

# WEST NORTHAMPTONSHIRE COUNCIL CABINET

12 December 2023

## Cabinet Member For Finance: Councillor Malcolm Longley

Report Title	Revenue Monitoring Period 7 - Financial Year 2023-24
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### List of Approvers

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### List of Appendices

**Appendix A – 2023-24 Revenue Forecast Outturn by Directorate as at Period 7**

**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 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. These pressures are in line with those being experienced both on a local and national basis and include;

- Demand and cost pressures within Children’s Social Care.
- Pressures within housing and temporary accommodation.
- Demand and cost pressure on Adult Social Care independent care budgets.
- Demand led pressure in the delivery of Home to School Transport
- The cost of the 2023-24 pay award being greater than forecast at the time of setting the budget.
- Inflationary pressure reducing at a slower pace than predicted in the first half of the financial year.

2.3 Due to this demand led pressure currently being experienced by the Council, Service management teams are focussing 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.

2.4 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	P7 Forecast Net Spend £'000	P7 Outturn Forecast Variance £'000	P4 Outturn Forecast Variance £'000	Movement Since P4 £'000	Forecast Variance against budget %
Corporate Services	18,022	17,842	(180)	97	(277)	-1.0%
Chief Executive Office	2,975	2,975	0	0	0	0.0%
Education Services	5,219	5,543	324	13	311	6.2%
Children's Trust	81,790	95,750	13,960	13,960	0	17.1%
Communities and Opportunities	14,063	16,398	2,335	2,254	81	16.6%
Adults, Communities & Wellbeing	130,307	133,853	3,546	1,124	2,422	2.7%
Place and Economy	92,990	93,154	164	0	164	0.2%
Finance Directorate	11,573	11,630	57	0	57	0.5%
<b>Cost of services</b>	<b>356,939</b>	<b>377,145</b>	<b>20,206</b>	<b>17,448</b>	<b>2,757</b>	<b>5.7%</b>
Technical / Centrally Controlled Budgets	26,578	11,670	(14,908)	(11,511)	(3,397)	-56.1%
<b>Total budgeted expenditure</b>	<b>383,517</b>	<b>388,815</b>	<b>5,298</b>	<b>5,938</b>	<b>(640)</b>	<b>1.4%</b>
Less funding	(383,517)	(386,158)	(2,641)	(3,150)	509	0.7%
<b>Net Position 2023-24</b>	<b>0</b>	<b>2,657</b>	<b>2,657</b>	<b>2,788</b>	<b>(131)</b>	

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

2.5 The forecast outturn position for 2023-24 is an overspend of £2.7m after the use of £8.2m of general budget contingencies, which were set aside in the budget for risks that may crystallise in the current financial year. This equates to less than 1% of the net budget.

2.6 The main reasons for the underlying pressures 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.
- Demand led pressure in the delivery of Home to School Transport
- The cost of the 2023-24 pay award being greater than forecast at the time of setting the budget.

2.7 Directorates are continually seeking ways to reduce cost and manage demand in the most efficient and effective way.

### **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**

<b>Retained WNC Budgets</b>	<b>Net Budget</b>	<b>Period 7 Forecast Outturn</b>	<b>Period 7 Outturn Forecast Variance</b>	<b>Period 4 Outturn Forecast Variance</b>	<b>Movement from Period 4</b>	<b>Forecast Variance against budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Dwelling Rents	(57,181)	(56,844)	337	165	172	-0.6%
Non-Dwelling Rents	(1,094)	(1,054)	40	33	7	-3.7%
Other Charges for Services	(2,906)	(2,919)	(13)	(160)	148	0.4%
Contributions towards Expenditure	(9)	(20)	(11)	(5)	(6)	122.2%
General Management	1,635	1,604	(31)	(5)	(26)	-1.9%
Special Services	51	51	0	0	0	0.0%
Rent, Rates, Taxes & Other	302	302	0	0	0	0.0%
Provision for Bad Debts	600	550	(50)	(50)	0	-8.3%
General Fund Recharges	2,820	2,820	0	0	0	0.0%
Interest Capital Financing Charges	8,770	8,499	(271)	31	(301)	-3.1%
Depreciation (MRA)	13,699	13,699	0	0	0	0.0%
Voluntary Repayment Contributions *	0	517	517	509	8	0.0%
Revenue Contributions to Capital *	517	0	(517)	(517)	0	-100%
Contributions to/from Reserves	0	0	0	0	0	0.0%
<b>Total Retained Budgets</b>	<b>(32,795)</b>	<b>(32,795)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>Budgets Managed by NPH</b>						
Repairs & Maintenance	17,964	17,964	0	0	0	0.0%
General Management	8,793	8,793	0	0	0	0.0%
Special Services	6,038	6,038	0	0	0	0.0%
<b>Total Managed Budgets</b>	<b>32,795</b>	<b>32,795</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>Net Position</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>

\* Voluntary Repayment Contributions and Revenue Contributions to Capital are interchangeable and dependent upon the prevailing cost of borrowing. Voluntary Repayment Contributions are calculated as a minimum floor for future repayment of borrowing.

2.11 The HRA is reporting a balanced position against the original budget.

2.12 The position includes a shortfall in rental income and service charges of £0.4m due to new build properties coming online slower than expected, which is offset in the main by reductions in borrowing costs due to major scheme rephasing, and an improved bad debt position.

### **Dedicated Schools Grant**

2.13 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.

2.14 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)

2.15 The Dedicated Schools Grant (DSG) forecast at the end of Period 7 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>Period 7 Forecast Expenditure £'000</b>	<b>Period 7 Forecast Variance £'000</b>	<b>Movement from Period 4 £'000</b>
Schools	342,175	(273,243)	68,932	68,958	26	26
Early Years Provision	27,845	0	27,845	27,589	(256)	(118)
High Needs	71,475	(16,851)	54,624	59,016	4,392	2,780
Central Schools Services Block	3,791	0	3,791	3,781	(10)	(447)
<b>TOTAL</b>	<b>445,286</b>	<b>(290,094)</b>	<b>155,192</b>	<b>159,344</b>	<b>4,152</b>	<b>2,241</b>

2.16 The DSG is currently forecasting an overspend of £4.15m – an adverse movement of £2.24m from the position reported at P4 mainly due to additional demand pressures in the high needs block.

#### **High Needs Block**

2.17 The forecast pressure in the high needs block totalling £4.39m overspend is mainly due to increased demand, and cost for out of county placements provision for pupils with SEND. Independent special school placements have increased by 34 pupils since the end of July, in comparison 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.

#### **Early Years Block**

2.18 The early years block is forecast to underspend by £0.26m on central expenditure due to staffing vacancies.

## **Public Health Grant**

- 2.19 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</b>	<b>Period 4 Forecast</b>	<b>Period 7 Forecast</b>	<b>Movement from Period 4</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Health Protection and Healthcare Public Health	2,809	2,709	2,709	0
Wider Determinants	3,480	3,480	3,420	(60)
Health Improvement and Communities	1,073	1,059	1,074	15
People & Wellbeing and Commissioning	8,334	8,500	8,594	94
Management and Admin	4,034	3,982	3,933	(49)
<b>Public Health Grant</b>	<b>(19,730)</b>	<b>(19,730)</b>	<b>(19,730)</b>	<b>0</b>
<b>General Fund (for Healthwatch)</b>	<b>153</b>	<b>153</b>	<b>101</b>	<b>(52)</b>

- 2.20 The Public Health Directorate are reporting a £52k underspend. This includes a balanced Public Health Grant position. Although there are some underlying pressures against the Public Health Grant due to the cost of disaggregation, project delivery, and adults' prevention and wellbeing services 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:
- Note the forecast outturn position for 2023-24 and associated risks.
  - Approve the use of flexible capital receipts as detailed in section 7.
  - Note the deliverability assessment of West Northamptonshire Council savings requirement for 2023-24 summarised in section 8 and detailed in Appendix B
  - 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.
  - 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** £18m

**Forecast Outturn** £17.8m

**Forecast underspend** £0.2m

**Variance percentage** -1.0%

- 2.21 The Corporate Services Directorate delivers services including human resources, customer services, digital technology, and innovation (DTI), legal, democratic and transformation services. The Directorate is reporting an underspend of £0.2m.
- 2.22 There are significant pressures within the DTI service budget of £2.9m 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 models to partners and savings on staffing due to delays in recruitment resulting in a net position of £0.5m overspend.
- 2.23 Corporate Services Management Team have identified further underspends and mitigations of £0.9m which fully offset the other pressures within the directorate and contribute towards the overall position of the authority.

### Chief Executive Services

**Net Budget** £2.98m

**Forecast Outturn** £2.98m

**Forecast underspend** £0m

**Variance percentage** 0.0%

- 2.24 Chief Executive Services include the Chief Executive, Assistant Chief Executive, Executive Support, Communications, Business Intelligence and Population Insights, and the Sustainability team.
- 2.25 The Directorate is reporting an overall balanced position, there is no movement from the position reported at P4.

## **Education Services**

**Net Budget** £5.22m

**Forecast Outturn** £5.54m

**Forecast overspend** £0.32m

**Variance percentage** 6.2%

- 2.26 Education Services deliver the Council's 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.
- 2.27 The Directorate is reporting a forecast overspend of £0.3m. This is a £0.3m movement from the position reported at P4 mainly because a number of vacancies have been filled earlier than originally anticipated, and an increase in agency staff costs in educational psychology to increase capacity to undertake assessments to improve timeliness, in addition to slippage in savings delivery.
- 2.28 The overspend is made up of £0.2m forecast non-delivery of savings on the consolidation of commissioning and business intelligence services in Children's and Public Health, and slippage in legal savings due to continued demand in relation to tribunals and related costs.
- 2.29 Educational Psychology income is forecast to fall short of the target by £0.25m due to the continued focus on statutory work.

## **Northamptonshire Children's Trust**

**Net Budget** £81.79m

**Forecast Outturn** £95.75m

**Forecast overspend** £13.96m

**Variance percentage** 17.1%

- 2.30 The contract for Northamptonshire Children's Trust provides children's social care services across both West and North Northamptonshire Councils.
- 2.31 Northamptonshire Children's Trust (NCT) is reporting a total forecast demand led pressure of £23.43m against an initial contract sum of £150.94m 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 £13.09m.
- 2.32 Forecast pressures across children's placements make up £20.2m of the total with £11.28m 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.



- 2.33 Staffing costs are forecast to overspend by a total of £2.92m (£1.63m WNC share). This includes £1m forecast for the in-year pay award which has been approved, and £1.09m for the continuation of additional managed team capacity to support improvement. The NCT pay 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.
- 2.34 Legal costs, transport and expenditure in children's homes make up a total of £0.68m (£0.38m WNC) forecast overspends which are mainly due to increased demand and inflation above budgeted levels. Forecast underspends of £0.37m (£0.21m WNC) across other non-placement related care expenditure mitigates this in part.
- 2.35 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.
- 2.36 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, pressures in recruitment and retention of staff in hard to recruit to areas and placement demand.
- 2.37 In taking a prudent approach to forecasting WNC have provided for a sum of £0.9m relation to these risks on top of the NCT reported position, bringing the total forecast overspend to £13.96m.

### **Communities and Opportunities**

**Net Budget** £14.06m

**Forecast Outturn** £16.40m

**Forecast overspend** £2.34m

**Variance percentage** 16.6%

- 2.38 The Communities and Opportunities Directorate includes Housing, Leisure, Libraries, Museums and Culture, Economic Development, Regeneration and Community Safety & Engagement.
- 2.39 The Directorate is forecasting an overspend of £2.3m, which in the main is driven by pressures on both temporary and supported accommodation, with an increasing number of cases requiring emergency accommodation. As well as this, costs of nightly purchased accommodations are continuing to increase. This a minor adverse movement from the position reported at P4 mainly due to an increase in Housing Benefit Subsidy Loss offset by an increase in management recharges to the Housing Revenue Account following the finalisation of an in year review.
- 2.40 Service Project groups are working on a number of key initiatives to address prevention and supply options which should bring down costs over time.
- 2.41 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.

- 2.42 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 staffing and drawdown of grant funding.

### **Adult Social Care**

**Net Budget** £130.31m

**Forecast Outturn** £133.85m

**Forecast overspend** £3.55m

**Variance percentage** 2.7%

- 2.43 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. The Directorate also has responsibility for Public Health.
- 2.44 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, the cost of packages 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 are being monitored closely throughout the year given this increased demand and the volatility we see through winter.
- 2.45 The Directorate is reporting a £3.5m pressure. This is despite £10.1m of savings being largely on track for delivery in full as detailed in table at 8.1 of this report. This is a £2.4m movement from the position reported at P4 mainly due to an increase in pressures in independent care driven by higher acuity of clients and a continual flow of demand from hospital.
- 2.46 Within Adult Services the independent care overspend is £3.8m. Pressures on the budget continue to increase, despite several ongoing successful projects of aligning the size of care packages to eligible need and increasing reablement episodes to prevent clients going into early long-term care. It is also evident that care packages from hospital discharges are continuing and exceed the available funding from health once the initial six-week period has passed. However, the income target from Client Contributions is forecast to exceed by £1.4m due to number of back dated invoices being raised in this year. This is contributing to offset the position and needs to be tracked closely due to the varying nature of the income.
- 2.47 Other pressures across Adult Services relates to transport costs of £0.5m 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.

- 2.48 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). Other overspends of £0.1m relate to AMPH, DoLs and Quality and Performance due to staffing pressures. This is offset in part by both staffing and non-staffing underspends across Provider Services. Prevention and Assistive Technology are forecasting an underspend from increased sales of equipment £0.3m and other minor underspend across Call Care.
- 2.49 Within ASC Management there is an overspend of £0.4m which includes £0.18m undeliverable saving of external funding review and £0.24 central vacancy target.
- 2.50 Commissioning & Performance are forecasting a net underspend £0.07m, there is a small pressure on the PFI unitary charge which is being offset by staffing underspends and the ceasing of the 'Very Sheltered Housing' sleep in contract.

### **Place Directorate**

**Net Budget** £92.99m

**Forecast Outturn** £93.15m

**Forecast overspend** £0.16m

**Variance percentage** 0.2%

- 2.51 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.
- 2.52 The Directorate is reporting an overall overspend of £0.16m in 2023-24. Within this position, there is pressure of £1.1m on savings delivery and in year net savings and mitigating actions totalling £0.9m. This is an adverse movement across the Directorate from period 4 of £0.16m mainly consisting of emerging pressures on Home to School Transport (£2.1m) offset by a saving on Highways Maintenance (£1.4m) and other variances detailed below.
- 2.53 Of the £1.1m budgets savings delivery pressures identified, approximately £0.6m is due to in year implementation delays on several proposals. There are approximately £0.5m of undeliverable budget savings proposals, these are primarily from the waste services team, although the original savings delivery proposals are undeliverable, the pressures are mitigated within the waste service. The movement from period 4 (£0.3m adverse) is primarily due to project delays and a temporary lifting of restrictions following a town centre road closure affecting additional income to be generated through traffic offences (£0.1m) and further delays on a number of other projects.
- 2.54 Assets and Environment in year pressures of £0.5m have been identified, mainly consisting of; £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. There is a favourable movement since period 4 of £0.1m in these two areas following additional income generation across properties, and improved re-imbursements on the Schools PFI contract.
- 2.55 Highways and Transport forecast in year pressures total £2.6m. These consist of; inflationary pressures on the Streetlighting PFI scheme of £0.1m, increased demand (SEN) and price

(Mainstream) on Home to School Transport of £2.1m, on street pay and display income and costs are forecasting a pressure of £0.2m, and a pressure on traffic signal utility costs of £0.1m following disaggregation of budgets from the former County Council. The movement from period 4 is £2.4m adverse across these budgets.

- 2.56 Waste Services have identified in year pressures of £0.3m consisting of a net pressure on waste collection and disposal of £0.1m, and £0.2m resulting from reduced internal income and a technical adjustment from capital to revenue.
- 2.57 The Planning Service is forecasting a £0.3m risk pressure on income based on activity to date. It is proposed to utilise the Planning Income Risk Reserve of £0.3m to manage this emerging pressure. Additional HS2 income is now being forecast to recover costs of £120k.
- 2.58 These pressures are being offset by an overall net staffing underspend across the Directorate of £0.4m due to delays in service restructures and recruitment to vacant posts. Further service specific in year savings are detailed below:
- 2.59 Assets and Environment have identified £0.4m business rates savings across property estates, car parks and the market due to revaluations. In addition, Car park income is currently forecast higher than budget by £0.2m based on activity to date. Utilities across the property portfolio are now forecast to underspend by £0.1m following receipt of revised prices and consumption, this was previously forecast as a pressure of £0.3m in period 4.
- 2.60 Highways and Transport have identified £1.4m specific mitigations to offset the non-delivery of the Home to School Transport Policy changes which will not be implemented until September 2024, and the emerging pressure within Home to School Transport. Additional income of £0.4m is forecast due to the high volume of road closures in the year (movement from period 4 £0.2m favourable). The previously reported in year savings identified relating to reduced costs for concessionary fares of £0.25m (passenger numbers below pre-COVID levels) has been removed following the successful award and compliance of additional grant funding.
- 2.61 Within the Waste Service, pressures are being offset by in-year savings on refuse, recycling, and fuel deflation, plus a net underspend on garden waste subscription costs and income totalling £0.7m (movement from P4 £0.2m favourable). Additional income is forecast at household waste recycling centres £0.1m.
- 2.62 There are various minor underspends/overspends across the Directorate totalling a net £0.2m.

## **Finance**

**Net Budget** £11.57m

**Forecast Outturn** £11.63m

**Forecast underspend** £0.06m

**Variance percentage** 0.5%

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

2.64 The Directorate is reporting a £0.06m overspend. This is a £0.06m movement from the position reported at P4 mainly due to additional pressure on staffing due to agency cover in Revenue and Benefits and Audit team and overspend in Finance Operations Shared Services. This is partly offset by savings in other Services across the directorate.

**Technical/Centrally Held Items**

**Net Budget** £26.58m

**Forecast Outturn** £11.67m

**Forecast underspend** £14.91m

**Variance percentage** -56.1%

2.65 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 £14.9m against budget for 2023-24. This is a favourable movement of £3.4m from the position reported at period 4 due to the reasons set out below.

2.66 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.

2.67 A summary of commitments against the general contingency is shown below:

	<b>Period 4 Forecast</b>	<b>Period 7 Forecast</b>	<b>Movement from Period 4</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>2023-24 Opening Contingency Budget</b>	<b>19.0</b>	<b>19.0</b>	<b>0</b>
Pay Inflation	(7.6)	(7.6)	0
Disaggregation contingency allocation to Corporate Services	(0.5)	(0.5)	0
<b>General Contingency Balance</b>	<b>10.9</b>	<b>10.9</b>	<b>0</b>
Agreed transfers			0
Pay award (addition due to local agreement)	(1.2)	(1.2)	0
Cultural events	(0.2)	(0.2)	0
Bus subsidies	(0.2)	(0.2)	0
Forecast Commitments	(1.1)	(1.1)	0
<b>Remaining balance</b>	<b>8.2</b>	<b>8.2</b>	<b>0</b>

2.68 There is a forecast underspend of £4.2m within treasury management, which is a £0.9m improvement from the position reported at period 4. 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. In addition to this, reduced borrowings costs also contribute to the underspend. The council does forecast the need to take up any new borrowings to support capital programme. A comprehensive update on Treasury Management is included in Appendix C.

2.69 There is also a forecast underspend of £1.4m on MRP due to a reprofiling of capital spend along with £1.0m underspend due to over delivery of the pension saving proposal, taking the total centrally controlled forecast underspend (including contingency release) to £14.9m.

## Funding

2.70 The Council's net service budget is funded from the following areas: Council Tax income, Business Rates income, Government grants, one off 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>

2.71 The Period 7 position includes forecast additional business rates income of £2.6m, which is a reduction from previously reported position following a review of expected income growth and forecast levy payments. 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.

## 3. Flexible Use of Capital Receipts

3.1 Since the Council outlined its Flexible Use of Capital Receipts strategy in February the following projects have been agreed and approval is sought to fund these using capital receipts.

Activity	Description	2023-24 spend estimate £k
Strategy and Architecture transformation 23/24	Additional roles into DTI to build our architecture and technical project management capabilities in support of WNC's transformation programme.	113
Enterprise and Data Architecture Funding	Recruitment of 3 Enterprise Architects that are critical to drive forward key business change projects at WNC. The project will unlock financial savings through the rationalisation of systems, the ability to realise contract savings and aid the delivery of existing MTFP savings	131
<b>Total</b>		<b>244</b>

#### 4. Summary of savings delivery 2023-24

- 4.1 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**

Directorate	2023-24 Savings Proposals £'000					
		RAG Analysis				
	Budgeted saving	Blue	Green	Amber	Red	Expected saving
Adult Social Care	<b>(10,110)</b>	(5,645)	(2,906)	(681)	(878)	<b>(10,110)</b>
Centrally Controlled Budgets	<b>(7,563)</b>	0	(7,515)	0	(48)	<b>(7,563)</b>
Chief Executive Office	<b>(636)</b>	(263)	(359)	0	(14)	<b>(636)</b>
Communities and Opportunities	<b>(1,737)</b>	(831)	(198)	0	(708)	<b>(1,737)</b>
Corporate Services	<b>(5,440)</b>	(2,900)	(2,288)	(68)	(184)	<b>(5,440)</b>
Education Services	<b>(530)</b>	(160)	(126)	(8)	(236)	<b>(530)</b>
Finance	<b>(714)</b>	(90)	(619)	(5)	0	<b>(714)</b>
Place and Economy	<b>(5,248)</b>	(1,222)	(2,544)	(290)	(1,192)	<b>(5,248)</b>
<b>Total</b>	<b>(31,977)</b>	<b>(11,111)</b>	<b>(16,555)</b>	<b>(1,052)</b>	<b>(3,260)</b>	<b>(31,978)</b>
<b>% Total</b>		<b>35%</b>	<b>52%</b>	<b>3%</b>	<b>10%</b>	

Blue = Delivered and Confirmed

Green = Deliverable, on target

Amber = Deliverable, with risks

Red = Unlikely to be delivered

- 4.2 Overall, there are thirty-two savings (£3.3m) flagged as 'red' which are unlikely to be delivered and thirteen savings (£1.1m) 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.

## **5. Implications**

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### **Resources and Financial**

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

### **Legal**

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

### **Risk**

- 5.3 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.

- 5.4 There continues to be financial risk in a number of budgets which could worsen between now and year end including:

- Adult Social Care
- Children's Social Care
- Home to School Transport
- Temporary Accommodation

### **Consultation and Communications**

- 5.5 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 2023 for the 2023-24 budget.
- 5.6 Any management interventions that require a policy change will be subject to a consultation before any decision is taken.
- 5.7 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.
- 5.8 Communication will continue with all managers and their teams promoting prudent and effective financial management to seek to deliver a balanced budget in 2023-24.



## **Consideration by Overview and Scrutiny**

- 5.9 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. Corporate Overview and Scrutiny carried out a full budget scrutiny programme of work which fed into the final budget proposals and also consider the regular budget monitoring reports throughout the year.

## **Climate Impact**

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

## **Community Impact**

- 5.11 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.

## **6. Background Papers**

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- 6.1 The following documents disclose important facts on which the report is based and have been relied upon in preparing the report:
- 6.2 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>
- 6.3 Revenue Monitoring report Period 4  
<https://westnorthants.moderngov.co.uk/documents/s13437/Item%2008%20-%20WNC-%20Revenue%20Monitoring%20Report%20-%202023-24%20-Period%204.pdf>