

WEST NORTHAMPTONSHIRE COUNCIL CABINET

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

Report Title	Revenue Monitoring Provisional Outturn 2022-23
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Appendix A – 2022-23 Provisional Outturn Detailed Variance Analysis by Directorate

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1. Purpose of Report

- 1.1. The report provides an assessment of the Council’s provisional outturn position against its approved 2022-23 budget.

2. Executive Summary

- 1.2. 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.

- 1.3. Throughout 2022-23 the Council, alongside many other local authorities and organisations across the nation, has seen a significant impact on its finances as a result of external factors beyond its control. With levels of inflation reaching a 40 year high of 14.2% along with increasing demand led pressure across both Adults and Children's social care and the lasting impact of the pandemic on service demand levels across the Council.
- 1.4. The main drivers of these cost pressures are highlighted below:
 - Inflationary and cost of living pressures impacting on the cost of providing services.
 - Ongoing financial impact of COVID allied with the withdrawal of significant COVID funds previously received.
 - Demand led and inflationary pressures within the Children's Trust.
 - Significant pressures within Home to School Transport.
 - Demand led pressures within Adult Social Care.
 - Cost of living pay award significantly greater than the amount included at the time of setting the budget.
- 1.5. As a result of these externally driven financial challenges, throughout the year Directorate Management Teams have continually focussed on reducing the cost of service delivery in their areas to support the council to forecast spend closer in line with the budget, while ensuring that services are still delivered and that there isn't a corresponding reduction in service provision.
- 1.6. Through stringent financial controls and management action the Council has tackled the financial challenges in a pro-active manner and delivered a forecast outturn position in line with the originally agreed budget within the context of a very challenging local and macro-economic context. At one point in the year the Council faced a £26.9m overspend against the budget but has worked hard to reduce the overspend throughout the year which is now provisionally at a £302,000 overspend on a £342.3m budget. A percentage variance of less than 0.1% on the original budget.
- 1.7. Table one summarises the 2022-23 provisional outturn position.

Table One: Forecast Outturn 2022-23 by Directorate

Directorate	Net Budget £'000	Forecast Net Spend at 31/03/23 £'000	Provisional Outturn Forecast Variance £'000	Q3 Outturn Forecast Variance £'000	Movement Since Q3 £'000	Forecast Variance against budget %
Corporate Services	23,282	22,960	(322)	(569)	247	-1.4%
Chief Executive Office	3,229	2,864	(365)	(633)	268	-11.3%
Education Services	5,014	5,000	(14)	(68)	54	-0.3%
Children's Trust	73,544	85,521	11,977	7,552	4,425	16.3%
Communities and Opportunities	12,201	12,623	422	268	154	3.5%
Adults, Communities & Wellbeing	110,504	121,173	10,669	8,972	1,697	9.7%
Place and Economy	83,195	85,172	1,977	4,814	(2,837)	2.4%
Finance Directorate	9,808	9,000	(808)	(796)	(12)	-8.2%
Cost of services	320,777	344,313	23,536	19,540	3,996	7.3%
Technical / Centrally Controlled Budgets*	21,541	11,549	(9,992)	(8,838)	(1,154)	-46.4%
Total budgeted expenditure	342,318	355,861	13,543	10,702	2,842	4.0%
Less funding	(342,318)	(355,559)	(13,241)	(6,800)	(6,441)	3.9%
Net Position 2022-23	0	302	302	3,902	(3,599)	

- Budget figures are subject to change as the closure of account process is finalised.

1.8. The provisional forecast outturn position for 2022-23 is an overspend of £0.3m after use of £10.1m of budget contingencies, which were set aside in the budget for risks that have subsequently crystallised in the current financial year. This represents a favourable movement of £3.6 m from the Quarter 3 position reported to Cabinet in February 2023. The detailed forecast variations against budget are set out in section 6.

1.9. The main reasons for the underlying pressures which Directorates have experienced throughout the financial year are;

- Increasing levels of inflation, with RPI reaching a high of 14.2% in October 2022 and reducing to 11.4% in April 2023 and with CPI reaching 11.1% in October 2022 reducing to 8.7% in April 2023.

- Increase in homelessness and the use of expensive nightly purchase temporary accommodation.
- Increase in Adult social care demand at the end of 2021-22 due to demands from hospital discharges.
- More Adults care packages and packages at higher costs reflecting both increase in complexity following COVID and market conditions. Demand is outstripping supply which is directly pushing costs up.
- The Children's Trust are seeing increasing demand for limited, and expensive placements for children with complex needs. This is driving up costs.
- The staff pay award has now been agreed and is greater than anticipated when the budget was set.
- Significant pressures relating to Home to School Transport spend.

Housing Revenue Account

- 1.10. 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.
- 1.11. Northampton Partnership Homes (NPH) are an arms-length management organisation and manage the Council's housing stock on its behalf, and is currently 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
- 1.12. The financial reporting of service delivery for these areas is also supplied by NPH and are incorporated in the Council's HRA financial position for the current year.

Table Two: HRA Provisional Outturn 2022-23 by Activity

Other Funds (HRA)		Forecast Net Expenditure at 31/3/2023	Provisional Outturn Forecast Variance at 31/3/2023	Q3 Outturn Forecast Variance at 31/3/2023	Movement Since Q3	Forecast Variance Against Budget
Retained WNC Budgets	Net Budget £000	£000	£000	£000	£000	%
Dwelling Rents	(53,050)	(52,502)	548	663	(114)	-1.0%
Non-Dwelling Rents	(951)	(1,042)	(91)	(53)	(37)	9.5%
Other Charges for Services	(2,435)	(2,701)	(266)	(158)	(107)	10.9%
Contributions towards Expenditure	(16)	(10)	6	2	3	-35.6%
General Management	922	985	63	(2)	65	6.8%
Special Services	50	26	(24)	(6)	(18)	-47.7%
Rent, Rates, Taxes & Other	302	430	128	1	127	42.3%
Provision for Bad Debts	400	438	38	0	38	9.4%
General Fund Recharges	2,650	2,717	67	0	67	2.5%
Interest Capital Financing Charges	8,802	7,568	(1,234)	(1,138)	(95)	-14.0%
Depreciation (MRA)	13,500	13,500	0	0	0	0.0%
Revenue Contributions to Capital	1,238	1,224	(13)	0	(14)	-1.1%
Contributions to/from Reserves	0	0	0	366	(366)	0.0%
Total Retained Budgets	(28,588)	(29,366)	(778)	(326)	(452)	2.7%
Budgets Managed by NPH	£,000	£,000	£,000	£,000	£,000	%
Repairs & Maintenance	14,892	15,346	454	285	169	3.0%
General Management	8,469	8,602	133	(145)	278	1.6%
Special Services	5,227	5,418	191	186	5	3.7%
Total Managed Budgets	28,588	29,366	778	326	452	2.7%
Net Position	0	0	0	0	0	0

1.13. The provisional outturn variance for the HRA is a balanced position.

HRA Budgets Retained by the Council

1.14. The key movements reported since the Quarter 3 position relate to an increase in rental income and service charges over and above anticipated levels, and a reduced planned contribution to general reserves in order to offset the additional costs reported in the HRA managed budgets.

Managed Budgets

- 1.15. NPH have reported continuing pressure on the repairs and maintenance budget. This is partly due to increasing costs of raw materials and building supplies together with skill shortages in the labour market. In addition to this, the cost of legal advice and additional pension costs have put further strain on the budget since quarter 3.

Dedicated Schools Grant

- 1.16. 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.
- 1.17. 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:

Dedicated Schools Grant			
Schools Block	Early Years Block	High Needs Block	Central Schools Services Block (CSSB)

- 1.18. The individual school's budgets (ISB) for academies and funding for high needs 'places' in academies (set prior to the start of academic year) are paid to academies directly from the Education Skills and Funding Agency (ESFA) reflecting the shift in responsibility for the funding of academies. This funding is taken off the DSG before the grant is paid to LAs and is termed 'recoupment'.
- 1.19. Academies are independent of the local authority and are accountable directly to the DfE. The DfE agency responsible for all school related funding is the Education and Skills Funding Agency (ESFA). Maintained schools continue to receive funding directly from the Council through the DSG.
- 1.20. The Dedicated Schools Grant (DSG) provisional outturn for 2022-23 is as follows:

Table Three – DSG

DSG Block	Gross Budget £'000	Recoupment £'000	Net Budget £'000	Provisional Outturn at 31/03/23 £'000	Provisional Outturn Forecast Variance at 31/03/23 £'000	Q3 Outturn Forecast Variance as at 31/12/22 £'000	Movement Since Q3 £'000	Variance against Net Budget %
Schools	320,549	(253,191)	67,358	67,444	86	0	86	0.1%
Early Years Provision	26,447	0	26,447	25,613	(834)	(458)	(376)	-3.2%
High Needs	61,124	(16,007)	45,117	47,084	1,967	1,554	413	4.4%
Central Schools Services Block	4,273	0	4,273	3,988	(285)	72	(357)	6.7%
Net Position 2022-23	412,393	(269,198)	143,195	144,129	934	1,168	(234)	

1.21. The DSG provisional outturn expenditure variance is an overspend of £0.93m which is a favourable movement of £0.23m from the position reported to Cabinet in February 2023.

High Needs Block

1.22. The pressure in the high needs block is made up of £1.97m overspend due to increased demand for out of county placements provision for pupils with SEND due to a growth in education, health and care plans, and an overall shortage of placements in county. The 2022-26 capital programme includes investment to increase resourced places in mainstream schools and special school expansions.

Early Years Block

1.23. The early years block is £0.83m underspent which includes a £0.86m underspend on central expenditure due to staffing vacancies. The service have developed a plan to recruit to centrally funded posts in the 2023-34 financial year to offer the sector advice, support and guidance around quality first teaching, safeguarding, SEND specialist support, transitions, funding and any other areas of need.

1.24. Three and four year old funding is underspent by £0.58m due to fewer hours claimed according to the January census figures compared to the budgeted hours. In contrast two year old funding is overspent by £0.29m due to more hours claimed.

1.25. The inclusion fund which supports early years providers in meeting the needs of individual children with SEN is £0.37m overspent with increased demand (volume and complexity) above budgeted levels.

Central Schools Service Block (CSSB)

- 1.26. The CSSB is underspent by £0.28m, largely due to a £0.15m underspend on historical teachers' redundancy and pension costs, with the remainder due to underspends on central local authority statutory teams due to staff vacancies.

Schools Block

- 1.27. The general un-ringfenced part of the schools block is overspent by £0.09m consisting of a £0.12m overspend on the pupil growth fund, which is mitigated in part by a small underspend on rates.
- 1.28. With respect to de-delegations (approved by schools' forum and ringfenced to maintained schools) the funds were underspent by a total of £0.39m across redundancy (£0.17m), school improvement activity (£0.19m) and union facilities (£0.02m). These will all be carried forward separately from the general DSG balances and Schools Forum will be consulted on the application of these funds to their specific usage in the next financial year.

3. Recommendations

- 1.29. It is recommended that the Cabinet:
- a) Note the provisional outturn position for 2022-23
 - b) Note the deliverability of West Northamptonshire Council savings requirement for 2022-23 summarised in section 9 and detailed in Appendix B
 - c) Approve the service carry forward requests in Appendix C
 - d) Delegate authority to the Executive Director – Finance in consultation with the portfolio holder for finance to utilise any budget virements to effectively manage the overall budget
 - e) Approve the agreed debt write-off requests that are greater than £25,000 as detailed in section 7

4. Reason for Recommendations

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

5. Report Background

- 1.31. The Council's budget for 2022-23 is £342.3m and was approved on 24 February 2022 by Full Council, the budget includes £19.3m of efficiency and income proposals. This report sets out the Council's provisional outturn position against the approved budget.

6. Financial Overview by Directorate

- 6.1 This section of the report provides an update on the forecast variations against the 2022-23 budget. A more detailed breakdown of the 2022-23 forecast is included in Appendix A.

Corporate Services

Net Budget £23.38m

Forecast Outturn £22.96m

Forecast underspend £0.32m

Variance percentage -1.38%

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

Summary Position 2022-23

- 6.3 The Directorate is reporting a forecast outturn position of £0.32m underspend, which is an adverse movement of £0.25m from the reported Quarter 3 position.

- 6.4 The reported position includes an overspend of £2.5m of which £1.8m is due to increases in the costs of IT contracts, and changes in service delivery. There are also legacy council income targets which cannot be met, and several services with staffing pressures. These are partially offset through one-off income and staffing underspends in other areas of Corporate Services of £1.9m.

- 6.5 Additionally, Corporate Services Management Team have identified £1.1m of mitigations which fully offsets the Corporate Services budget pressures and contributes to the wider authority budget pressures.

Movement from Quarter 3

- 6.6 The £0.2m movement from the reported Q3 position is due mainly to additional DTI contracts pressures of £0.4m, a reduction in mitigations of £0.4m due to not using one-off resources.

- 6.7 This is partially offset by additional underspends of £0.6m, of which £0.4m is due to additional income, and £0.2m due to holding staffing vacancies.

- 6.8 A carry forward request has been submitted for £0.1m in relation to additional DTI contract costs, which is included in the outturn position.

Chief Executive Services

Net Budget £3.23m

Forecast outturn £2.86m

Forecast underspend £0.37m

Variance percentage -11.30%

- 6.9 Chief Executive Office includes the Chief Executive, Assistant Chief Executive, Communications and Business Intelligence Services.

Summary Position 2022-23

- 6.10 The Directorate is reporting a forecast outturn position of £0.3m underspend, an adverse movement of £0.3m from the Quarter 3 reported position.
- 6.11 This position includes an overspend of £0.2m which in the main relates to a shortfall in service aggregation savings which was a result of assumed senior staff savings from bringing the Councils together not fully matching with the budgets that came across from the four legacy authorities.
- 6.12 This pressure is offset by £0.3m one-off income and staffing underspends due to a delay in the restructure of Business Intelligence.
- 6.13 The Management Team in Chief Executive Services have identified further mitigations of £0.2m from one off income, which contribute to reducing the pressures reported in other directorates.

Movement from Quarter 3

- 6.14 The £0.3m adverse movement from Quarter 3 is largely due to the reversal of use of one-off funding, and carry forwards, which has been partially offset by additional income and staff savings. A carry forward request for £23k has been requested and is included in the outturn position.

Education Services

Net Budget £5.0m
Forecast outturn £5.0m
Forecast underspend £0.0m
Variance percentage -0.28%

- 6.15 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.

Summary Position 2022-23

- 6.16 Education Services are reporting a balanced position despite a worsening in the forecast outturn of £0.05m from Quarter 3.
- 6.17 The directorate has overspends of £0.7m made up of £0.4m traded income shortfall in Educational Psychology based on the latest capacity available to fulfil service level agreements, £0.1m legal cost overspend relating to SEND tribunals and compensation payments, and £0.2m of uncontrollable historical pension strain costs.
- 6.18 This is mitigated in part by underspends totalling £0.5m mainly due to staffing vacancies underspends (£0.3m).

- 6.19 In addition, the Education Service has delivered efficiency proposals which will contribute a further £0.2m of budget mitigations.

Northamptonshire Children's Trust

Net Budget £73.5m

Forecast outturn £85.5m

Forecast overspend £11.9m

Variance percentage 16.3%

- 6.20 The contract for Northamptonshire Children's Trust provides children's social care services across both West and North Northamptonshire Councils.

Summary Position 2022-23

- 6.21 Northamptonshire Children's Trust (NCT) are reporting a provisional outturn overspend totalling £21.4m against the initial approved contract sum of £137.45m. Based on the agreed contract split between West and North Northamptonshire Councils, WNCs share of the total is an overspend of £11.9m against the contract sum of £76.75m (56%). This is an adverse movement of £4.4m from the position reported in Q3.
- 6.22 The main reason for the overspend relates to placements for children in care which amounts to a total of £16.7m (£9.4m WNC share) – a total adverse movement of £7.1m from the quarter 3 position. There are increasing numbers of children coming into care in Northants due to the impact of covid and the national economic picture. The current levels of volatility, flux of emergency placements and increasing complexity of need, in addition to inflationary pressures, represent a significant financial challenge for the year ahead. This is representative of the national picture where there is a shortage of appropriate places in children's homes and with foster carers, meaning that high prices are often being paid by local authorities who are responsible for placing children in appropriate settings. The key drivers of the overspend are residential and supported accommodation placements, with the top five placements costing in excess of £10,000 per week per child.
- 6.23 There is a pressure of £1.9m in respect of a national pay award for NCT staff – the WNC share of this is £1.1m.
- 6.24 There is a pressure of £0.8m relating to The Local Government and Social Care Ombudsman decision on the historic treatment and compliance with Special Guardianship Allowance policy. The additional costs relate to the implementation of the Ombudsman decision and the backdating of payments to all Special Guardianship payments. The decision was made on the 24th of August, and the new policy and payments must be made within three months of the decision. WNC's share of this is £0.45m.
- 6.25 There are also pressures on transport costs of £0.8m (£0.45m is the WNC share), which is a result of an increase in fuel costs. The overall position has worsened by £0.1m from the previously reported position. The impact of covid led to increased transport demand for supporting children in care. Whilst work is underway in implementing transition arrangements to reduce historic

agreements, there is a risk that the inflation on transport costs could rise above current levels and the recent increase in covid infections may reduce the opportunities to lessen demand.

- 6.26 Internal foster care provision is more cost effective than paying for external placements, therefore to ensure the Trust can continue to recruit and retain internal foster carers it has been decided to provide a greater inflationary uplift to their foster carer payments (an increase from 1.5% to 4%, back dated to October 2022). This will cost an additional £0.1m of which WNC's share is £0.058m.
- 6.27 The Trust continued to use a managed social care team until the end of the financial year, which provided additional capacity to the safeguarding service, ensuring that social care caseloads continued at a manageable level. This results in an additional pressure of £0.7m, WNC's share is £0.4m.
- 6.28 The Trust continue to develop proposals to mitigate the forecast full year impact in 2023-24 of demand pressures that have materialised since agreeing the 2023-24 budgeted contract sum. This will be followed up as part of the governance arrangements between the Council and the Trust, which includes regular monitoring reports.

Movement from Quarter 3

- 6.29 Demand led placement forecasts materialising above previous forecast modelling due to higher than anticipated activity and average price increased in the final quarter makes up c£4m of the adverse movement from Q3.
- 6.30 The remaining £0.4m adverse movement is due to increased costs in other demand led budgets e.g. legal and transport.

Communities and Opportunities

Net Budget £12.20m

Forecast outturn £12.62m

Forecast overspend £0.42m

Variance percentage 3.45%

- 6.31 The Communities and Opportunities Directorate includes Housing, Leisure, Libraries, Economic Development, Regeneration and Community Safety & Engagement.

Summary Position 2022-23

- 6.32 The Directorate is forecasting an overspend of £0.42m, which is an adverse movement of £0.154m from the reported Quarter 3 position.
- 6.33 Within the overall provisional position, we continue to have a pressure in the cost of temporary accommodation. The nightly purchase costs of housing are increasing rapidly due to economic inflationary pressures totalling £1.44m, consisting of additional bed and breakfast costs and additional temporary private housing costs. This has been partially relieved by sources of external funding of £0.66m.

- 6.34 On outturn Housing Benefit subsidy loss of £0.76m was due to the higher demand for temporary accommodation for the homeless and the increasing use of expensive nightly purchase accommodation. This pressure is being directed to the Housing service where Homelessness and temporary accommodation use is managed as this is where the decision that impact the amount of subsidy loss are taken.
- 6.35 The Communities and Opportunities service aggregation saving carried forward from 2021-22 was not achievable. When the current budget was set it was assumed that restructuring throughout the directorate would deliver the savings proposal, however as transformation work is still on-going, this has resulted in a shortfall of £0.5m.
- 6.36 A contribution to the provision for bad debt for general fund housing temporary accommodation reflecting an increase in demand over the year has resulted in a £0.24m requirement to maintain an adequate provision.
- 6.37 Temporary accommodation works overspent by £0.2m as a result of incurring higher refurbishment costs around temporary accommodation properties reflected in an increased management fee to Northampton Partnership Homes.
- 6.38 The final key issue relates to a under achievement of £0.22m in management fee income for leisure services as reported in year due to current economic issues.
- 6.39 The Communities and Opportunities Management Team have delivered efficiency proposals that have contributed over £1.0m to mitigate costs pressures within the directorate.

Movement from Quarter 3

- 6.40 The movement is driven by an increase in pressure on both temporary and supported accommodation offset by further underspends including additional funding being secured to partly fund resources within economic development and further staff related savings across the Directorate.

Adult Social Care

Net Budget £110.50m

Forecast outturn £121.17m

Forecast overspend £10.67m

Variance percentage 9.65%

- 6.41 The Adult Social Care Directorate consists of services that provide 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.
- 6.42 The Directorate also has responsibility for Public Health. This service was successfully disaggregated on the 1st October 2022 from the previous arrangement where Public Health was hosted in North Northants.

Summary Position 2022-23

- 6.43 The provisional outturn for the Adult Social Care Directorate is an overall £10.7m pressure against budget for 2022-23 which is an adverse movement of £1.7m from the reported Quarter 3 position. The reported pressure of £10.7m is driven largely by significant demand and cost pressures since budget setting.
- 6.44 There are undeliverable budgeted savings of £8.8m. The Strength Based Working planned savings of £4.1m has not been delivered in year as intended as even though tracked savings for 2021-22 evidenced delivery of £5m independent care budgets have not seen an associated reduction due to the increased demand the service has encountered and the overall expenditure has remained unchanged in the current year. This has been corrected in the 2023-24 Final Budget.
- 6.45 £2.9m of Admission avoidance savings, including undelivered savings brought forward from 2021-22 of £2.3m, have not been delivered in 2022-23. This is due to insufficient evidence that the targeted reduction in acute admissions has reduced Adult Social care demand in this financial year. Current new demand through the acutes is outstripping the demand management interventions put in place.
- 6.46 In addition, £0.7m of savings has not been delivered against the utilisation of in-house residential savings. The complexity of Older People requiring Residential care has increased and that has made it more difficult to place in our own residential homes as planned.
- 6.47 £1.1m shortfall of the income target from utilisation of Specialist Care Centres by NNC, this has been lower than originally expected in both Spinneyfields and Thackley Green. This has resulted in the closure of Spinneyfields, located in North Northants in January 2023.
- 6.48 There are now 500 more clients requiring care than in April 2021, a considerable increase on the 3,500 clients at that time and a clear sign of the level of demand experienced. This has resulted in a significant upturn in the level and cost of independent care packages across client cohorts of £6.7m following the publication of the 2022-23 budget. £3.3m of this is driven by cost and volume increases within Learning Disability and Mental Health cohorts. This is as a result of both the long-term impact of the pandemic and the alignment of clients to West Northants based on their ordinary residence. £3.4m of the pressures in Older Peoples services driven by higher complexity of individuals and the volumes of individuals being discharged from hospital.
- 6.49 At the height of the pandemic, there was an urgency to clear hospitals of medically fit clients and the cost of the first four weeks of these Discharge to Assess (D2A) placements was covered by Health but this has since ceased. The cessation of the national funding from the beginning of this financial year has created a budget pressure of £1.7m. The service assumed that clients discharged from hospital could be covered within existing care budgets. In addition to this there is a residual pressure of £1.0m on the Older People's Residential budgets from the D2A placements, driven by a combination of the significantly high cost per week and higher than average length of time clients has remained in these placements.
- 6.50 There are external contract pressures of £0.4m from the Adult prevention contracts, from property voids mainly as a result of the inability to fill some beds due to compatibility issues and from increased legal costs due to an increase in the number and complexity of cases. In addition, the PFI contract budget is forecast to overspend by £0.3m due to a higher than budgeted

indexation level. The Deprivation of Liberty Safeguards (DOLS) service is also reporting a pressure of £0.2m from statutory doctors' section 12 assessments.

- 6.51 There is a £0.9m pressure on client transport budgets where costs have continued to increase across the year above forecasts, Transformation resource has been assigned to look at the underlying reason for the pressure and the ability of the service to mitigate rising costs in future years.
- 6.52 The provisional outturn for in House Provider Services is an overall underspend of £0.9m, mainly driven by staff vacancies.
- 6.53 Staff vacancies in the earlier part of the year within Commissioning and Performance Service, has resulted in an underspend of £0.4m particularly in the Financial Assessment Team.
- 6.54 £1.3m of further vacancies has arisen across the Directorate due to the difficulty in recruitment across the social care sector, this has mitigated the cost pressures forecast in the last quarter. The Reablement Service went through a restructure in 2022-23, and a number of vacancies are still yet to be filled.
- 6.55 £0.4m shortfall of the income target for client contributions towards social care packages, despite an increase in demand for care. Analysis has evidenced a fall in the number of 'self funders' where individuals pay their full cost of care based on their ability to pay.
- 6.56 £6.1m of mitigations were delivered in 2022-23 that were initially identified when significant pressures emerged in the early part of the year.
- 6.57 One-off funds of £1.321m are being used to mitigate the legacy brought forward budget pressures for Spinneyfields Specialist care centre in 2022-23. On the 1st April 2021 the PFI contract for the four Specialist care centres novated to WNC alongside the operational responsibility, where two of the centres were geographically located in North Northants. Due to the location, Adults services in West found it difficult to place individuals outside of WNC in Spinneyfields, and NNC utilisation was also low. Following public consultation, the centre was closed in January 2023, although budgetary pressures remained for the financial year.

Movement from Quarter 3

- 6.58 Adult Social Care is reporting an overall increase in the revenue pressure of £1.7m from Quarter 3 to provisional outturn.
- 6.59 Overall deliverable savings have reduced by £1.8m that has been driven by the difficulty of placing clients into our in house residential homes of £0.7m due to their increasing complexity of needs against the accommodation available. A further £1.1m of savings have not been delivered due to lower utilisation by NNC of Spinneyfields and Thackley Green specialist care centres. Following consultation WNC took the decision to close Spinneyfields in January 2023 due to low occupancy and the inability to place WNC clients outside of the local authority boundary.
- 6.60 In year pressures have increased by £0.5m since Quarter 3 reports. £0.4m of this has been driven by a reduction in the level of client contributions expected due to a fall in the number of self funders. In addition, the service has cleared a backlog of financial assessments that has generated

less income than expected. Other pressures identified since Quarter 3 include an increase in the operational costs of the Specialist care centres of £0.8m including agency costs and utilities and further client transport costs of £0.2m. However, further staff vacancies in other areas of provider services of £0.6m and a fall in the independent care budget pressure of £0.4m have mitigated the overall cost pressures.

- 6.61 Underspends across Adult Social care have increased by £1.1m as a result of further staff vacancies across care management due to the difficulty of recruitment and further income from the ICB (Integrated Care Board) for reablement services.
- 6.62 Due to the significant budget pressures the service was facing earlier in the year a number of stretch savings were planned for. However, since Quarter 3 reporting £1.8m of these have not been achieved, but will be delivered across 2023-24.

Place and Economy

Net Budget £83.19m

Forecast outturn £85.17m

Forecast overspend £1.98m

Variance percentage 2.38%

- 6.63 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. The Directorate has been significantly impacted by the long-term effect of covid and the rising cost of inflation on contracts and service provision. Demand has altered because of changes in people's behaviours, and the national labour shortage in the transport market has resulted in decreased competition and a subsequent increase in operator prices.

Summary Position 2022-23

- 6.64 Overall, the Place and Economy Directorate is reporting a net overspend of £2.0m, which is a favourable movement of £2.8m from the position reported in Quarter 3.
- 6.65 Carry forwards of £0.1m are requested for planning and legal appeals which has been included in the forecast outturn position.
- 6.66 The underlying pressures in this directorate total £10m, of which Home to School transport is £5.3m due to a combination of both the long-term impact of covid on the transport market and increased fuel prices.
- 6.67 Inflationary pressures totalling £2.8m have arisen during the year due to the unforeseen increases in this area. £1.9m on energy costs across properties within Place & Economy, street lighting and traffic signals. Contract price increases due to inflation causing a pressure of £1m within the Waste Highways & Transport service.
- 6.68 The service aggregation saving carried forward from 2021-22 of £1m has not been achieved, due to delays in Service aggregation and restructuring. Transformation work is still on-going, within the Directorate and these plans are reflected within in 23-24 Budget Proposals.

- 6.69 There is an adverse variance on savings delivery proposals primarily due to project delays and pressures on income streams that have not returned to pre-covid levels. This is offset by various underspends across the directorate. The net overspend in this area is £0.3m.
- 6.70 The underlying pressures are largely being offset by underspends and mitigations totalling £8m.
- 6.71 Underspends include additional income of £1.6m across estates management (£0.6m), waste (£0.5m), highways (£0.4m) and car parks (£0.1m).
- 6.72 There are underspends on staffing as a result of the vacancy freeze and Highways & Transport disaggregation (£1.1m).
- 6.73 Due to the relatively mild winter, there was less winter maintenance activity than anticipated delivering a saving of £0.2m, our costs were £0.2m less than predicted following the final reconciliation of costs on the Inter-Authority Agreements, in addition there is a £0.1m saving due to reductions in concessionary fares as passengers numbers have not returned to pre-covid levels.
- 6.74 The waste service has seen a reduction in volumes of residual waste, which led to an underspend of £1.5m. Due to the high volume of activity within the waste service, these variances are extremely sensitive, for example a 1% change in volume of residual waste will result in a movement in expenditure of over £0.1m.
- 6.75 There are underspends within Assets and Environment totalling £1.2m relating to property management running costs, a reduction in reactive maintenance due to continued working from home arrangements, and resolution of a historic dispute with a contractor. There has been a further £0.3m reduction in net costs on the Northampton Schools PFI scheme.
- 6.76 There is a £0.1m underspend in the Planning service due to an over accrual in 2021-22.
- 6.77 The Place and Economy Management Team identified further efficiency proposals that contributed £1.4m to reduce the overall pressures within the directorate.

Movement from Quarter 3

- 6.78 Overall, the Place and Economy Directorate is reporting a favourable movement of £2.8m from the position reported in Quarter 3.
- 6.79 The waste service has seen a reduction in costs of £1.1m primarily due to less tonnages, which is the impact of the cost-of-living crisis combined with a move towards pre-covid behaviours.
- 6.80 There has been an increase in estates management rental income (£0.5m), plus additional highways income (£0.3m) off-set by a reduction in car park income (£0.1m) from forecast due to re-classification of a one-off budget.
- 6.81 There has been a further decrease in staff costs across the directorate of £0.2m due to delays with recruitment.

- 6.82 Expenditure on home to school transport has reduced by £0.2m based on journeys completed, and there is a £0.2 favourable movement following the final reconciliation of cost on the Inter Authority Agreements within highways and transport.
- 6.83 There are various net underspends across the directorate totalling £0.2m after considering the re-classification of one-off budgets not utilised during the year and carry forward requests.

Finance

Net Budget £9.81m
Forecast outturn £9.00m
Forecast underspend £0.81m
Variance percentage -8.24%

- 6.84 The Finance Directorate services include strategic finance, accountancy, revenue and benefits, procurement, and internal audit services.

Summary Position 2022-23

- 6.85 The Directorate is reporting a £0.8m underspend, with a minor favourable movement from the position reported to Cabinet in Quarter 3.
- 6.86 The Directorate underspend is made up primarily of savings on vacant posts, additional unbudgeted income and savings attributed to bringing the Internal Audit team back in house.

Technical/Centrally Held Items

Net Budget £21.54m
Forecast Outturn £11.55m
Forecast underspend £9.99m
Variance percentage -46.4%

- 6.87 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.

Summary Position 2022-23

- 6.88 The Technical and Centrally Controlled Directorate are reporting an overall underspend of £9.9m against budget for 2022-23.
- 6.89 This position includes a budget pressure relating to the pay award agreed for staff which was greater than that assumed at the time of setting the budget. The Council's budgets were prepared and published in February 2022 and since then the national economic outlook materially changed with rapidly increasing inflation rates. The pressure of £3.4m is the amount over and above what was included in the February 2022 budget, which for 2022-23 was linked to the national pay offer which has recently been agreed with the Trade Unions.

- 6.90 A council wide contingency budget is managed within the centrally controlled budget which at the start of the year stood at £15.4m. This consists of disaggregation budget of £0.4m brought forward from 2021-22, pay inflation £4.9m and a general contingency of £10.1m. The Council's provisional outturn position assumes the full utilisation of £10.1m contingency budget within the position.
- 6.91 There is an underspend of £2.9m within treasury management. This underspend is due to several factors including an improved position on investment income due to higher interest rate yields, and more surplus cash being available for investment, underspends on borrowing costs due to changes in the loan portfolio and not exercising any new borrowing needs in the year, offset by pressures on finance and insurance charges.
- 6.92 There is a currently an estimated increase required to top up the aged debt provision which is resulting in an additional pressure of £0.1m. Further work is being undertaken as part of the year end accounting process to confirm the final position on the provision.

Movement from Quarter 3

- 6.93 There has been a favourable movement of £1.2m from the position reported to Cabinet in the Quarter 3 report. This is largely driven by an additional £0.8m investment returns from having more surplus cash for investment, and improved yields, as well as a reduction in insurance and external audit costs.

Funding

- 6.94 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 Four

Funding	Net Budget £'000
Council Tax income	224,146
Business Rates income (including S31 Grant)	64,696
Adult Social Care Grants	22,414
Transfer from Reserves	21,464
New Homes Bonus	5,152
Services Grant 22-23	3,457
Other Government Grants	989
Total Funding	(342,318)

- 6.95 Within the funding budget it has been identified that business rates receivable (including S31 grant) will be greater than the set budget by £12.8m and this is incorporated into the provisional outturn position.
- 6.96 S31 grant is given to the council to compensate it for the loss of forgone business rates, due to reliefs given by the government. Due to the amount of growth in business rates being greater

than anticipated there is no need to hold back the S31 grant for business rates and therefore it can be released in full at this point.

- 6.97 There is an additional benefit of £0.4m due to business rates levy surplus that was confirmed in the Local Government Final Settlement.
- 6.98 The funding budget also holds the budget for the movement of reserves included within the 2022-23 Medium Term Financial Plan. As part of the closure of accounts process these movements are being assessed as to whether the reserves still need to be fully utilised in year, and therefore may be subject to change from provisional to final outturn.

7. Aged Debt

- 7.1 During 2022-23 a collectability assessment and review of the Council's aged debt portfolio has been undertaken and following a robust review process, a number of invoices have been assessed as non collectable.
- 7.2 Customer invoices totalling £1,575k have been assessed as uncollectable. Of this value invoices totalling £750k were approved by the S151 officer for write off in 2022-23.

Table Five – Aged Debt Write Offs

	Total Write Off £k	%
Adult Social Care	470	63%
Children's Services	136	18%
Corporate Services	77	10%
Place and Economy	34	5%
Housing	11	1%
Other	21	3%
Total	750	

- 7.3 The remaining amount of £825k relates to customer balances exceeding a total value of £25k require Cabinet approval for write-off, and subject to Cabinet approval will be written off in 2023-24. The details are set out below;
- £451k included in relation to Adults Social Care clients where all avenues of collection have been explored and exhausted.
 - Of the £451k, £231k accumulated debt in relation to deceased Adult Social Care clients, collection process exhausted and recommended for write off following collectability assessment by the debt team.
 - £220k accumulated debt in relation to Adult Social Care clients where the debt team has been advised of extenuating circumstances, legal advice has been sought and debt has been reviewed as uneconomical to pursue.

- £383k in relation to unachievable income expectations from a legacy council regeneration scheme.
- £36k accumulated debt in related to property estates management invoices due to company liquidation.

The amount of debt outstanding must regularly be reviewed and an assessment made as to whether the amounts outstanding are still collectable. The debt highlighted above and those already written off by the S151 officer are deemed not to be collectable. These will be charged to the bad debt provision and therefore do not have a direct impact on the revenue account.

8. Flexible Use of Capital Receipts

- 8.1 During 2022-23 the Council's Flexible Use of Capital Receipts strategy allowed the funding of specified transformation costs through the use of capital receipts as detailed below in table six.

Table Six

Transformation Project Description	2022-23 Forecast Expenditure £k	2022-23 Provisional Expenditure £k	2022-23 Forecast Savings associated with the transformation £k	Cumulative Savings £k
Transformation costs - The transformation team has been set up to deliver on going transformation and savings. The estimated cost of the team is £2.9m in 2022-23. The team will support all transformation projects. - Redundancy costs of £5m are anticipated	7,900	2,566	8,990	10,178

- 8.2 Within the 2022-23 provisional outturn position the Council has incurred transformation programme resource related expenditure of £2.6m against a budget of £2.9m. These costs will be funded through the use of capital receipts which will ensure that the council maintains maximum flexibility in the employment of its finances.
- 8.3 2022-23 redundancy costs of £1.1m have been funded from the council's transformation capitalisation direction from government rather than the future use of capital receipts.

9. Summary of savings delivery 2022-23

- 9.1 The Council has a savings requirement within its 2022-23 budget of £19.3m. Finance and Service Directors have undertaken a review of savings deliverability, with the summary forecast position

reported in table seven.

Table Seven

Directorate	2022-23 Savings Proposals £'000					
		RAG Analysis				
	Budgeted saving	Blue	Green	Amber	Red	Expected saving
Adults, Communities & Wellbeing	(11,711)	(5,241)	0	0	(6,470)	(11,711)
Chief Executives Office	(248)	(248)	0	0	0	(248)
Communities & Opportunities	(660)	(390)	0	0	(270)	(660)
Children's Services	(762)	(762)	0	0	0	(762)
Corporate Services	(908)	(797)	0	0	(111)	(908)
Place and Economy	(3,215)	(2,607)	0	0	(608)	(3,215)
Finance	(837)	(837)	0	0	0	(837)
Centrally controlled Budget	(966)	(966)	0	0	0	(966)
Total	(19,306)	(11,847)	0	0	(7,459)	(19,306)

Blue = Delivered and Confirmed

Green = Deliverable, on target

Amber = Deliverable, with risks

Red = Unlikely to be delivered

- 9.2 There are 15 red proposals totalling a reported pressure of £7.5m and these proposals are set out in detail in Appendix B. The largest red rated (undeliverable)savings proposal is the Adult Social Care proposal of £4.1m for strengths based working efficiencies detailed in section 6.44. The budget for 2023-24 has been amended to write out reliance on this saving going forward.

10. Implications (including financial implications) Resources and Financial

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

Legal

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

Risk

- 10.3 This report sets out the provisional financial results for this financial year. As part of the local government reorganisation a number of Council services are hosted by either West Northants or

North Northants Council, with these services being delivered across organisations. As such there is an inter-authority charging process to ensure each organization is compensated for the delivery of these services, agreement on final charges is to be confirmed and charges are only included on a provisional basis and may be subject to change dependant on final agreement.

- 10.4 It is also important to note that this position is provisional and still dependant on the completion of both the 2021-22 and 2022-23 external audit process and therefore may be subject to further adjustment until the completion and approval of the 2021-22 Statement of Accounts.

Consultation

- 10.5 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 2022 for the 2022-23 budget.
- 10.6 Any management interventions that require a policy change will be subject to a consultation before any decision is taken where required.
- 10.7 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

- 10.8 All 2022-23 budget proposals were consulted on prior to the budget being approved by Full Council in February 2022. Budget monitoring and provisional outturn reports are also considered by the Corporate Overview and Scrutiny committee.

Climate Impact

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

Community Impact

- 10.10 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 2022-23.

Communications

- 10.11 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 2022-23).

11. Background Papers

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

- Final Budget Report and Medium Term Financial Plan, meeting of Council, 24 February 2022
[Agenda item - Final Budget 2022-23 and Medium Term Financial Plan - West Northamptonshire Council \(moderngov.co.uk\)](#)
- Revenue monitoring Quarter 1 Report, Cabinet meeting 23rd September 2022
[Agenda for Cabinet on Friday 23rd September 2022, 6.00 pm - West Northamptonshire Council \(moderngov.co.uk\)](#)
- Revenue monitoring Quarter 2 Report, Cabinet meeting 20th December 2022
[Agenda for Cabinet on Tuesday 20th December 2022, 6.00 pm - West Northamptonshire Council \(moderngov.co.uk\)](#)
- Revenue monitoring Quarter 3 Report, Cabinet meeting 13th February 2023
[Agenda for Cabinet on Monday 13th February 2023, 6.00 pm - West Northamptonshire Council \(moderngov.co.uk\)](#)