

WEST NORTHAMPTONSHIRE COUNCIL CABINET

12 December 2023

CABINET MEMBER WITH RESPONSIBILITY FOR FINANCE: COUNCILLOR MALCOLM LONGLEY

Report Title	2024-25 Draft Budget and Medium-Term Financial Plan
Report Author	Martin Henry, Executive Director (Finance) Martin.Henry@westnorthants.gov.uk

Approvers

Monitoring Officer	Catherine Whitehead	1/12/2023
Chief Finance Officer (S.151)	Martin Henry	01/12/2023
Communications Lead/Head of Communications	Becky Hutson	03/12/2023

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1. Purpose of Report

- 1.1 This report sets out the draft budget 2024-25 and medium-term financial plan for West Northamptonshire Council.
- 1.2 The budget ensures the Council has a robustly resourced plan to deliver its duties, vision and priority objectives, and that it has aligned its resources appropriately following an assessment of risks, issues and opportunities using the latest available information.
- 1.3 This draft budget report includes the following financial plans:

- Draft Revenue Budget 2024-25
- Dedicated Schools Grant Budget 2024-25
- Public Health Grant 2024-25
- Medium Term Financial Plan to 2027-28
- Capital Strategy and Draft Capital Programme to 2027-28

- 1.4 This proposed draft budget commences the budget consultation process, enabling residents, businesses, local partners and other stakeholders to have the opportunity to review the budget proposals and financial plans and provide feedback during the six-week consultation period. This report will also be presented to the Overview and Scrutiny Committee to allow for their review, comment and exploration on any key areas of interest.
- 1.5 The draft budget report has been prepared on the basis of a prudent set of funding assumptions and will be updated to reflect the local authority financial settlement for the final budget report with any changes to the funding assumptions highlighted within that report. Details of the local government provisional financial settlement are expected to be released by Government in late December 2023.
- 1.6 Cabinet will consider the final budget for 2024-25 on 13 February 2024 ready for recommendations to be made to the full Council meeting on 22 February 2024. This will also incorporate consideration of the budget consultation feedback, feedback from the Overview and Scrutiny Committee, the Local Government financial settlement and the latest financial position.

2. Executive Summary

- 2.1 West Northamptonshire Council provides a large 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, environmental services, libraries and cultural services, housing benefit, council tax support, housing and support for the homeless.
- 2.2 Our plans and budget proposals ensure that resources are prioritised and earmarked to provide continued support to the most vulnerable in our local community and in the most cost-effective way possible, as well as supporting ambitions for place and the environment.
- 2.3 Now in its third year of operation, the Council continues to drive forward the delivery of the Corporate Plan and its key corporate priorities. This is still being done against a backdrop of rising local and national demands, continued global economy issues and a tight fiscal environment, within the current financial year and across the medium-term horizon.
- 2.4 During 2022-23 the Council worked tirelessly to manage the in year financial pressures and as a result reported a small overspend of £0.3m.

- 2.5 Throughout 2023-24 the Council continues to experience the financial impact of both increasing costs for the services we buy and provide and rising demand pressures on key service areas. This is in line with the experience of many other local authorities across the country and reflects the key issues impacting local government on a national level, including:
- Inflationary and cost of living pressures impacting on the cost of providing services and the number of people needing our help.
 - Demand led and cost pressures within Children and Adults Social Care statutory services.
 - Increasing costs and demand for the services we provide to Children with special educational needs and disabilities (SEND)
 - Increasing costs and demand for home to school transport provision
 - Increase in demand for temporary accommodation and increased levels of homelessness.
- 2.6 The full year impact of these in year (2023-24) financial pressures and the effect of sustained and significant expected increases in demand led services going forward, have driven material growth in the budget requirement highlighted at the start of the 2024-25 budget planning process. This has been seen alongside an increased level of complexity and financial risk when planning across the medium term.
- 2.7 The Council has a robust budget planning process, which, this year, commenced in June 2023 giving senior officers and Cabinet members an opportunity to challenge, scrutinise and validate the budgets proposed. This will help ensure that the Council delivers a balanced budget while continuing to maintain the delivery of key services.
- 2.8 To help maintain and protect the required levels of service provision the draft budget includes a core average Council Tax increase for West Northamptonshire Council of 2.99% in line with the maximum limit set by government, without triggering a local referendum, as well as utilising the allowable adult social care precept increase of 2% in full. The combined total resulting in a proposed increase by WNC of 4.99% on the average Council Tax calculated for the West Northamptonshire area.
- 2.9 The Council Tax increase and growth in properties will contribute around £14.9m per year to be used to protect local service provision and would represent an average Band D level of Council Tax for West Northamptonshire Council of £1,778.25 in 2024-25, equivalent to £34.20 per week. The average proposed increase on a Band D property across the area would be £84.52 or £1.63 per week. This Band D figure does not include the Council Tax for individual town and parish councils or the Council Tax set by the Northamptonshire Police, Fire and Crime Commissioner.

2.10 Key headlines for the 2024-25 draft budget include:

- Provision of a balanced draft budget position based on the best information we have available at the time of formulating the budget plans and where all expected and known liabilities are funded appropriately within the base budget.
- Ensuring statutory duties can be met in spite of material increases being experienced in demand led services alongside increased costs.
- Maximising service efficiencies in order to maintain and protect services as much as possible with service efficiencies proposed which total £25.7m.
- Fees and Charges reviewed and where appropriate increased to reflect increased cost of service delivery or an inflationary uplift, where residents and businesses have a choice about whether they wish to use that service or not.
- £61.3m of additional base budget growth which reflects the increased demand for services encountered in this financial year and expected next year.
- Average Council Tax increase of 4.99%, taking the average charge for a band D equivalent property to £1,778.25 per year, in line with the maximum increase permitted by government without the need for a referendum.

3. Recommendations

3.1 It is recommended that the Cabinet:

- a) Approves for consultation the 2024-25 Draft Budget, including:
 - I. an estimated net revenue budget of £860.2m (£409.2m excluding Dedicated Schools Grant) as set out in Appendix A
 - II. an average Band D Council Tax of £1,778.25 for West Northamptonshire Council, which represents an average increase of 4.99%. (2.99% increase in 'core' Council Tax and 2% Adult Social Care Precept)
 - III. proposed Fees and Charges as detailed in Appendix C
 - IV. provisional dedicated schools grant budget of £451m as detailed in Appendix D
 - V. the draft Capital Programme additions as set out in Appendix E.
- b) Note the estimated tax base for West Northamptonshire at 143,691.71 Band D equivalent properties, as set out in paragraph 6.56.
- c) Delegate authority to the Executive Director – Finance to agree and set the final tax base.
- d) Delegate authority to the Executive Director – Finance to take the necessary steps to introduce the new premiums on long term empty properties and second homes at the earliest opportunity as set out in paragraphs 6.59-6.61.
- e) For the Dedicated Schools Grant (DSG):
 - I. Notes the provisional allocations and planned usage of the DSG for 2024-25 pending the final DSG settlement

- II. Following consultation with the Schools Forum, delegates authority to the Executive Director for Children’s Services to determine the DSG 2024-25 schools funding formula, high needs funding arrangements and the Early Years Funding Formula in line with Department for Education guidance.

4. Reason for Recommendations

- 4.1 To ensure that the Council complies with its Constitution and all other relevant requirements in setting the budget for West Northamptonshire Council.

5. Report Background

- 5.1 The 2024-25 budgets of West Northamptonshire Council will comprise the:

- General Fund revenue account
- Dedicated Schools Grant (DSG) funded budget
- Public Health funded budget,
- Housing Revenue Account (though this is subject to a separate report)
- Capital Programme.

- 5.2 The General Fund includes all revenue income and expenditure, including day to day running costs, financed from Council Tax, Business Rates, government grants and fees and charges, but excluding those related to the provision of council housing.

- 5.3 The DSG is the funding source for the day to day running of schools and early years provision, high needs support and other specific Education related costs.

- 5.4 The Public Health budget funds a range of local public health activities that aim to protect and improve the health and wellbeing of the West Northamptonshire population and reduce inequalities in order to enable people to live healthy, happy and productive lives.

- 5.5 The Housing Revenue Account (considered in a separate report elsewhere on the agenda) includes all revenue expenditure and income on activities related to the Council’s role as a housing landlord.

- 5.6 The Capital Programme includes all capital expenditure and income, including the acquisition, replacement and enhancement of assets financed from government grants, external contributions, revenue contributions, capital receipts and borrowing.

Corporate Plan

- 5.7 The Corporate Plan sets out the Council’s priorities, and the way in which we will achieve our vision to make *‘West Northamptonshire a great place to live, work, visit and thrive’*.

- 5.8 The plan is based upon the Council's six priorities:
1. **Green and Clean** - *Environment and Wellbeing*
 2. **Improved Life Chances** – *Health, Social Care and Families*
 3. **Connected Communities** – *Transport and Connectivity*
 4. **Thriving Villages and Towns** – *Place shaping and homes*
 5. **Economic Development** – *Growth and prosperity*
 6. **Robust Resource Management** – *Transparency and financial probity.*
- 5.9 The budget is aligned to the delivery of the Corporate Plan and the strategic budget principles set out below draw on the Corporate Plan priority to ensure robust resource management:
- a. The Council will set a balanced budget, based on the latest intelligence and information available.
 - b. The budget will be prudent and sustainable, reflecting the levels of service and performance set out in the Council's Corporate Plan.
 - c. Resources will be maximised through increases in Council tax and (for the HRA budget) Housing Rents to the maximum levels allowable by the Government.
 - d. Income streams from fees and charges will be maximised through increases where appropriate after considering market conditions.
 - e. A commitment to maximise service efficiencies in order to maintain and protect services.
 - f. Opportunities to invest in improved services will be explored. Investment decisions will consider both capital and revenue implications, including whole life costs and income, underpinned by a business case.
 - g. Non-statutory service investment will need to be funded by matching efficiencies once the Council has identified a balanced budget.
 - h. Reserves will be used for the purpose for which they were created and maintained at a level that protects services to residents.

National and Economic Context

- 5.10 The Autumn Statement was announced by the Chancellor on 22nd November 2023, along with this, the Office for Budget Responsibility (OBR) published its economic and fiscal outlook which sets out their forecast to 2028-29. The statement sets out the Government's focus on its three key economic priorities of reducing inflation, economic growth and reducing debt for both 2024-25 and over the medium term.
- 5.11 Economic growth has been more resilient than previously anticipated with higher than forecast levels of growth in the current year at 0.6%, but with expected growth over the medium-term

forecast at a slower rate than previously thought (OBR November 2023), due, in part, to the impact of higher interest rates.

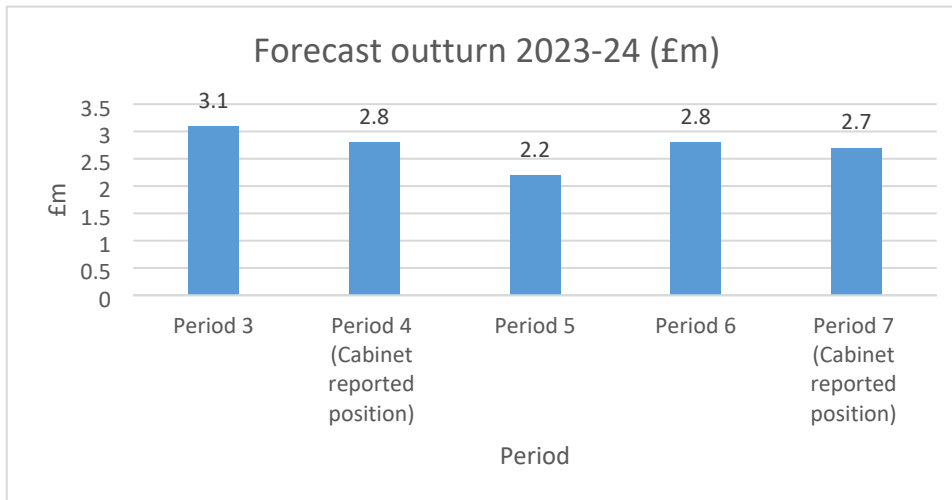
- 5.12 Inflation rates have also been persistently higher than originally anticipated in the first part of the year with CPI reducing from a high of 11.1% in October 2022 to 4.6% in October 2023, driven by reductions in energy rates but offset in part by more domestically fuelled service inflation rates including wages inflation. Higher domestically driven inflation improves the outlook for the national public finances driving increased tax revenues but offset by increased welfare costs and debt interest. Inflation rates are not expected to return to the 2% target over the medium term until the second quarter 2025 (OBR November 2023). RPI inflation is currently (October 2023) 6.1%.
- 5.13 The Autumn Statement provides a high-level view on the overall position and expectation of the economy but also highlights national funding streams that will be utilised to seek to deliver against the Government's policy objectives.
- 5.14 Announced as part of the Autumn Statement was the extension of the business rates support package including the freezing of the SBBR for an additional year and the extension of the Retail Hospitality and Leisure discount. The standard multiplier will be inflated in line with September CPI (6.7%) with local authorities being fully compensated for loss of income including additional administrative costs.
- 5.15 The government also announced, as part of a number of housing and planning measures, planning system reform allowing local authorities to recover the full cost of major planning applications in return for ensuring target deadlines are met with the risk of refunding in full where not achieved.
- 5.16 Also announced within these measures was £110 million of funding to support Local Planning Authorities to deliver high quality schemes to offset nutrient pollution and £120 million funding for the devolved administrations and local authorities in England to invest in homelessness prevention, including to support Ukrainian households who can no longer remain in sponsorship.
- 5.17 As part of a number of work-related measures, national living wage will increase by 9.8% to £11.44, along with the lowering of the age threshold from 23yrs to 21yrs, the impact of these changes will be reviewed and updated and part of the final budget process.
- 5.18 Whilst there were a number of announcements made as set out above, there was no reference to major changes in departmental spending limits and therefore local government funding streams nor the national picture of Councils facing significant inflationary and demand increases. This creates uncertainty for the Council in terms of the government funding that has been assumed within the draft budget position. Further detail and validation of the funding assumptions will not be known until the provisional local government finance settlement which will be announced towards the end of December.
- 5.19 As we do not know the detailed provisional settlement figures for the authority, we have had to make a series of assumptions within the draft budget. As a result, there is a significant chance that the funding position set out in this report will differ when the figures are released. All

changes relating to the provisional settlement information assumed in this draft budget will be reported as part of the final budget proposals which will be considered by Cabinet in February 2024.

6. Developing the Draft Revenue Budget

Financial Position 2023-24

- 6.1 The Council reported a provisional outturn of a small overspend in 2022-23 and published details in the provisional outturn report previously considered by Cabinet in July 2023.
- 6.2 The current financial year (2023-24) has seen the continuation of challenging external factors, with inflationary rates remaining higher than predicted in the first half of the financial year, interest rates also remaining high and the continued impact of these pressures on the cost of living. Key pressures being experienced by Council, in line with those impacting local authorities across the country include;
- Increase in demand for temporary accommodation and increased levels of homelessness
 - Inflationary and cost of living pressures impacting on the cost of providing services and the amount of people presenting to us with needs
 - Demand led and cost pressures within the Children's Trust
 - Demand led and cost pressures within Adult Social Care
 - Demand led and cost pressures within the SEND provision
 - Pressure on demand led services such as Home to School transport.
- 6.3 The 2023-24 Period 7 report, which is presented as a separate agenda item, is currently forecasting an outturn pressure of £2.7m which is consistent with the position reported previously to Cabinet in September 2023. Whilst this variance is less than 1% of the net budget focus continues with services management teams working towards the delivery of a balanced position for 2023-24.
- 6.4 The forecasting for 2023-24 has been quite stable so far this year and whilst significant pressures have been identified, as detailed above, there have been ongoing actions to mitigate pressures and the overall corporate position from month to month has not changed as significantly as the previous year (2022-23) as can be seen from the table below:



Draft Revenue Budget 2024-25

Budget Refresh

- 6.5 Given the complexity of the 2023-24 budget process, the 2024-25 budget process started earlier this financial year with earlier completion of the budget refresh exercise. This enables a deep dive service review of the existing budget proposals including assessment of both recurrent risks and efficiency and improvement opportunities emerging within the 2023-24 in year monitoring process. It also allowed us to assess any impact from changes in economic conditions or service specific intelligence received since the 2023-24 budget was set.
- 6.6 The budget refresh process is key to give an indicative baseline position prior to the commencement of the 2024-25 star chambers process. The budget gap that materialised through the budget refresh process resulted in an increase from the predicted funding gap of £10m assumed for 2024-25 when we set the budget last year, to a revised starting budget gap of £31.7m. This was based primarily on the emerging pressures being encountered in the current financial year.

Star Chambers Process

- 6.7 The 2024-25 budget process continued to use the 'star chambers' approach, with Service sessions across September to review and finesse both the outcome from the budget refresh exercise and new emerging pressures and savings opportunities.
- 6.8 This process applies a collaborative approach to budget planning and addressing the financial gap, which is key to ensuring the Council can balance its budget. Sessions involved the Leader of the Council, cabinet members (when their portfolios are considered), the Chief Executive, the Chief Finance Officer, the Assistant Director (Strategic Finance), other Executive Directors, Assistant Directors and members of the Finance, HR, DTI and Property and Estates Teams.
- 6.9 The purpose was to scrutinise the current year's budget and get a view from service directors on:
- the in year financial position including recurrent nature of both pressures and mitigating action plans

- the outcomes from the budget refresh exercise including inflationary and demand led pressures
- New efficiencies and income generation opportunities in both in 2024-25 and over the medium term
- New emerging essential cost pressures identified within the current financial year
- current projects in delivery and potential pipeline projects
- Staffing and vacancy levels planned recruitment and restructuring plans
- opportunities to drive operational efficiencies through technology, restructuring and other means
- new schemes proposed for the capital programme.

6.10 Each of the main services of the Council were worked through in detail with the relevant Cabinet members and senior officers present to understand the financial pressures of each area as well as the savings and efficiencies that could be delivered to offset some of the pressures.

Budget Clinics

6.11 Following star chambers a further round of budget clinics took place within which further scrutiny took place to firm up on some of the budget proposals but also to review further efficiencies and income generation proposals that could be explored and contribute towards reducing the budget gap. At the end of the process the budget gap had reduced further to £8.0m.

Cabinet and Senior Management Team meetings

6.12 Cabinet received regular briefings throughout the budget process and individual portfolio holders were engaged in the details and decisions for their areas. A final joint executive director and Cabinet budget session considered all of the proposals included to date and that had been developed with portfolio holders throughout the process.

6.13 Cabinet met informally to consider all of the budget proposals and to determine which ones should be incorporated into the draft budget proposals.

6.14 The proposals contained in the detailed draft budget appendices stem primarily from these processes to ensure there is a robust budget in place, concerns are listened to and addressed and that there is collective responsibility, ownership and delivery of the proposed budget for 2024-25.

6.15 Corporate Overview and Scrutiny Committee have also been engaged with much earlier in the process and received details on the initial budget gap and the proposals being considered to balance the budget. This is following a commitment last year to engage with the Committee earlier and in a more meaningful way.

Draft Budget 2024-25 Proposals

- 6.16 The proposed 2024-25 budget proposals are summarised below and set out in detail within Appendix B.

Pay related costs – Total £7.8m

- 6.17 The draft Budget includes pay-related costs of £7.8m which includes the following:
- Cost of living increase for 2024-25 based on 4.5% increase.
 - Contractual and non-contractual increments for staff not at the top of their pay grade for 2024-25.
 - Base budget adjustment for the final costs of the 2023-24 annual pay award.
 - Review of pay grades against estimated national living wage, with any changes announced in the Autumn Statement to be reviewed as part of the final budget report.

Contract Inflation – Total £15.5m

- 6.18 Contractual Inflation of £15.5m has been included in the draft budget. These are contractual commitments reflecting a number of inflation indices across all services. Key movement from prior year inflation is driven by reduction in required growth for utilities inflation reflecting the national picture of reducing energy inflation rates.
- 6.19 Adult Social Care inflation proposals total £7.9m for 2024-25, which includes inflationary cost related pressures across independent care provision such as residential and nursing placements, homecare, supported living and day care.
- 6.20 The Place and Economy Directorate proposals include contract inflation proposals totalling £6.7m which include key contracts such as the collection and disposal of waste, the operation and management of household waste recycling centres, home to school transport, maintenance of the highways' streetlights and utilities contracts.
- Unavoidable Base Budget Pressures – Total £33.4m*

- 6.21 The most material of these pressures are as follows:

Children's Trust

- 6.22 From 1st November 2020, the Northamptonshire Children's Trust (NCT) was incorporated to deliver children's social care and targeted early help on behalf of Northamptonshire County Council, and from 1st April 2021 these services are delivered on behalf of North Northamptonshire Council and West Northamptonshire Council. Our Trust has a business plan that it is working to and based on a number of shared objectives around improving the outcome for children and service delivery plans designed to improve practice and meet financial imperatives as we continue on the improvement journey.
- 6.23 Making a difference to children, young people and families is of a priority for West Northamptonshire Council as a joint owner of Northamptonshire Children's Trust because the trust is the way that we fulfil our statutory duties to our children. Our Trust has made good progress in terms of the Ofsted focus areas with improvements seen in the workforce, in practice

and in outcomes and this was highlighted in the Ofsted focus visit of October 2023. We have worked closely with our Trust to agree financial proposals contained within the NCT 2024-25 contract sum submission that will build on this progress and our joint aim of securing a judgement of 'good' at the next Ofsted inspection (expected October 2025).

- 6.24 Progress towards this was praised by inspectors as being encouraging, they highlighted the tangible progress being made and the commitment of colleagues at the Council and the Children's Trust working in partnership to continue improving services, alongside targeting areas where we know we still need to improve.
- 6.25 A core contract sum totalling £177.4m has been agreed for 2024-25 – a net increase across the County of £26.5m from the current year, which is indicative of the national picture of rising costs of children's social care and lack of supply of placements (£11.2m) and demographic growth (£2.7m). It also includes a structural deficit position informed by the forecast outturn for this financial year (£21.7m) as these pressures on placement, demand and inflation have materialised. These pressures are reduced in part by savings proposals totalling £9.1m.
- 6.26 The WNC share of the agreed Children's Trust contract sum is £99.1m, which is a £14.6m increase from the current year after taking into consideration additional income for provision of support services, and is included as an unavoidable base budget pressure.
- 6.27 In addition to this, one-off revenue investments of totalling £3.3m are included in the draft budget recognising further investment required in the improvement journey and to deliver efficiencies through transformation. This funding is contingent upon completion and submission of business cases and will be released following approval through a joint board that has been set up to oversee transformation and efficiencies.

Adult Social Care

- 6.28 Adult Social Care Services are experiencing a continued increase in demand led pressures on independent care budgets and nationally it has once again risen to the most pressured areas for many councils. This increase has resulted in 2024-25 growth proposals of £12.0m, including;
- £6.9m structural budget adjustment, reflecting the full year effect of 2023-24 independent care placements demand and cost pressures above base budget driven by more people staying in placements for longer, people living longer and an increased pressure from our hospital discharge pathways.
 - £4.4m forecast on demographic growth required to cover the increased cost of new clients eligible for social care with increased acuity and complex needs. This has been

calculated with forecast population statistics for West Northamptonshire provided by the Institute of Public care. (Office for National Statistics base data)

- Additional growth of £1.0m to support the hospital discharge process matched by an expected increase of the same value in the Adults Discharge Grant.

Home to School Transport

- 6.29 There is an additional growth requirement of £3.7m to support pressures currently being experienced in the delivery of home to school transport, which is reflective of current national trend and driven by a combination of Special Educational Needs (SEN) demand led pressures in terms of both numbers of eligible users, the complexity of needs and significant increases in costs from suppliers.
- 6.30 This includes allowance for both demographic growth and full year effect of 2023-24 demand pressures totalling £1.3m along with £2.4m contractual inflation.

Temporary Accommodation

- 6.31 Housing services also require additional budget growth totalling £0.9m to reflect the current pressure being experienced, which also reflects the national picture with an increasing number of cases in 2023-24 requiring emergency accommodation alongside increasing costs of nightly purchased accommodations. This is exacerbated by the national trend in no-fault evictions by landlords, the cost-of-living crisis impacting debt and rent arrears and the shortage of suitable private or public sector accommodation.

One-off Budget Pressures - Total £4.6m

- 6.32 One-off pressures are time limited expenditure and funded via one-off funding. This includes growth where there is uncertainty about the timing or impact of a planned change, for specific projects or invest to save schemes. The main schemes include;
- £3.3m of jointly agreed and funded transformation activities to support the Children's Trust in its improvement journey and to make it more efficient in its service delivery.
 - Pay and grading programme pay protection funding of £0.3m

Efficiencies and Income Generation – Total £25.7m

- 6.33 A total of £19.5m efficiencies and £6.2m income generation proposals are included in the draft Budget for 2024-25. These proposals have been aligned into key themes as detailed below with full detail provided in Appendix B.

- 6.34 This category has been broken down into the following themes:

- | | |
|---|-------|
| • Charging and Income | £6.2m |
| • Demand and Prevention savings | £0.5m |
| • Process and Policy savings | £6.3m |
| • Redesign and Reorganisation savings : : | £9.9m |

• Buying and Commissioning savings	£0.1m
• Technical savings	<u>£2.7m</u>
Total Efficiencies and Income Generation	£25.7m

6.35 The draft budget efficiency and income generation proposals have been subject to review and scrutiny through both the star chambers and budget clinic processes, including deliverability assessment and as such only green and amber proposal have been included. The robustness of these savings proposals will be tested further between draft and final budget through a series of 'budget robustness' workshops.

6.36 These include proposals that focus on service redesign, and the continuation of the organisation development following local government reorganisation looking at optimising service operating models and processes.

Charging and Income: - Total £6.2m

6.37 These proposals are based on service review of existing charging models to ensure the Council fees are aligned with national benchmarks, we are maximising investment and we have identified all grant funding opportunities. Where appropriate this means maximising income generation, ensuring inflationary increases are incorporated or identifying opportunities for new income generation. They also include, in the case of planning, nationally set fees and charges. Key proposals include:

- An estimated increase in treasury management investment income due to higher interest rate yields of £1.5m.
- An estimated increase in planning income of £1.0m following Government confirmation of increasing planning application fees from Dec 2023.

Demand and Prevention – Total £0.5m

6.38 These proposals specifically focus on the review of key service areas experiencing demand led pressures and management of demand levels through the implementation of both prevention strategies and demand management solutions. These will be delivered over a number of years as many of the activities will take time to deliver savings. Key proposals include:

- £0.3m efficiency proposal delivered through the further development of the overall Temporary Accommodation programme including focus on both demand management and prevention strategies along with reducing the use of expensive nightly accommodation.

6.39 In 2024-25 the Council will be progressing a number of transformation activities working with the Children's Trust, SEND teams, customer services, Local Area Partnerships (LAPS) and family hubs to increase the Council's early help offer and do more to prevent families and people moving into crisis. While prevention is, by its nature, a long term strategy, we are identifying more areas where early intervention offers short, medium and long term efficiencies. This is particularly the case in the demand led services. Strategies and business cases for these are being developed but we are not yet at a point that they could be included in the draft budget.

Process and Policy – Total £6.3m

- 6.40 These proposals look at where services can operate differently and focus on driving improvements through service review of both process and policy, key proposals include:
- £1.5m efficiency to be delivered through a targeted reduction in the use of temporary agency resource.
 - £1.0m through the realignment of budgets to reflect current levels of vacancies.

Redesign and Reorganisation - Total £9.9m

- 6.41 These include proposals that focus on service redesign and the continuation of the organisation development following local government reorganisation looking at optimising service operating models and processes. Proposals include:
- £1.7m Strength based working reablement -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.
 - £2.1m 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.
 - £2.4m Optimisation of WNC Adult Social Care in-house provision- A full review of WNC's in house services to ensure optimal usage.
 - £1.0m 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.
 - £1.0 Targeted efficiencies on service restructures, ensuring the final services areas not yet redesigned following the transfer to WNC now bring together staff, systems and teams into single services with shared processes.

Buying and Commissioning – Total £0.1m

- 6.42 These proposals look at where the Council can buy things differently or combine legacy contracts to get better economies of scale.

Technical Adjustments – Total £2.8m

- 6.43 These proposals are where there is a saving as a result of a technical or financing change in a particular budget. Key movements include the release of £2.5m general contingency to contribute towards the corporate position.

General Contingency - Total £6.7m

- 6.44 The 2024-25 budget includes £6.7m. This contingency has proved critical in managing the budget for the current and previous financial years. However, it is proposed a reduced balance continues

to be maintained to cover any future budget risks and will be available to adjust budgets if necessary.

- 6.45 The release of this contingency will be at the discretion of the Executive Director of Finance in consultation with the Finance portfolio holder.

Draft Budget Summary

- 6.46 The following table sets out the total draft budget for 2024-25 by Directorate (excluding DSG). This shows how the budget is built from the current year to the proposed budget for 2024-25.

	Opening Base Budget	Pay related costs	Contract Inflation	Unavoidable Budget pressures	Budget Pressures - one-off (funded from reserves)	Efficiencies and income generation	Revised MTFP
Directorate	£m	£m	£m	£m	£m	£m	£m
Adult Social Care	129.94	0.09	7.79	11.96	-	(7.41)	142.38
Education Services	5.22	-	-	0.08	-	(0.04)	5.26
Northamptonshire Children's Trust	80.54	-	-	14.55	3.28	-	98.37
Place and Economy	91.65	-	6.74	1.74	0.82	(5.26)	95.68
Chief Executive Office	2.64	-	0.01	0.04	-	(0.28)	2.41
Communities and Opportunities	12.61	-	-	2.06	0.06	(1.33)	13.40
Centrally Controlled Budgets	27.35	7.73	0.30	0.53	0.34	(5.22)	31.03
Corporate Services	17.77	-	0.50	2.08	-	(2.49)	17.86
Finance	10.86	-	0.19	0.33	0.10	(1.22)	10.26
Total Service Expenditure	378.58	7.82	15.53	33.36	4.59	(23.23)	416.65

- 6.47 Centrally controlled proposals include a number of cross-cutting proposals, growth proposals include pay related proposals of £7.7m. along with efficiencies proposals totalling £3.7m.

Funding Assumptions

- 6.48 The Local Government provisional financial settlement is expected to be announced in late December 2023 with final settlement details expected in February 2024. The final budget proposals will be updated to reflect any issues coming out of the budget consultation exercise as well as the revised position once the government's financial settlement details are known. Final budget report due to be presented to Cabinet on 13 February and Council on 22 February 2024.
- 6.49 Whilst we have made assumptions on what the different funding streams will be for next year, we will not have a clear idea until the provisional settlement information is released at the end of December. As a result, there are risks associated with the funding side of these draft budget proposals.

6.50 The Autumn Statement provides a high-level view on the overall position and expectation of the economy and also highlights national funding streams that will be utilised to seek to deliver against the Government's policy objectives.

6.51 Key announcements impacting local authorities were:

- Changes to Business Rates Retention Scheme including; the extension of the retail, hospitality and leisure discount for 2024-25, freezing the small business multiplier (not the standard multiplier, which will go up by 6.62%)
- National living wage will increase by 9.8% to £11.44, along with the lowering of the age threshold from 23yrs to 21yrs
- As part of a number of housing and planning measures, planning system reform allowing Local Authorities to recover the full cost of major planning applications in return for ensuring target deadlines are met with the risk of refunding in full where not achieved
- £110 million of funding to support Local Planning Authorities to deliver high-quality schemes to offset nutrient pollution
- £120 million funding for the devolved administrations and local authorities in England to invest in homelessness prevention, including to support Ukrainian households who can no longer remain in sponsorship
- Local Housing Allowance will be raised to the 30th percentile of local rents in 2024-25
- £450 million for a third round of the Local Authority Housing Fund.

6.52 The table below details the funding assumptions applied within the draft budget:

	2023-24 MTFP £000	2024-25 MTFP £000	Change £000
Council Tax Income	(240,613)	(255,519)	(14,906)
Council Tax Collection Fund	(4,295)	(2,891)	1,404
Business Rates Income	(90,839)	(103,354)	(12,515)
Improved Better Care Fund	(10,069)	(10,744)	(675)
Social Care Grant	(18,967)	(21,981)	(3,014)
Adult Social Care Discharge Grant	(1,412)	(2,353)	(941)
Market Sustainability Grant	(3,407)	(6,366)	(2,959)
2022-23 Services Grant	(2,028)	(2,164)	(136)
New Homes Bonus	(3,510)	(2,470)	1,040
Rural Services Delivery Grant	(439)	(468)	(29)
Other Central Grants	(875)	(875)	0
Total Funding	(376,453)	(409,185)	(32,732)

Business Rates Income

- 6.53 Forecast Business Rates income has increased by £12.5m in 2024-25 which includes assumptions on growth and a reassessment and review of the levels of appeals and bad debts following last year's introduction of the 2023 rating list.
- 6.54 The Business Rates growth retained by WNC is based upon the current national parameters and local assumptions: Any changes announced in the period up to and including the provisional local government settlement will need to be considered, modelled and then reflected in the February budget report. Over the last few years, DLUHC has indicated a policy decision to re-set the Business Rates baseline. However, no announcement has been made by DLUHC and we have assumed that the baseline will be reset from 2025-26.
- 6.55 In the Autumn Statement, the Chancellor of the Exchequer uprated the standard multiplier by Septembers CPI to 54.6p, whilst freezing the small business multiplier, with local authorities being fully compensated for the loss of income. In addition, the Retail, Hospitality and Leisure relief was extended for a further year, which will potentially reduce business rates income with local authorities fully compensated for the loss of income.

Council Tax Income

- 6.56 The overall Council Tax base for 2024-25 has been estimated at 143,691.71 (Band D equivalent properties), an increase of just over 1.15% from 2023-24 which is lower than previously assumed based on the latest in year intelligence as growth has been lower than expected. This is thought to be down to the higher interest and mortgage rates, high inflation and delays in the supply chain for materials. Annual increases at 1.5% are assumed to continue throughout the MTFP period. Work is still taking place on the final taxbase and delegated authority is sought for the Executive Director – Finance to finalise the taxbase for next year.

6.57 A Local Council Tax Reduction Scheme (LCTRS) for 2024-25 has to be agreed by 31 January 2024 for the financial year 2024-25. At the meeting held on 14 November 2023 Cabinet recommended a LCTRS for 2024-25 which retains a 20% minimum contribution for working age claimants.

6.58 The in-year monitoring of the Collection Fund during 2023-24 shows an actual surplus of £2.9m, a reduction of £1.4m from the £4.3m surplus for 2022-23. The surplus was higher in 2022-23 following our prudent approach over the distribution of the accumulated surplus during the covid period.

Premiums on Long Term Empty Properties and Second Homes

6.59 Legislation has been laid to allow premiums to be levied on long term empty properties and second homes.

6.60 Based on the advice received so far it is currently believed that the long-term empty premium covered by the new legislation can be implemented for 2024-25 but the second homes premium cannot be implemented until 2025-26.

6.61 Delegated authority is sought for the Executive Director – Finance to take the appropriate steps to implement these premiums at the earliest opportunity in order to incentivise house owners to bring those vacant properties back into use at the earliest opportunity so that the local supply of housing can be maximised.

Fees and Charges

6.62 Income from fees and charges represents an important source of funds to the Council and enables a range of services to be provided within the area and beyond. West Northamptonshire's Draft Budget generates income in the region of £50.2m with approximately £27.5m coming from the Fees and Charges set out in Appendix C.

6.63 In order to deliver a balanced budget all discretionary fees and charges (those not set by statute) have been scrutinised to maximise income on services where residents and business have a choice about whether they want to pay for a particular service or not.

6.64 The annual review of fees and charges is completed as part of the draft budget process to ensure charges reflect the impact of any inflationary increases of the cost of service delivery and where appropriate are benchmarked against other providers.

General Fund Balances and Earmarked Reserves

6.65 The Council has inherited reserves from the former Districts and Boroughs as well as the disaggregated County Council. Many of these were earmarked for a specific purpose, although some are more flexible.

6.66 Due to the ongoing audits at the former Councils and the audit of the 2021-22 accounts, the opening 2021-22 reserve balances for West Northamptonshire Council are still to be confirmed. Reserve and carry-forward drawdowns were approved in 2021-22 as part of the provisional outturn and should any adjustments be required prior to confirming the final outturn this would also affect the opening balances.

6.67 The following table provides a breakdown of the current estimated level of reserves and also estimates how those reserves may be utilised over the next year with an estimated level of reserves included at 31 March 2025.

Description	Opening Balance as at 01/04/23 £000	2023-24 Net Commitments £000	Expected Balance as at 31/03/24 £000	2024-25 Net Commitments £000	Expected Balance as at 31/03/25 £000
General Balance	(35,000)	0	(35,000)	0	(35,000)
Risk Reserve	(28,847)	8,264	(20,582)	5,767	(14,815)
Transformation Reserve	(9,228)	3,975	(5,253)	2,023	(3,231)
Invest to save	(1,151)	38	(1,113)	0	(1,113)
Service Specific Reserves	(20,619)	5,629	(14,990)	4,495	(10,495)
Other Reserves Total	(59,845)	17,906	(41,939)	12,285	(29,653)
Section 31 Grants	(87)	0	(87)	0	(87)
S106 Reserves	(2,474)	23	(2,451)	7	(2,444)
Ringfenced / Technical	(14,804)	6,116	(8,688)	3,282	(5,406)
Ringfenced / Technical Reserves Total	(17,364)	6,138	(11,226)	3,288	(7,937)
Specific Covid reserves	(1,702)	1,140	(562)	200	(361)
Specific Covid Reserves Total	(1,702)	1,140	(562)	200	(361)
Earmarked Reserves Total	(78,911)	25,185	(53,726)	15,774	(37,952)
Grand Total	(113,911)	25,185	(88,726)	15,774	(72,952)

6.68 Explanations of the main reserves are included below.

Risk Reserve

6.69 Within the estimated level of reserves there are a number that could be described as ‘smoothing’ reserves. These were set up to deal with fluctuations and volatility in areas such as business rates income. The risk reserve will be continually monitored and released via S151 approval to deal with any unplanned risks identified during the year.

Transformation Reserves

6.70 This includes the £4.2m reserve held to fund any one-off transformational programmes or activities identified during the year and the £1m Business Rates Retention Sustainability Fund.

Invest to save Reserves

6.71 During 2021-22 a reserve of £1.2m was set up to be released for invest-to-save initiatives as they come forward. This reserve is released at the discretion of the S151 officer. There currently remains a balance of £1.1m in this reserve.

Service Specific Reserves

- 6.72 There are reserves set up at the request of services for specific purposes. They are drawn down when the service incurs expenditure for the purpose the reserve was set up for. Many of these reserves were set up by predecessor authorities. All reserves have been reviewed and where it has been deemed that they are no longer required they have been transferred to the risk reserve.

Section 31 Funding Reserve & Ringfenced / Technical Reserves

- 6.73 The Section 31 funding reserve is held to offset the risk to the collection fund from the impact of COVID on business rates and council tax income and has been almost completely used for this purpose. The ringfenced/technical reserve holds the Public Health grant reserve, Insurance Reserve and Enterprise Zone reserve.

7. Medium Term Financial Plan Forecasts

- 7.1 Although the draft Budget for 2024-25 shows a balanced position, there is considerable uncertainty in the medium term due to:
- Economic uncertainty and impact of both national and global events on forecast inflationary levels over future years
 - Establishing post pandemic levels of local demand and changes in consumer behaviours over future years
 - The impact of domestic inflationary and interest rate pressures and continued cost of living impact
 - Confirmation of the implementation of Business Rates reform, resetting the business rates baseline and the fair funding review
 - The outstanding and promised reform to address the national challenges of Children's services, SEND and Adults Social Care in terms of both demand and the cost to address it
 - One off funding benefit surpluses which we are benefitting from in 2024-25.
- 7.2 The Council's medium-term position is set out in the table below, and when projected forward leads to a medium-term gap of £80m over 4 years starting with a 2025-26 deficit of £42.1m. This demonstrates the importance of continual focus on reducing the managing demand more effectively and reducing the cost of service delivery.

	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Total Net Budget	860,176	887,727	920,548	958,990
Total Funding	(860,176)	(845,670)	(861,702)	(878,577)
Budget Gap (cumulative)	0	42,057	58,846	80,413

Other Funds

7.3 The Council also receives ring-fenced grant funding for specific service delivery including Schools and Public Health Services. These are also reviewed within the Council's draft budget proposals and detailed below.

Dedicated Schools Grant

7.4 School Funding is received through the Dedicated Schools Grant (DSG), and is split into four blocks, each with its own formula to calculate the funding to be distributed to each Local Authority (LA), and with specific regulations on what each block of funding can be spent on.

- Schools Block – funds primary and secondary maintained schools and academies through the school's funding formula, and growth funding for new and growing schools.
- Early Years Block – funds the free entitlement for 2, 3 and 4 years olds in all early year's settings in the private, voluntary and independent (PVI) sector, as well as maintained nursery schools.
- High Needs Block – funds places in special schools, resource units and alternative provision, and top-up funding for pupils with Education, Health and Care Plans (EHCPs) in all settings.
- Central Schools Services Block – funds services provided by the local authority centrally for all schools and academies (ongoing responsibilities), for example School Admissions, and historical commitments previously agreed between the local authority and Schools Forum such as pension strain costs.

7.5 The calculation methodology for each block is explained in Appendix D.

7.6 On 17 July 2023, the Department for Education (DfE) published an update on the policy paper of the National Funding Formula (NFF) 2024-25 for schools and high needs with provisional allocations.

7.7 On 6 October 2023, Susan Acland-Hood, Permanent Secretary for the DfE, wrote to Robin Walker MP, Chair of the Education Select Committee outlining a technical error in the NFF that was initially published in July. The error related to the processing of forecast pupil numbers, which

left unaddressed, would mean the cost of the core schools budget would be 0.62% greater than allocated in 2024-25. As the national budget is due to be £59.6bn next year, an error of that size would equal around £370m.

- 7.8 The error does not impact the total planned spend on the core schools' budget of £59.6bn for 2024-25 or the high needs National Funding Formula, and there are no cash adjustments to be made as the funding has not yet been allocated.
- 7.9 As Early Years funding is based on census data at different points in the year, these allocations are published to a different timetable and so the current year budget has been assumed in the table below.
- 7.10 The table below shows the provisional allocation for West Northamptonshire Council from the October announcement. The final allocations are expected to be published at the end of December 2022 close to the expected date of the provisional local government finance settlement.

2024-25 Provisional Settlement by DSG Block £k

DSG Block	Schools	Early Years Provision	High Needs	Central Schools Services Block	TOTAL
2023-24 (updated July 2023)	343,470	27,845	66,957	3,939	442,211
Provisional 2024-25	353,436	27,845	69,091	3,670	454,042
Revised Provisional 2024-25 (updated October 2023)	350,385	27,845	69,091	3,670	450,991
Increase/ (decrease)	6,915	0	2,134	(269)	8,780
% increase/ decrease	2.0%	0.0%	3.2%	(6.8%)	2.0%

- *schools block growth funding is an estimate with final figures to announced in the December settlement.*

Schools Block National Funding Formula

- 7.11 The Government have changed a small number of existing features of the funding formula for 2024-25 school funding as outlined in Appendix D.
- 7.12 The DfE updated guidance set out that funding through the mainstream schools national funding formula is increasing by 2% per pupil in 2024-25. For WNC this equates to £6.9m of the national increase in 2024-25.

- 7.13 The minimum per pupil levels in 2024-25 will be set at £4,610 per pupil for primary schools and £5,995 per pupil for secondary schools. The government's prediction for the minimum per-pupil funding for secondary schools has been revised down in the latest announcement by £55 from July. At primary level it's down £45. Based on these figures for West Northants, the average secondary school would be £64,051 worse-off than predicted in July, and the average primary would be £10,688 worse-off.
- 7.14 The increase however, whilst welcome, is still not in line with inflationary cost increases such as energy costs and rising teachers' wage costs due to cost of living increases and pressures for sector wide salary incentives to avoid serious recruitment and retention problems.

High Needs Block National Funding Formula

- 7.15 The provisional increase in the high needs block for WNC is £2.1m which is in line with the minimum uplift in percentage terms.
- 7.16 Nationally, there is an inherent pressure within the High Needs Block relating to the growth in the demand for young people with special educational needs and disabilities (SEND).
- 7.17 WNC is in the bottom quartile in terms of the high needs block funding per pupil received across all local authorities nationally, which means that it is becoming increasingly difficult to manage demand and price increases.
- 7.18 The current year level of overspend within the WNC High Needs Block is forecast at £4.39m and therefore the Council is looking at cumulative, structural deficits continuing as demand outstrips funding increases.
- 7.19 The pressures which have resulted in the High Needs block overspend are expected to continue into future years and this presents risks around affordability of provision for pupils with high needs. Therefore, a range of actions are being proposed or taken as part of the SEND improvement programme to address the predicted financial pressures.

Central Schools Services Block National Funding Formula

- 7.20 The Central Services School Block (CSSB) provides funding to local authorities to carry out central functions on behalf of maintained schools and academies. The block comprises of two elements: ongoing responsibilities and historic commitments.
- 7.21 However, the historical funding part of the block is being unwound each year by a 20% reduction. The services funded by this have gradually had their costs "shunted" to the general fund and this had been built into the medium-term revenue plan, however due to increasing pressures on the general fund due to rising demand in adults and children's social care, temporary accommodation and the impact of inflation this will have to be reviewed against the uncommitted CSSB balances held for the 2024-25 financial year.
- 7.22 The Council has undertaken a school budget consultation running from 1 November to 30 November 2023 as agreed with Schools Forum, and the outcomes from the consultation will be presented to the December Schools Forum meeting where proposals will be voted on where

required. However, the final schools funding formula remains a local authority decision and the submission to the Education Skills and Funding Agency (ESFA) is due on 22 January 2024. Further details relating to the DSG are included in Appendix D.

Public Health

7.23 Public Health budget funds a range of local public health activities that aim to protect and improve the health and wellbeing of the West Northamptonshire population and reduce inequalities. In particular the budget supports the Delivery of the West Northamptonshire Health and Wellbeing Strategy 'Live Your Best Life' alongside system partners and underpins the Local Area Partnership Place Delivery model. The Service objectives are defined through Public Health statutory responsibilities, these are categorised under Health Improvement, Health Protection and Healthcare Public Health (three pillars of Public Health) and include:

- Improve the health and wellbeing of individuals or communities through enabling and encouraging healthy lifestyle choices as well as addressing underlying issues such as poverty, lack of educational opportunities and other such areas
- Provide or make arrangements to provide 0-19 Services including maternity and health visitors, school nurses and weighing and measuring of children
- Provide or make arrangements to provide for health checks
- Provide or make arrangements to secure the provision of open access sexual health services in their area
- Provision of a public health advice service, in relation to commissioning health services to the Integrated Care Board
- Provide advice and information to the health and care system to ensure health protection.

7.24 Public Health grant for 2023-24 is £19,730,445 with amounts for 2024-25 to be confirmed. Any additional grant received would be ringfenced for additional public health responsibilities.

Capital Strategy and Draft Capital Programme 2024-25 onwards

7.25 The Capital Strategy demonstrates how the Council will make expenditure and investment decisions in line with the Corporate Plan which sets out the Council's priorities. It sets out the key objectives and broad principles to be applied by the Council when considering capital investment and its funding and provides the context for how the Medium-Term Capital Programme seeks to support the realisation of the Council's vision and corporate priorities.

7.26 The Capital Strategy is not just about finance, it is a whole organisational approach to effective, long-term planning and investment for the benefit of our citizens.

7.27 However, affordability will be a key driver when assessing the Council's capital investment portfolio and the authority's policy is to minimise the need for borrowing to fund capital schemes.

- 7.28 The Strategy also provides details of the Council’s planned future capital programme and capital funding expectations. The emphasis will be on ensuring a robust mechanism to deliver our priorities within the finances available.
- 7.29 The Capital Strategy is being developed with reference to the requirements of the latest Prudential Code and Treasury Code of Practice and will be brought forward for approval as part of the final budget report in February 2024.
- 7.30 The draft budget outlined in Appendix E takes into account the schemes endorsed in year through the Capital and Assets Board (CAB) plus new schemes proposed by services. These new schemes have been through the Star Chamber process and endorsed by CAB for inclusion in the draft capital programme.
- 7.31 This results in a draft general fund capital programme of £193.9m over the four-year period 2024-28. Full details are set out in Appendix E.
- 7.32 The table below summarises the total draft general fund capital programme by directorate.

Draft 2024-28 General Fund capital programme	2024-25	2025-26	2026-27	2027-28	Total
	£000	£000	£000	£000	£000
Adult Social Care	7,026	7,119	7,191	7,266	28,602
Assets and Environment Capital	46,790	4,006	4,279	816	55,891
Children's	32,525	382	400	400	33,707
Children's Trust	168	168	168	0	504
Corporate	6,376	1,885	2,005	1,375	11,641
Economic Growth & Regeneration	20,126	0	0	0	20,126
Finance	764	230	235	0	1,229
Highways and Waste Capital	24,321	4,885	1,116	238	30,561
Housing & Communities	4,880	2,280	2,250	2,250	11,660
Total	142,976	20,955	17,645	12,345	193,921

- 7.33 The Capital Strategy is being developed with reference to the requirements of the latest Prudential Code and Treasury Code of Practice and will be brought forward for approval as part of the final budget report in February 2024.
- 7.34 The Housing Revenue Account (HRA) draft capital budget will be presented to Cabinet in December as part of a separate HRA budget setting report.

8. Implications (including financial implications)

Resources and Financial

- 8.1 The resource and financial implications of the Council’s draft proposals are set out in the body of, and appendices to, this report.

Legal

- 8.2 The setting of the budget is carried out in accordance with the Budget and Policy Framework Procedure Rules set out in the Constitution.
- 8.3 The provisions of the Local Government Finance Act 1992 set out what the Council has to base its budget calculations upon and require the Council to set a balanced budget with regard to the advice of its Chief Finance Officer (Section 151 Officer).
- 8.4 The robustness of the proposed estimates and the adequacy of the proposed reserves must be addressed in the formal report to be made in February 2024 to Cabinet by the Chief Finance Officer (Section 151 Officer) and then if agreed will be recommended by Cabinet to Full Council. This report is required under Section 25 of the Local Government Act 2003.

Risk

- 8.5 The Budget for 2023-24 included a general contingency of £11.0m in recognition of the risks associated with constructing the budget for West Northamptonshire Council as a new organisation. This balance has reduced to £6.7m as part of the work undertaken to balance the 2024-25 draft budget. Through the Council's budget monitoring process, service budgets are closely monitored on a monthly basis by both service managers and finance officers, giving early visibility of both emerging risks and opportunities.
- 8.6 In addition to this the Council has implemented a robust budget planning process through which service proposals have been subject to scrutiny and challenge. However there still remains a level of risk associated with external factors and economic pressures beyond the Council's control including increasing service demand and costs of delivery being experienced in 2023-24. Therefore, it is prudent to continue to hold contingency to mitigate any risks.
- 8.7 There is a proposal in the draft budget which restricts the amounts of unavoidable budget growth for services to 90% of the amount they requested during the budget planning process. In total this reduced the budget proposals by £3.7m. This approach is different to the one used in previous years where services were generally allocated the increased budget to meet their predicted demand and cost pressures. While there is always a possibility that the trajectory of demand and cost will slow or reduce due to changes in external circumstances or trends assuming that there will be 10% less growth creates both an immediate efficiency target and risk if the services see an onward increasing trend of demand or increased cost. In the event that the settlement provides additional funding (above our assumptions) this would therefore be the first risk that will need to be addressed or for which a service risk reserve would sensibly be set aside in the final budget.
- 8.8 This approach combined with the reduced level of contingency makes the budget inherently riskier and presents a challenge for budget holders to immediately address to ensure they do not overspend their budgets.
- 8.9 Should the provisional settlement be better than currently anticipated then those surplus funds will be added back into the contingency to de-risk the budget further.

8.10 The Council's 2021-22 statutory accounts are still subject to audit and as such there remains a risk that there may be some changes. Once these closing balances have been finalised the opening balances for North and West Northamptonshire will need to be established and are still subject to final agreement.

Consultation and Communications

8.11 This draft budget is presented to Cabinet prior to the start of public consultation when people's views will then be sought on the proposals put forward.

8.12 Budget consultation will commence on 13 December, the day after Cabinet has considered the draft budget proposals, and will be open for six weeks, closing on 23 January. The response to the budget consultation will be analysed and form part of the final budget report to Cabinet on 13th February 2024.

8.13 The draft budget will also be considered by the Corporate Overview and Scrutiny Committee who will also provide their views and comments to Cabinet before they consider the final budget for recommendation to Full Council in February.

8.14 The timeline for the rest of the budget process is as set out below:

- Publish draft budget papers – 4 December 2023
- Cabinet considers draft budget – 12 December 2023
- Commence draft budget consultation – 13 December 2023
- Provisional Local Government Funding Settlement – End December 2023
- Overview and Scrutiny consider budget – Jan/Feb 2024
- Consultation closes (six weeks) – 23 January 2024
- Publish final budget report – 5 February 2024
- Final Local Government Funding Settlement – early/mid-February 2024
- Cabinet considers final budget – 13 February 2024
- Council Tax Setting and budget report published – 14 February 2024
- Full Council considers final budget – 22 February 2024.

8.15 Throughout this timeline and at all key stages of the process, the draft budget and consultation arrangements will be extensively promoted across a broad range of communications channels to ensure public awareness and encourage participation in the process across West Northants. This will range from news outlets, websites and social media to local community engagement channels, with specific targeting of audiences including hard-to-reach groups.

8.16 The response to the budget consultation will be analysed and form part of the final budget report to Cabinet on 13 February 2024.

Climate Impact

8.17 All proposals have been reviewed and considered for any environmental impact which has identified increases in emissions associate with a small number of proposals. The increases are a result of the need to provide services to an increasing number of residents across West Northamptonshire and for this reason are currently unavoidable. Any increase in emissions

associated with these proposals will be monitored and managed as part of the Council's ongoing carbon reduction work.

Community Impact

- 8.18 The Council has a strong commitment to equality and diversity. This means considering how all groups and individuals within our community get the services they require and are not disadvantaged, and that services are available to them to meet their needs. Equality Impact Assessments help the Council to make informed decisions and to ensure that where there are proposals that potentially disproportionately negatively affect a protected characteristic that mitigating actions are put into place as part of the decision-making process.
- 8.19 The potential impact of the proposals on those groups has been assessed. The Equality Impact Assessments will be reviewed again following an analysis of the results from the budget consultation process.

9. Background Papers

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

- Autumn Statement
[Autumn Statement 2023 \(publishing.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114222/Autumn-Statement-2023.pdf)
- West Northamptonshire Council budget 2023-24, approved 22 February 2023
<https://westnorthants.moderngov.co.uk/documents/s10478/2023-24%20Final%20Budget%20Report%20-%20Full%20Council.pdf>