in time and this increase reflects the current position and additional income identified surplus to the balance reported within the NNDR return.

## 7. Summary of savings delivery 2023-24

7.1 The Council has a savings requirement within its 2023-24 budget of £32m. Service Directors have undertaken a review of savings deliverability, with the summary forecast position reported in table six.

**Table six**

	Budgeted saving	Blue	Green	Amber	Red	Expected saving
Adult Social Care	(10,110)	(4,021)	(4,109)	(1,819)	(161)	(10,110)
Centrally Controlled Budgets	(7,563)	0	(7,515)	0	(48)	(7,563)
Chief Executive Office	(636)	(263)	(359)	0	(14)	(636)
Communities and Opportunities	(1,737)	0	(1,035)	(106)	(595)	(1,736)
Corporate Services	(5,440)	(2,900)	(1,781)	(575)	(184)	(5,440)
Education Services	(530)	(160)	(166)	(75)	(129)	(530)
Finance	(714)	(90)	(624)	0	0	(714)
Place and Economy	(5,248)	(358)	(2,992)	(1,039)	(859)	(5,248)
<b>Total</b>	<b>(31,977)</b>	<b>(7,792)</b>	<b>(18,581)</b>	<b>(3,614)</b>	<b>(1,990)</b>	<b>(31,977)</b>
<b>% Total</b>		<b>24%</b>	<b>58%</b>	<b>11%</b>	<b>6%</b>	

Blue = Delivered and Confirmed

Green = Deliverable, on target

Amber = Deliverable, with risks

Red = Unlikely to be delivered

- 7.2 Overall, there are twenty one savings (£2.0m) flagged as 'red' which are unlikely to be delivered and twenty five savings (£3.6m) flagged as 'amber' which are deliverable but have risks. These pressures are set out in the directorate section and included in the budget monitoring figures contained in the report. A detailed assessment of the individual savings proposals is set out in Appendix B.

## **8. Implications (including financial implications)**

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### **Resources and Financial**

- 8.1 The resource and financial implications for West Northamptonshire Council are set out in the body of, and appendices to, this report.

### **Legal**

- 8.2 There are no legal implications arising from the proposals. The report has been cleared by Legal Services.

### **Risk**

- 8.3 This report sets out the financial forecast for this financial year. The key risks associated with this report relate to the continued challenging economic conditions being experienced, slower than forecast reductions in inflationary pressures alongside demand led pressures on both social care and housing services potentially driving further financial pressures over and above the pressures already identified. These risks were identified earlier in the report.

## **Consultation**

- 8.4 The Council carries out public consultation and communications on its annual budget proposals. These activities took place in the months prior to the budgets being approved by Full Council in February 2023 for the 2023-24 budget.
- 8.5 Any management interventions that require a policy change will be subject to a consultation before any decision is taken.
- 8.6 Where consultation is necessary, full details will be presented to Cabinet separately. Cabinet can only make a decision after taking careful account of the results of such consultation in order to reach an informed decision.

## **Consideration by Overview and Scrutiny**

- 8.7 All 2023-24 budget proposals were consulted on prior to the budget being approved by Full Council in February 2023. Any management interventions that require a policy change will be subject to a consultation before any decision is taken. Where consultation is necessary, full details will be presented to Cabinet separately.

## **Climate Impact**

- 8.8 All management interventions and mitigations identified within this report will be reviewed on an individual basis for any environmental impact.

## **Community Impact**

- 8.9 This report will have a positive impact on the community by providing scrutiny on how public funds are being used to fund services for local residents in 2023-24.

## **Communications**

- 8.10 Communication will continue with service directors to seek to deliver a balanced budget in 2023-24.

## **9. Background Papers**

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- 9.1 The following documents disclose important facts on which the report is based and have been relied upon in preparing the report:
- 9.2 Final Budget Report and Medium Term Financial Plan, meeting of Council, 22 February 2023  
<https://westnorthants.moderngov.co.uk/documents/s10478/2023-24%20Final%20Budget%20Report%20-%20Full%20Council.pdf>

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Directorate	Appendix A -2023-24 Forecast Outturn position by Directorate	Period 4 £'000
<b>Corporate Services</b>	<b>Savings Delivery Pressure:</b>	
	Election Services savings - pressure on the printing budget	11
	Pressure on the Target Operating Model savings target	173
		<b>184</b>
	<b>In-Year Budget Variations – Overspends:</b>	
	DTI contract budget shortfall	2,400
	Staffing pressures within Digital	165
	Coroners - reduced income	59
	Electoral Services - reduction in grant income	45
	Other minor variances	79
		<b>2,748</b>
<b>In-Year Budget Variations – Underspends:</b>		
Contract rationalisation savings identified through targeted review of DTI contract spend	(1,329)	
Democratic Services - savings on staffing and additional income	(83)	
Elections - Savings on staffing alongside additional grant income	(33)	
Increased forecast OPUS dividend	(8)	
Additional income in Customer Services, over and above budget	(53)	
	<b>(1,506)</b>	
<b>Management Actions:</b>		
Mitigating actions identified across the Directorate	<b>(1,329)</b>	
<b>Net Position – Corporate Services</b>	<b>97</b>	
<b>Chief Executive Services</b>	<b>Savings Delivery Pressure:</b>	
	Pressure on subscriptions budget due to 12 month notice period required	14
		<b>14</b>
	<b>In-Year Budget Variations – Overspends:</b>	
	Minor Variances	5
		<b>5</b>
	<b>In Year Budget Variations – Underspends:</b>	
	Staffing underspends across the directorate	(19)
		<b>(19)</b>
	<b>Management Actions:</b>	
No reported variances	0	
	<b>0</b>	
<b>Net Position – Chief Executive Services</b>	<b>0</b>	
<b>Education Services</b>	<b>Savings Delivery Pressure:</b>	
	Part year slippage in implementation of the consolidation of commissioning and business intelligence services in Children's and Public Health	100
	Reversal of savings proposal to capitalise resource costs following further review in line with capital guidance	29
		<b>129</b>
	<b>In-Year Budget Variations – Overspends:</b>	
	Forecast income shortfall in Education Psychology due to focus on statutory work	299
	Education Commissioning post disaggregation pressure	65
	Unfunded historical pension strain costs	61
		<b>425</b>
	<b>In Year Budget Variations – Underspends:</b>	
	Aggregate staffing underspends across the Directorate, mainly in Education Psychology due to difficulty in recruiting to vacant posts	(357)
	Income received from non attendance fines	(55)
		<b>(412)</b>

Directorate	Appendix A -2023-24 Forecast Outturn position by Directorate	Period 4 £'000
	<b>Management Actions:</b> Mitigating actions identified across the Directorate  <b>Net Position – Education Services</b>	 (129) <b>(129)</b>   <b>13</b>
Children's Trust	<b>Savings Delivery Pressure:</b> No reported variances  <b>In-Year Budget Variations – Overspends:</b> WNC share of the Northamptonshire Children's Trust forecast overspend of £25m  <b>In Year Budget Variations – Underspends:</b> No variances to report  <b>Management Actions:</b> No variances to report  <b>Net Position – Children's Trust</b>	 0 <b>0</b>  13,960 <b>13,960</b>  0 <b>0</b>  0 <b>0</b>   <b>13,960</b>
Communities and Opportunities	<b>Savings Delivery Pressure:</b> Undeliverable Temporary Accommodation savings Museum under-achievement of commercial income  <b>In year variations - overspend:</b>  Housing forecast exceeds budget due to continued high demand for temporary accommodation and limited low cost accommodation and Housing Subsidy loss pressure Forecast increase in contribution required to the bad debt provision  Museums budget pressure including staffing costs and backdated non domestic rates charges Updated recharges to HRA post 2022-23 review Agency cost pressures Pressure in legal fees for Private Sector Housing Enforcement Other Minor Variances  <b>In year variations - underspend:</b> Leisure Contract Management Fees additional income forecast above budget alongside staffing costs savings plus other minor variances Libraries various savings and additional income Regeneration staffing costs savings Minor Underspends  <b>Management Actions:</b> No variances to report  <b>Net Position – Communities and Opportunities</b>	 500 95 <b>595</b>   1,486  250  125 116 83 52 42 <b>2,154</b>  (379) (60) (42) (14) <b>(495)</b>  0 <b>0</b>   <b>2,254</b>



Directorate	Appendix A -2023-24 Forecast Outturn position by Directorate	Period 4 £'000
Adult Social Care	<b>Savings Delivery Pressure:</b>	
	Reduction in WNC Service Provision to non WNC Residents -Spinneyfields Specialist care centre no longer operational but incurring utilities & business rate costs	161
		<b>161</b>
	<b>In-Year Budget Variations – Overspends:</b>	
	Forecast pressure on independent care budgets driven by the number of hospital discharge placements that are no longer funded through the hospital discharge fund. A dedicated team is undergoing care assessments of all individuals that remain in these short term placements	4,189
	Longlands care home budget pressure mainly driven by agency staff usage	536
	A year to date pressure on Client Transport has been identified, reflecting a historic shortfall in budget from a number of prior years where fuel costs have increased. A project is underway to look at how the service can provided more efficiently	329
	PFI Unitary charge pressure due to indexation continuing to rise after budget setting	95
	Learning Disability Property voids	84
		<b>5,233</b>
	<b>In Year Budget Variations – Underspends:</b>	
	Provider Services underspend driven by staffing vacancies and reduced property costs	(685)
	Prevention & Occupational Therapy, increased sales of equipment	(218)
	Staffing vacancies across Care Management and H&R teams	(66)
	Call Care team minor underspend against budget	(65)
Minor Variances	(94)	
	<b>(1,128)</b>	
<b>Management Actions:</b>		
Mitigating action plan to offset budget savings delivery and in year pressures.	(3,142)	
	<b>(3,142)</b>	
<b>Net Position – Adults</b>	<b>1,124</b>	

Directorate	Appendix A -2023-24 Forecast Outturn position by Directorate	Period 4 £'000
<b>Place and Economy</b>	<b>Savings Delivery Pressure:</b>	
	Partial non delivery of Facilities Management savings proposal	102
	Slippage in delivery of Parking Team Restructure savings proposal due to timing and complexities of team restructure	48
	Timing of Property and Estates Management Asset Disposal Fees proposal - income required can only be achieved on completion of sale	50
	Pressure on efficiency savings within waste services as part of development of new Waste Strategy for West Northants	200
	Pressure on efficiencies in HWRC operations, as part of the wider development of the WNC waste strategy which will consider how many sites are required to serve the residents of WNC and where they should be located	100
	Partial slippage on savings proposal to encourage residents to use separate food waste collection, leading to reduced amount of waste in residual bins and therefore reduced treatment costs	33
	Pressure on proposal to confirm external contributions to Street Cleaning within Northampton Town Centre	65
	Pressure on proposal to introduce a contribution towards the delivery of replacement bins to households where bins are repeatedly lost or damaged	25
	Pressure on savings proposal for an Air Quality Officer to develop action plans and grant funded work	100
	Partial Non delivery of Regulatory Services savings proposal. Additional income is unlikely to be achieved due to pressures resulting from the economic climate	60
	Home to School Policy Change savings proposal, Legal advice is to not introduce any policy changes until September 2024 so the new policy can be considered when parents are choosing schools, therefore the saving will not be achieved this financial year	76
		<b>859</b>
	<b>In year variations - overspend:</b>	
	Utilities inflationary pressure	283
	Northampton Schools PFI - base inflation pressure.	195
	Income pressure on historic service charge income budgets and pressure on investment properties income.	190
	Income risk due to timing of planning income	120
	Office optimisation income pressure offset by additional income.	114
	Streetlighting PFI - pressure mainly due to shortfall in inflation	118
	Technical adjustment in relation to the re-classification of a lease	98
	Staff catering facilities pressure due to low occupancy in office areas - not returned to pre-Covid levels	40
	Net overspend on waste collection and disposal due to under accrual from 2022-23 and increased prices.	60
	Minor Variances	134
		<b>1,352</b>

Directorate	Appendix A -2023-24 Forecast Outturn position by Directorate	Period 4 £'000
	<p><b>In year variations - underspend:</b>  Business rate saving due to revaluations  Concessionary Fares - saving due to passenger numbers below pre Covid levels - budget is based on pre-Covid passenger numbers  Additional income due to high volumes of road closures  Car Park and CCTV income - Additional car parking income based on activity trends for Q1  Net underspend on staffing costs taking into account vacancy factor, agency staff spend and increased pension costs  Net underspend on garden waste costs and income  Underspend on fuel due to current prices  Deflation saving on Northampton refuse and recycling budgets  Additional recycle income at household waste recycling centres  One off recovery of legal costs  Minor Variances across the directorate</p> <p><b>Management Actions:</b>  Mitigating action plan to offset budget savings delivery and in year pressures</p> <p><b>Net Position – Place</b></p>	(401) (242) (221) (212) (99) (191) (144) (112) (103) (80) (329)  <b>(2,134)</b>  (76) <b>(76)</b>  <b>0</b>
Finance Directorate	<p><b>Savings Delivery Pressure:</b>  No reported variances</p> <p><b>In year variations - overspend:</b>  Staffing pressures</p> <p><b>In year variations - underspend:</b>  Staff savings on vacant posts  Net underspends reported on Shared Services  Savings on professional services budget</p> <p><b>Management mitigation:</b>  Service will look to reduce expenditure in year through management actions or this will be managed across the Directorate.</p> <p><b>Net Position – Finance Directorate</b></p>	 0 <b>0</b> 104 <b>104</b> (54) (36) (10) <b>(100)</b> (4) <b>(4)</b>  <b>0</b>
	<b>Cost of services</b>	<b>17,448</b>

Directorate	Appendix A -2023-24 Forecast Outturn position by Directorate	Period 4 £'000
<b>Technical / Centrally Held Budgets</b>	<b>Savings Delivery Pressure:</b>	
	Grant income forecast to be lower than budgeted	48
		<b>48</b>
	<b>In year variations - overspend:</b>	
	2020-21 Housing Benefits Audit cost pressure	19
	Other minor variances	13
		<b>32</b>
	<b>In year variations - underspend:</b>	
	Treasury forecasting an improved average interest rate yield on investment and more surplus cash for investment.	(3,300)
	Other minor variances	(88)
	<b>(3,388)</b>	
<b>Management Actions:</b>		
No reported variances	0	
	<b>0</b>	
<b>Net Position – Technical/ Centrally held budgets</b>	<b>(3,309)</b>	
<b>Funding</b>	<b>In year variations - underspend:</b>	
	Business rates income - Surplus funding available over and above that declared in the MTFP	(3,150)
	<b>Total Funding</b>	<b>(3,150)</b>
<b>Total WNC:</b>		<b>10,989</b>
	<i>Use of balance of general contingency funding to contribute towards the position.</i>	(8,201)
	<b>Overall Net Outturn Forecast 2023-24</b>	<b>2,788</b>

West Northamptonshire Council - Budget Proposals 2023-24

Blue = Delivered and Confirmed

Green = Deliverable, on target

Amber = Deliverable, with risks

Red = Unlikely to be delivered

2023-24 Delivery RAG Rating

Proposal ref	Directorate	Proposal Title	Proposal Description	2023-24 £k	Blue	Green	Amber	Red
2324-B4-001	Adult Social Care	Optimisation of WNC Adult Social Care in-house provision	A full review of WNC's in house services to ensure optimal usage.	(70)		(70)		
2324-B4-002	Adult Social Care	Additional Client Contributions	Alignment of client contributions budget with actual income being invoiced in 22-23. This corresponds with the increased number of active clients.	(500)			(500)	
2324-B4-003	Adult Social Care	External Funding Review by Adult Social Care	Maximise external funding opportunities across the Directorate.	(1,000)	(820)		(180)	
2324-B4-004	Adult Social Care	Progression and improvement of independent outcomes across Learning Disability services	Progression and Improving independent outcomes within Learning Disability services. This will result in individuals receiving the care that they need.	(1,000)	(983)	(17)		
2324-B4-005	Adult Social Care	Optimise use of single handed care	Further drive on reducing the need for two carers via use of Assistive Technology.	(1,000)	(405)	(595)		
2324-B4-006	Adult Social Care	Strength Based Working Reablement West	Restructure of the service has increased the number of people who will benefit from reablement and therapeutic intervention reducing the need for long term care spend.	(1,666)	(176)	(1,490)		
2324-B4-007	Adult Social Care	Domiciliary Care Redesign	Domiciliary care aligned to Local Area Partnerships (LAP) to reduce travel time and more efficient deployment of staff alongside the introduction of electronic call monitoring.	(1,500)		(1,500)		
2324-B4-008	Adult Social Care	Optimisation of WNC in house provision	Full review of WNC's day service offer to ensure optimal use.	(500)	(268)	(232)		
2324-B4-009	Adult Social Care	Positive Living Outcomes	Implementation of a four year Supported Accommodation Strategy that will provide people with care and support needs with sustainable support and housing options.	(660)	(469)	(191)		
2324-B4-010	Adult Social Care	Alignment of external funding to the base budget for Adult Social Care	This aligns the base budgets within Adult Social Care to a number of external funding sources	(700)	(700)			

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**2023-24 Delivery RAG Rating**

Proposal ref	Directorate	Proposal Title	Proposal Description	2023-24 £k	Blue	Green	Amber	Red
2324-B4-011	Adult Social Care	Reduction in WNC Service Provision to non WNC Residents	Reduction in WNC service provision to non WNC residents following disaggregation of the county council.	(1,000)	(200)		(639)	(161)
2324-B4-012	Adult Social Care	Winter planning project	Mitigation of winter pressures through whole system working.	(500)			(500)	
2324-B4-013	Centrally Controlled Budgets	Overhead Recovery	Recognition that as a new unitary authority, there is an increasing cost of supporting the various services we support outside of the Council Tax funded budgets	(73)		(73)		
2324-B4-014	Centrally Controlled Budgets	Increase in Grant Income	Forecast increase in central grant income	(266)		(218)		(48)
2324-B4-016	Centrally Controlled Budgets	Pension Contribution adjustment	Following the receipt of the Councils Pension Funds Triannual valuation and actuarial advice, a much improved funding position means that the council is able to reduced its contribution rate by 3% to ensure an optimum level of resources are invested in the fund.	(2,000)		(2,000)		
2324-B4-017	Centrally Controlled Budgets	Treasury Management - Additional Investment Returns	Realigned investment income budget including additional investment returns due to rising interest rates	(3,224)		(3,224)		
2324-B4-018	Chief Executive Office	Executive Support - Consultancy Budget	Consultancy budget from Executive Support no longer required for future years.	(54)		(54)		
2324-B4-019	Chief Executive Office	Removal of corporate CLA licence (photocopying of journals etc)	A recent review of Copyright Licensing Agency (CLA) licence used across all directorates has concluded it is not required and removal would have minimal impact on the Comms service or wider service areas	(17)		(17)		
2324-B4-020	Chief Executive Office	Income generation with external partners	Provide video and photographic services for partners and external organisations	(12)		(12)		
2324-B4-021	Chief Executive Office	Income generation with external partners	Provide consultation and engagement services for partner organisations	(5)		(5)		
2324-B4-022	Chief Executive Office	Chief Executive Services Restructuring	Chief Executive Services restructuring.	(453)	(263)	(190)		
2324-B4-025	Communities and Opportunities	Introduction of charging for viability assessments relating to affordable housing delivery.	Charges for the team that carry out in-house viability assessments to determine the % of affordable housing that can be delivered on a development site.	(10)		(10)		

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**2023-24 Delivery RAG Rating**

Proposal ref	Directorate	Proposal Title	Proposal Description	2023-24 £k	Blue	Green	Amber	Red
2324-B4-026	Communities and Opportunities	Housing Need Surveys	Charging for the completion of housing need surveys to determine housing need in parishes across West Northants.	(5)		(5)		
2324-B4-027	Communities and Opportunities	Economic Development budget rightsizing	Legacy budget further reviewed and no longer required - no service impact	(1)		(1)		
2324-B4-029	Communities and Opportunities	Temporary Accommodation: reduction in the gardening/landscaping budget	Service can be delivered on a marginally smaller budget for council owned temporary accommodation (held in the General Fund).	(1)		(1)		
2324-B4-030	Communities and Opportunities	Printing and photocopying legacy budget no longer required in Economic Development	Remove these costs from Economic Development budget as no longer required - limited impact as very little spend historically.	(2)		(2)		
2324-B4-031	Communities and Opportunities	Car Mileage and furniture budgets reduced to reflect WNC ways of working	Reduction in car mileage and furniture budgets across the whole directorate	(8)		(8)		
2324-B4-032	Communities and Opportunities	Reduction in base budget consultancy for Leisure services	50% reduction of 'consultancy' budget assigned to support services to older people.	(5)		(5)		
2324-B4-033	Communities and Opportunities	Inflationary Increase in Library charges for Learning Resources for Education	Increase income by increasing charges and reorganisation of staffing. Library education service to ensure it remains self funding from income	(5)		(5)		
2324-B4-034	Communities and Opportunities	Reduction in equipment budget	No new equipment can be purchased	(5)		(5)		
2324-B4-035	Communities and Opportunities	Consolidation of contracts for recycled furniture provision for temporary accommodation.	Consolidation of duplicate contracts/funding from legacy district/borough councils towards recycled furniture provision for temporary accommodation.	(5)		(5)		
2324-B4-036	Communities and Opportunities	Consolidation of Out of Hours Service contracts	Contracts between legacy district/borough councils and Call Care Out of Hours Service to be aggregated.	(5)		(5)		
2324-B4-037	Communities and Opportunities	Libraries Inflationary increases in printing charges and room hire	Increase income by increasing printing charges , room hire.	(6)		(6)		
2324-B4-038	Communities and Opportunities	SLA payment to NLT (health walks and street games)	Reduce legacy grant fund payment by 50%	(10)		(10)		
2324-B4-039	Communities and Opportunities	Reduce base budget for consultancy fees in Economic Development	Reduction in base budget	(10)		(10)		
2324-B4-040	Communities and Opportunities	Reduce spend on hire of facilities/venues for sports & leisure activities.	The school holiday activity programme has been redesigned. The new format reduces hire costs.	(10)		(10)		

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**2023-24 Delivery RAG Rating**

Proposal ref	Directorate	Proposal Title	Proposal Description	2023-24 £k	Blue	Green	Amber	Red
2324-B4-041	Communities and Opportunities	Reshaping of funding to Nsport	Reduce general funding provided to NSport.	(10)		(10)		
2324-B4-042	Communities and Opportunities	Home Adaptations cost claim to Better Care Fund (BCF)	Ensuring effective claiming of the 15% policy agreed discretionary works charge to the BCF Grant Fund. Reliant on spending 100% of the BCF budget annually	(10)		(10)		
2324-B4-043	Communities and Opportunities	Reduction in funding to Royal & Derngate for storage	Offering excess budget previously allocated to Royal and Derngate for storage purposes. Annual grant of £300,000 will remain.	(10)		(10)		
2324-B4-044	Communities and Opportunities	Reduce spend on agency staff for Sport & Leisure	Reduce budget for agency staff, deliverable due to holiday activity programme redesign.	(12)		(12)		
2324-B4-045	Communities and Opportunities	Budget savings from Buildings Repair and Maintenance budget	Reduction of Building repair and maintenance budget as not used - no service impact	(13)		(13)		
2324-B4-046	Communities and Opportunities	Predecessor authority wellbeing budget	Remove budget as staff wellbeing is funded corporately through HR. Impact on service mitigated through on-going involvement in working group.	(15)		(15)		
2324-B4-047	Communities and Opportunities	Changes to HMO Licence Fees	Removal of early bird discount for new HMO licences, and reduction of early bird discount for renewal HMO licences.	(20)		(20)		
2324-B4-048	Communities and Opportunities	Aggregation of Private Sector Housing Teams	Aggregation of Private Sector Housing functions from the three sovereign District Council services	(20)		(20)		
2324-B4-049	Communities and Opportunities	Appropriate allocation of staff time to resettlement programmes	Time Interim Head of Service spent on resettlement work recharged to grant aided resettlement programmes.	(21)		(21)		
2324-B4-050	Communities and Opportunities	Changes to provision of furniture in temporary accommodation.	Reduction of furniture budget by utilising donations and low cost pre-loved items.	(25)		(25)		
2324-B4-051	Communities and Opportunities	Unallocated community grants.	Reduction in legacy grant arrangements from district/borough councils.	(27)		(27)		
2324-B4-052	Communities and Opportunities	Community centre funding	Release unused grant for community centres as facilities/assets have been transferred to Community Spaces Northampton	(28)		(28)		
2324-B4-053	Communities and Opportunities	Recharging of staff time to resettlement programmes	Time Resettlement Manager spent on resettlement work recharged to grant aided resettlement programmes	(31)		(31)		



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**2023-24 Delivery RAG Rating**

Proposal ref	Directorate	Proposal Title	Proposal Description	2023-24 £k	Blue	Green	Amber	Red
2324-B4-054	Communities and Opportunities	Increased income generation through museum service	Increase in income generation through greater room hire at main museum as well as redeveloping and relaunching the wedding offer for Abington Park Museum to offer a select range of ceremony and reception packages, and increasing school sessions.	(47)			(6)	(41)
2324-B4-055	Communities and Opportunities	Safe Accommodation funding	Legacy councils grants to domestic abuse refuge providers consolidated service arrangements.	(35)		(35)		
2324-B4-056	Communities and Opportunities	Domestic Abuse and Sexual Violence Coordinator	Use of grant funding to fund this post.	(45)		(45)		
2324-B4-057	Communities and Opportunities	Economic Development Budget savings due to aggregation	Review of unused budget for Economic Development.	(48)		(48)		
2324-B4-059	Communities and Opportunities	Increase income from retail sales at Northampton Museum	Further development and promotion of retail offer and selling gallery.	(54)				(54)
2324-B4-060	Communities and Opportunities	Budget savings from Economic Development	Consultancy budget can be reduced.	(60)		(60)		
2324-B4-061	Communities and Opportunities	Sport Leisure Management (SLM) contract payment	Contract amended and this budget no longer required.	(120)		(120)		
2324-B4-062	Communities and Opportunities	Regeneration Service - Reduction in professional fees budget	Reduce consultancy feasibility spend on projects.	(80)		(80)		
2324-B4-063	Communities and Opportunities	Recharging of staff time to resettlement programmes	Senior management time spent on resettlement work recharged to grant aided resettlement programmes.	(5)		(5)		
2324-B4-066	Communities and Opportunities	Changes to Housing Civil Penalty Notices	Removal of early payment discount of 20% for civil penalty notices issued by Private Sector Housing.	(10)		(10)		
2324-B4-067	Communities and Opportunities	Travellers site management changes	Costs of travellers site management offset by additional income.	(100)		(100)		
2324-B4-068	Communities and Opportunities	Temporary Accommodation (TA) prevention and management plan savings	Reduction in TA spend through improved move on and reduced use of expensive nightly purchased accommodation.	(500)				(500)
2324-B4-069	Communities and Opportunities	Increase in management recharges to the Housing Revenue Account	Review of service reflects true cost of providing support to the Housing Revenue Account (HRA).	(100)			(100)	
2324-B4-070	Communities and Opportunities	Alternative funding sources for Community Funding Programme	Use of external funding to support community funding	(50)		(50)		

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**2023-24 Delivery RAG Rating**

Proposal ref	Directorate	Proposal Title	Proposal Description	2023-24 £k	Blue	Green	Amber	Red
2324-B4-071	Communities and Opportunities	Libraries reduction to book fund	Reduce book fund by £45K which will be a £22.5k saving for each authority	(22)		(22)		
2324-B4-072	Communities and	Council owned temporary	Current practices of renewing flooring between temporary	(21)		(21)		
2324-B4-073	Corporate Services	Budget realignment	Following a detailed review of Corporate Services, the budget can be amended to more accurately reflect likely spend.	(184)		(173)		(11)
2324-B4-074	Corporate Services	Registrars income generation	Additional income from the Registrars Service.	(72)		(72)		
2324-B4-075	Corporate Services	Revisited charging model for the Leys	Charging Northampton and Kettering General Hospital for storage	(18)			(18)	
2324-B4-076	Corporate Services	Dividend Income	Opus dividends	(30)		(30)		
2324-B4-077	Corporate Services	Contract Rationalisation	IT Contract rationalisation and review.	(507)			(507)	
2324-B4-078	Corporate Services	In House Legal Services	The creation of an in house Legal Service results in a reduced cost base compared to the current externalised arrangement.	(500)		(500)		
2324-B4-079	Corporate Services	Corporate Services Target Operating Model	Implementation of New Corporate Target Operating Model.	(1,000)		(827)		(173)
2324-B4-080	Corporate Services	Customer Services review	Customer Services review of current services.	(100)		(100)		
2324-B4-084	Education Services	Capitalisation of salaries	Capitalisation of staff salaries due to extensive SEND expansion programme	(29)				(29)
2324-B4-086	Education Services	Consolidation of services	Consolidation of commissioning and business intelligence within Children's Service with Public Health.	(266)		(166)		(100)
2324-B4-087	Education Services	SEND improvement	SEND improvement (investment from DSG) to improve processes and reduce number of cases going to tribunal and therefore legal costs	(75)			(75)	
2324-B4-089	Finance	Revenues and Benefits budget	Reduction in training budget	(10)	(10)			
2324-B4-090	Finance	Procurement budget realignment	Budget realignment within Procurement	(25)		(25)		
2324-B4-091	Finance	Strategic Finance budget review	Reconfiguration of strategic financial support	(25)		(25)		

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**2023-24 Delivery RAG Rating**

Proposal ref	Directorate	Proposal Title	Proposal Description	2023-24 £k	Blue	Green	Amber	Red
2324-B4-092	Finance	Customer Engagement restructure	Review of Performance and Governance Service	(50)		(50)		
2324-B4-093	Finance	Audit and Risk budget realignment	Budget realignment within Audit and Risk Management following the in-house team being in place since April 2022.	(31)		(31)		
2324-B4-094	Finance	Procurement Budget realignment	Staffing Budget realignment	(34)		(34)		
2324-B4-095	Finance	Revenues and Benefits staffing	Revenues and Benefits - Staffing Budget realignment	(80)	(80)			
2324-B4-097	Finance	Audit and Risk Management staffing	Audit and Risk Management Staffing review to deliver efficiencies	(109)		(109)		
2324-B4-098	Finance	Accountancy Budget review	The legacy Statement of Accounts are complete therefore this budget will no longer be required.	(250)		(250)		
2324-B4-100	Place and Economy	Office Rationalisation	Office rationalisation and intensifying accommodation use.	(655)	0	(624)	(31)	0
2324-B4-101	Place and Economy	Rectifying Northampton Estate	A review of the Northampton estate could lead to increased rental income	(100)	0	(100)	0	0
2324-B4-102	Place and Economy	Events to Northampton Town Council	As previously agreed Northampton Town Council will deliver these services in future. There will be a staged transfer of costs.	(107)	(106)	0	0	0
2324-B4-103	Place and Economy	Parking Payments	Council's parking payment systems being changed to remove the need for physical tickets and provide easier payment options for the larger car parks.	(55)	0	(55)	0	0
2324-B4-104	Place and Economy	Regulatory Services	Income from discretionary services within environmental health, trading standards and licensing	(80)	0	0	(20)	(60)
2324-B4-105	Place and Economy	Street lighting	Revenue savings resulting from Street Lighting capital investment	(194)	0	0	(194)	0
2324-B4-106	Place and Economy	More effective fixed penalty notices	Increased income from more effective use of fixed penalty notices in environmental crime.	(50)	0	(30)	(20)	0

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**2023-24 Delivery RAG Rating**

Proposal ref	Directorate	Proposal Title	Proposal Description	2023-24 £k	Blue	Green	Amber	Red
2324-B4-107	Place and Economy	Concessionary fares	Removal of surplus budget for Concessionary Fares based on updated passenger number forecasts.	(132)	0	(132)	0	0
2324-B4-108	Place and Economy	Home to school travel assistance - Policy Change	Savings associated with proposed changes to policies.	(76)	0	0	0	(76)
2324-B4-109	Corporate Services	Document Storage	Savings from reducing need for document storage contract	(50)			(50)	
2324-B4-110	Place and Economy	Air Quality Officer to increase grants	Employment of a specialist air quality officer to focus on development of action plans and development of grant funded work	(100)	0	0	0	(100)
2324-B4-111	Place and Economy	Network management income	Additional income to be generated through traffic offences, bus lane enforcement and parking enforcement.	(230)	0	0	(230)	0
2324-B4-112	Place and Economy	Garden Waste Subscriptions	Increase Green Waste to an annual charge of £55.00 for residents.	(726)	0	(726)	0	0
2324-B4-113	Place and Economy	Environmental Health	Realignment of budget following reorganisation within the service	(5)	0	(5)	0	0
2324-B4-114	Place and Economy	Regulatory Services	Realignment of budget following reorganisation within the service	(5)	0	(5)	0	0
2324-B4-115	Place and Economy	Increase Commercial Waste Collections	Increased Commercial Waste Collections across the area	(12)	0	(12)	0	0
2324-B4-116	Place and Economy	Miscellaneous additional small income opportunities	Increased income from fixed penalty notices from abandoned vehicles	(10)	0	0	(10)	0
2324-B4-117	Place and Economy	Remove recycling bring bank service in Northampton	Remove the remaining bring banks in Northampton since a comprehensive kerbside recycling service is available.	(14)	0	(14)	0	0
2324-B4-118	Place and Economy	Expand pest control service	Promote existing pest control service to seek additional commercial opportunities	(15)	0	0	(15)	0
2324-B4-119	Place and Economy	Charges for bulky waste collection	Increase charges for bulky waste collection to £30 for 3 items and £50 for 6 items	(18)	0	0	(18)	0

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**2023-24 Delivery RAG Rating**

Proposal ref	Directorate	Proposal Title	Proposal Description	2023-24 £k	Blue	Green	Amber	Red
2324-B4-120	Place and Economy	Standby payments	Previous out of hours standby arrangements which were only in place in one predecessor area have been removed, staff previously undertaking service have been paid transitional tapering payment during 22/23, this will cease by April 23	(20)	(20)	0	0	0
2324-B4-121	Place and Economy	Multi Storey Car Park (MSCP) cleaning contract	Do not renew the MSCP cleaning contract. The restructured parking team alongside working collaboratively with the Market Operatives to undertake the cleaning functions at MSCP sites.	(26)	(26)	0	0	0
2324-B4-122	Place and Economy	Facilities Management	Rationalisation of Facilities Management contracts across the Council's office buildings.	(238)	0	(136)	0	(102)
2324-B4-123	Place and Economy	Miscellaneous underspends	Aggregation of small unspent or underspent budgets	(40)	0	(40)	0	0
2324-B4-124	Place and Economy	Commercial waste income	Increase commercial waste fees and charges	(49)	0	0	(49)	0
2324-B4-125	Place and Economy	Asset Disposal Fees	Dependent on asset disposals and amount each year will be variable.	(125)	0	0	(75)	(50)
2324-B4-126	Place and Economy	Parking Team Restructure	Restructure CCTV & Transport Facilities team to improve efficiencies in operation.	(128)	(80)	0	0	(48)
2324-B4-127	Place and Economy	Regulatory Services Amalgamation	Manager post to be deleted as part of service restructure	(62)	(62)	0	0	0
2324-B4-129	Place and Economy	Charge for replacement bins	Introduce a contribution towards the delivery of replacement bins to households where bins are repeatedly lost or damaged	(25)	0	0	0	(25)
2324-B4-130	Place and Economy	Increase New Roads & Street Works Act (NRSWA) income.	Recruit resources to generate additional income (over and above their costs).	(35)	0	0	(35)	0
2324-B4-131	Place and Economy	Targeted Food Waste Campaign	To encourage residents to use separate food waste collection, leading to reduced amount of waste in residual bins and therefore reduced treatment costs	(100)	0	0	(67)	(33)

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**2023-24 Delivery RAG Rating**

Proposal ref	Directorate	Proposal Title	Proposal Description	2023-24 £k	Blue	Green	Amber	Red
2324-B4-132	Place and Economy	Planning restructure	Savings to be achieved through staff restructure, consultancy budget review and additional income initiatives.	(360)	0	(120)	(240)	0
2324-B4-133	Place and Economy	Capitalise bin budget	Currently bins are purchased from revenue	(47)	(47)	0	0	0
2324-B4-135	Place and Economy	Refuse Collections	Achieve efficiency savings within waste services and review waste collection arrangements as part of development of new Waste Strategy for West Northants	(200)	0	0	0	(200)
2324-B4-136	Place and Economy	Car Parking Charges	General uplift in existing car parking charges	(450)	0	(450)	0	0
2324-B4-137	Place and Economy	Car Parking Charges	Applying a flat charge of £2 all day on Sundays.	(50)	0	(50)	0	0
2324-B4-138	Chief Executive Office	Subscription Budget	Reduction in subscriptions budget	(31)		(17)	0	(14)
2324-B4-139	Chief Executive Office	Review Publication Costs	Review all printed publications across the organisation and determine if they are all still required and what the best format for is for publication.	(64)		(64)	0	
2324-B4-140	Place and Economy	Household Waste Recycling Centres	Efficiencies in HWRC operations, as part of the wider development of the WNC waste strategy which will consider how many sites are required to serve the residents of WNC and where they should be located	(100)	0	0	0	(100)
2324-B4-141	Place and Economy	Street cleansing	Seek external contributions to Street Cleaning within Northampton Town Centre	(65)	0	0	0	(65)
2324-B4-142	Place and Economy	Car Parks	Mayorhold Car Park is significantly under utilised and could use other under utilised car parks in the town. Closing the car park will lead to reduced costs and therefore greater efficiency of the Council's resources.	(40)	(17)	(8)	(15)	0
2324-B4-143	Place and Economy	Car Parking Charges	Parking tariffs at country parks to be harmonised and also introduce new parking access equipment to improve service quality and allow more flexible pricing.	(100)	0	(100)	0	0

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**2023-24 Delivery RAG Rating**

Proposal ref	Directorate	Proposal Title	Proposal Description	2023-24 £k	Blue	Green	Amber	Red
2324-B4-144	Place and Economy	Off street Parking Charges	Increase car park enforcement	(20)	0	0	(20)	0
2324-B4-146	Place and Economy	Home to school travel assistance - transformation	Increased operational efficiency and consistency with policies.	(375)	0	(375)	0	0
2324-B4-147	Corporate Services	Review of Fees and Charges	Land Charges additional income following annual review of fees and charges.	(29)		(29)	0	
2324-B4-148	Adult Social Care	Review of Fees and Charges	Call Care additional income from annual review of fees and charges.	(14)		(14)	0	
2324-B4-149	Place and Economy	Review of Fees and Charges	Additional income generation from service annual review of fees and charges.	(9)	0	(10)	0	0
2324-B4-151	Corporate Services	Democratic and Elections Restructure	Aggregation restructure in Democratic & Elections Services	(50)		(50)		
2324-B4-081	Corporate Services	Transformation Team	Transformation Team - removal of initial funding. Funding of the team beyond 2022/23 will be through the Future Use of Capital Receipts policy that we have.	(2,900)	(2,900)			
2324-B4-015	Centrally Controlled Budgets	Treasury growth realigned	Removal of legacy and future predicted Treasury costs, with more specific revised Treasury forecasts provided.	(2,000)		(2,000)		
2324-B4-083	Education Services	Corporate Overheads review	Review of inflationary rate applied to corporate overheads chargeable to the central schools services block (CSSB) of the Dedicated Schools Grant (DSG)	(160)	(160)			
2324-B4-023	Communities and Opportunities	Enterprise Zone Admin Budget Changes	Recalculation of budgets, funded from increased Business Rates income via the Enterprise Zone Reserve. Alongside ensuring recharging of resource time to reflect current support.	(110)		(110)		
2324-B4-096	Finance	Revenues and Benefits Bad Debt review	Reduction in bad debt provision can lead to a one year release of excess bad debt provision.	(100)		(100)		
			<b>Net Position</b>	<b>(31,977)</b>	<b>(7,792)</b>	<b>(18,581)</b>	<b>(3,614)</b>	<b>(1,990)</b>

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## Treasury Management Update 2023-24 – Period 4

### 1. Report Background

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- 1.1 The report sets out the treasury management activity covering the following topics:
- Economic update
  - Interest rate forecast
  - Update on treasury activity covering:
    - Treasury portfolio
    - Borrowing & Investments
    - Treasury Management budget performance
    - Compliance update on TMSS approved, prudential and treasury limits

### 2. Introduction

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#### Capital Strategy

- 2.1 In December 2021, the Chartered Institute of Public Finance and Accountancy (CIPFA), issued revised Prudential and Treasury Management Codes. These require all local authorities to prepare a Capital Strategy which is to provide the following:
- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
  - an overview of how the associated risk is managed.
  - the implications for future financial sustainability.

#### Treasury management

- 2.2 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.
- 2.3 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 2.4 Accordingly, treasury management is defined as: "The management of the local authority's borrowing, 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.”

2.5 The CIPFA Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (annual, mid-year or quarterly reports). This report, therefore, ensures this Council is implementing best practice in accordance with the Code and it covers:

- An economic update to the period to July 2023 updated to reflect the most recent developments in the economy.
- The Council’s capital expenditure, as set out in the Capital Strategy, and prudential indicators.
- A review of the Council’s investment portfolio for 2023-24.
- A review of the Council’s borrowing strategy for 2023-24.
- An update of any debt rescheduling undertaken during this reporting period.
- A review of compliance with Treasury and Prudential Limits for 2023-24

### **3. Economics summary update**

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3.1 This period to July of 2023-24 saw:

- A 0.2% month on month (m/m) rise in GDP till May, with an increase of 0.5% in June.
- Core CPI inflation fall to 6.8% by the end of July.
- A tighter labour market in April, as the 3myy growth of average earnings rose from 6.1% to 6.5%.
- Interest rates rise by a further 75bps over the quarter, taking Bank Rate from 4.25% to 5.00% in June where it remained for July.
- 10-year gilt yields nearing the “mini-Budget” peaks, as inflation surprised to the upside.

#### **MPC Meetings**

3.2 On 11th May, the Bank of England’s Monetary Policy Committee (MPC) increased Bank Rate by twenty-five basis points to 4.50%, and on 22nd June moved rates up a further 50 basis points to 5.00%. Both increases reflected a split vote – seven members voting for an increase and two for none.

3.3 Nonetheless, with UK inflation significantly higher than in other G7 countries, the MPC will have a challenging task in convincing investors that they will be able to dampen inflation pressures anytime soon. Talk of the Bank’s inflation models being “broken” is another reason why gilt investors are demanding a premium relative to US and Euro-zone bonds, for example.

## 4. Interest rate forecasts

- 4.1 The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates.
- 4.2 The last forecast for this period made on 26th June, sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, against a backdrop of a stubbornly robust economy and a tight labour market.
- 4.3 Note that Link's forecasts have steadily increased during the quarter as the data continued to spring upside surprises, and the Bank of England continued to under-estimate how prevalent inflation is, and how tight the labour market is. The Government has also noted that despite immigration increasing markedly, high levels of ill-health amongst the workforce has led to wage demands remaining strong until such time as there is a loosening in demand for business services
- 4.4 Link Group's current (at 26 June) and previous PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

Link Group Interest Rate View		26.06.23											
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
<b>BANK RATE</b>	5.00	5.50	5.50	5.50	5.25	4.75	4.25	3.75	3.25	2.75	2.75	2.50	2.50
3 month ave earnings	5.30	5.60	5.50	5.30	5.00	4.50	4.00	3.50	3.00	2.70	2.60	2.50	2.50
6 month ave earnings	5.80	5.90	5.70	5.50	5.10	4.60	4.00	3.50	3.00	2.70	2.60	2.60	2.60
12 month ave earnings	6.30	6.20	6.00	5.70	5.30	4.80	4.10	3.60	3.10	2.80	2.70	2.70	2.70
5 yr PWLB	5.50	5.60	5.30	5.10	4.80	4.50	4.20	3.90	3.60	3.40	3.30	3.30	3.20
10 yr PWLB	5.10	5.20	5.00	4.90	4.70	4.40	4.20	3.90	3.70	3.50	3.50	3.50	3.40
25 yr PWLB	5.30	5.40	5.20	5.10	4.90	4.70	4.50	4.20	4.00	3.90	3.80	3.80	3.70
50 yr PWLB	5.00	5.10	5.00	4.90	4.70	4.50	4.30	4.00	3.80	3.60	3.60	3.50	3.50

Link Group Interest Rate View		24.05.23											
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
<b>BANK RATE</b>	4.75	5.00	5.00	4.75	4.50	4.00	3.50	3.25	2.75	2.50	2.50	2.50	2.50
3 month ave earnings	4.80	5.00	5.00	4.80	4.50	4.00	3.50	3.30	2.80	2.50	2.50	2.50	2.50
6 month ave earnings	5.10	5.20	5.10	4.90	4.50	3.90	3.40	3.20	2.90	2.60	2.60	2.60	2.60
12 month ave earnings	5.40	5.40	5.30	5.00	4.50	3.90	3.40	3.20	2.90	2.70	2.70	2.70	2.70
5 yr PWLB	5.00	5.00	5.00	4.80	4.50	4.10	3.70	3.50	3.30	3.20	3.20	3.10	3.10
10 yr PWLB	5.00	5.00	5.00	4.80	4.40	4.10	3.80	3.60	3.50	3.40	3.30	3.30	3.30
25 yr PWLB	5.30	5.30	5.20	5.10	4.80	4.50	4.20	4.00	3.80	3.70	3.60	3.60	3.60
50 yr PWLB	5.10	5.10	5.00	4.90	4.60	4.30	4.00	3.80	3.60	3.50	3.40	3.40	3.40

Link Group Interest Rate View		27.03.23											
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	
<b>BANK RATE</b>	4.50	4.50	4.25	4.00	3.50	3.25	3.00	2.75	2.75	2.50	2.50	2.50	
3 month ave earnings	4.50	4.50	4.30	4.00	3.50	3.30	3.00	2.80	2.80	2.50	2.50	2.50	
6 month ave earnings	4.50	4.40	4.20	3.90	3.40	3.20	2.90	2.80	2.80	2.60	2.60	2.60	
12 month ave earnings	4.50	4.40	4.20	3.80	3.30	3.10	2.70	2.70	2.70	2.70	2.70	2.70	
5 yr PWLB	4.10	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.20	3.10	
10 yr PWLB	4.20	4.20	4.00	3.90	3.80	3.70	3.50	3.50	3.40	3.30	3.30	3.20	
25 yr PWLB	4.60	4.50	4.40	4.20	4.10	4.00	3.80	3.70	3.60	3.50	3.50	3.40	
50 yr PWLB	4.30	4.20	4.10	3.90	3.80	3.70	3.50	3.50	3.30	3.20	3.20	3.10	

LIBOR and LIBID rates ceased at the end of 2021. In a continuation of our previous forecasts, our money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.

Link's forecasts for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

## 5. Summary WNC Treasury Portfolio Position

5.1 The highlight for the treasury portfolio position for the period to July 2023 is the council is forecasting a net borrowing position of £357m.

Table 1

West Northamptonshire Council 2023-24				
TREASURY PORTFOLIO 23-24				
	Period to date		Forecast out-turn	
	31-Jul-23		31-Mar-24	
Treasury investments	£000	%	£000	%
Total managed in house	128,295	94%	119,949	93%
Total managed externally	8,545	6%	8,545	7%
<b>Total treasury investments</b>	<b>136,840</b>	<b>100%</b>	<b>128,494</b>	<b>100%</b>
Third party loans	36,841		36,179	
<b>Treasury external borrowing</b>				
PWLB	454,082	86%	447,842	86%
Market, LOBO & other loans	75,602	14%	73,980	14%
<b>Total external borrowing</b>	<b>529,684</b>	<b>100%</b>	<b>521,821</b>	<b>100%</b>
<b>Net treasury investments / (borrowing)</b>	<b>(356,003)</b>		<b>(357,148)</b>	

5.2 The council has made £0.774m of loan repayments up until the reporting period to date of the year. The details are below:

- Partial principal repayment of just over £0.716m on PWLB loans.
- Full repayment of £0.058m on Growing Places Fund loan back in June 2023.

5.3 The forecast position on total external borrowing is £521.8m by the end of the financial year the council does not anticipate any further borrowing for the rest of the year.

## 6. Borrowing

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- 6.1 The need for further borrowing will be reviewed in line with the capital programme delivery schedule, but as highlighted above we don't anticipate any new requirement to take out any loans. Table 2 below sets out the maturity profile of the Council's borrowing portfolio at the end of Period 4 of £529.6m

Table 3

Term Remaining	Borrowing		Limits
	£m	%	%
Under 12 months	8.6	2%	80%
1-2 years	16.4	3%	50%
2-5 years	34.1	6%	50%
5-10 years	5.0	1%	50%
10-20 years	19.4	4%	100%
20-30 years	70.6	13%	100%
30-40 years	218.5	41%	100%
40-50 years	137.0	26%	100%
Over 50 years	20.0	4%	100%
<b>TOTAL</b>	<b>529.6</b>	<b>100%</b>	

## 7. Borrowing Restructuring

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- 7.1 Rescheduling opportunities have been limited in the current economic climate. No debt rescheduling has therefore been undertaken in the current financial year. Officers continue to monitor the position regularly.

## 8. Investments

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- 8.1 The Treasury Management Strategy Statement (TMSS) for 2023-24, which includes the Annual Investment Strategy, was approved by the Council on 22 February 2023. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

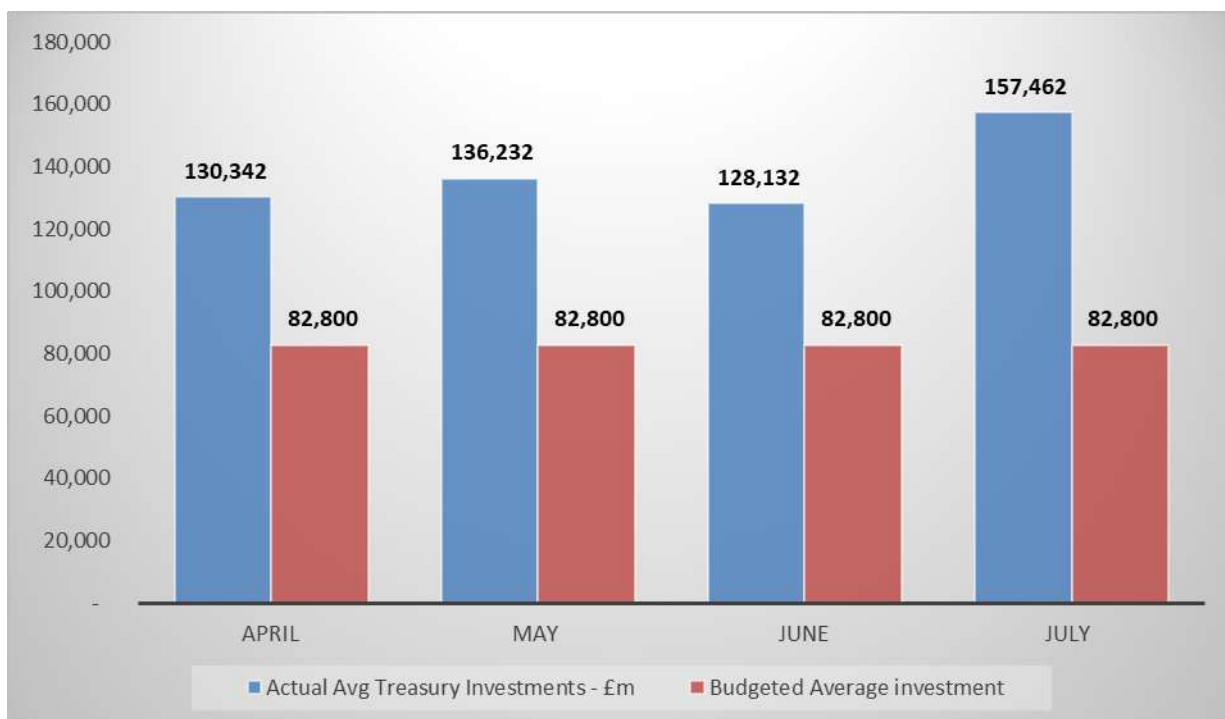
- Security of capital
- Liquidity
- Yield

- 8.2 The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and within the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short-term to cover cash flow

needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

8.3 The average level of funds available for investment purposes during this period to July 2023 was £138m as shown in the table below. These funds were available on a temporary basis, and the level of funds available was dependent on the timing of payments, receipt of grants and other income. At the end of the period the Council held £38m of liquid cash balances and £100m of short terms investments expected to mature within the financial year.

	April	May	June	July	For the period to date
Average treasury investments - £m	130,342	136,232	128,132	157,462	138,186



## 9. Investment performance year to date as of 31<sup>st</sup> July 2023

9.1 Below is SONIA (Sterling Overnight Index Averages) indicators based on a backward look showing the performance of the market when investments were made in the past.

FINANCIAL YEAR TO QUARTER 31/7/2023 (SONIA - Backward Looking)						
	Bank Rate	SONIA	1 month	3 months	6 months	12 months
Bank Rate	4.25%	4.37%	4.27%	4.11%	3.74%	2.7%
Councils Performance			5.11%	4.44%	n/a	n/a
(Under)/Outperforming SONIA			0.84%	0.33%		

9.2 As illustrated above, the Council outperformed the benchmark by thirty-three basis point for the reporting period. The Council's budgeted investment return for 2023-24 assumed an average of 3.5% return based on the timing of placed and future short-term investment following budgets preparations, the Council has outperformed the budget assumption to date. The improved return is reflected in the amount interest receivable in the section 14.2 below.

## 10. Treasury Management budget

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10.1 Outlined below is the Treasury budget performance for the period to July 2023. The net costs have varied significantly to budget as shown in the forecast out-turn with an improvement of £3.3m.

Table 3

Treasury revenue budget	TMSS Budget Approved	Forecast -out-turn	Variance
	£'m	£'m	£'m
Net financing costs -	14.27	14.27	0.00
Interest receivable on investments	(2.80)	(6.10)	(3.30)
<b>Total</b>	<b>11.47</b>	<b>8.17</b>	<b>(3.30)</b>

10.2 The key explanation for variance to the budgets are:

- **Interest receivable on investments** – we are expecting a better yield performance of £3.3m due to increased interest rates and more liquid cash being available for investment in comparison to the budget assumptions highlighted in paragraph 13 above.

## 11. Approved Limits

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11.1 Officers can confirm that the none of the approved limits within the Annual Investment Strategy were breached during the period ended 31st July 2023.

## 12. Compliance with Treasury & Prudential limits

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12.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During this period ending 31st July 2023, the Council has operated within

the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2023-24.

12.1.1 The Director of Finance reports that there are no difficulties expected for the current or future years in complying with these indicators.

12.1.2 All treasury management operations have been conducted in full compliance with the Council's Treasury Management Practices.

### Treasury and Prudential Indicators

Prudential Indicator	2023-24 Indicator	2023-24 - Period 4
Authorised limit for external debt <i>[Excluding PFI and Finance Lease Liabilities]</i>	----- £850.0m -----	
Operational boundary for external debt <i>[Excluding PFI and Finance Lease Liabilities]</i>	----- £800.0m -----	
Capital Financing Requirement (CFR) <i>[Excluding PFI and Finance Lease Liabilities]</i>	£935m	TBC
Ratio of financing costs to net revenue streams	1.6%	TBC
Principal sums invested > 365 days <i>[Excluding third party loans]</i>	£20m	£nil
Maturity structure of borrowing limits: -		
Under 12 months	Max. 80% Min. 0%	2%
12 months to 2 years	Max. 50% Min. 0%	3%
2 years to 5 years	Max. 50% Min. 0%	6%
5 years to 10 years	Max. 50% Min. 0%	1%
10 years and above	Max. 100% Min. 0%	88%

### Approved countries for investments as of 31st July 2023

Based on lowest available rating



AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- France
- Abu Dhabi (UAE)

AA-

- Belgium
- Qatar
- U.K.

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