



WEST NORTHAMPTONSHIRE COUNCIL CABINET

13 FEBRUARY 2024

CABINET MEMBER FOR FINANCE: COUNCILLOR MALCOLM LONGLEY

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|---------------|---|
| Report Title | Revenue Monitoring Period 9 - Financial Year 2023-24 |
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List of Approvers

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1. Purpose of Report

- 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

- 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 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 The Council is continuing to experience demand led pressures which are reflected in the current position. In response to the continuation of these demand led cost pressures currently being experienced by the Council, service management teams are focussed on reducing the cost of service delivery in their areas to support the council to forecast spend closer in line with the budget, while ensuring that services are still delivered and that there isn’t a corresponding reduction in service provision.

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 | P9 Forecast Net Spend £'000 | P9 Outturn Forecast Variance £'000 | P7 Outturn Forecast Variance £'000 | Movement Since P7 £'000 | Forecast Variance against budget % |
|--|---------------------|--------------------------------|---------------------------------------|---------------------------------------|----------------------------|---------------------------------------|
| Corporate Services | 18,022 | 17,626 | (396) | (180) | (216) | -2.2% |
| Chief Executive Office | 2,975 | 2,975 | 0 | 0 | 0 | 0.0% |
| Education Services | 5,219 | 5,684 | 465 | 324 | 141 | 8.9% |
| Children's Trust | 81,790 | 98,195 | 16,405 | 13,960 | 2,445 | 20.1% |
| Communities and Opportunities | 14,068 | 15,544 | 1,476 | 2,335 | (858) | 10.5% |
| Adults, Communities & Wellbeing | 130,307 | 134,434 | 4,127 | 3,546 | 581 | 3.2% |
| Place and Economy | 92,986 | 92,049 | (937) | 164 | (1,101) | -1.0% |
| Finance Directorate | 11,573 | 11,073 | (500) | 57 | (557) | -4.3% |
| Cost of services | 356,940 | 377,581 | 20,641 | 20,206 | 435 | 5.8% |
| Technical / Centrally Controlled Budgets | 26,577 | 12,070 | (14,507) | (14,908) | 401 | -54.6% |
| Total budgeted expenditure | 383,517 | 389,651 | 6,134 | 5,298 | 836 | 1.6% |
| Less funding | (383,517) | (386,158) | (2,641) | (2,641) | 0 | 0.7% |
| Net Position 2023-24 | 0 | 3,493 | 3,493 | 2,657 | 836 | 0.9% |

*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 £3.5m 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. The Period 9 position shows an adverse movement of £0.8m from the period 7 position reported to Cabinet on 12th December 2023.

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

| Retained WNC Budgets | Net Budget | Period 9 Forecast Outturn | Period 9 Outturn Forecast Variance | Period 7 Outturn Forecast Variance | Movement from Period 7 | Forecast Variance against budget |
|-------------------------------------|-------------------|----------------------------------|---|---|-------------------------------|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Dwelling Rents | (57,181) | (56,989) | 192 | 337 | (145) | -0.3% |
| Non-Dwelling Rents | (1,094) | (1,054) | 40 | 40 | 0 | -3.7% |
| Other Charges for Services | (2,906) | (2,801) | 105 | (13) | 118 | -3.6% |
| Contributions towards Expenditure | (9) | (12) | (3) | (11) | 8 | 33.3% |
| Repairs & Maintenance | 0 | 93 | 93 | 0 | 93 | 0% |
| General Management | 1,632 | 1,340 | (292) | (31) | (261) | -17.9% |
| Special Services | 51 | 51 | 0 | 0 | 0 | 0% |
| Rent, Rates, Taxes & Other | 302 | 302 | 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 | 8,774 | 8,390 | (384) | (271) | (113) | -4.4% |
| Depreciation (MRA) | 13,699 | 13,999 | 300 | 0 | 300 | 2.2% |
| Voluntary Repayment Contributions * | 0 | 516 | 516 | 517 | (1) | 0% |
| Revenue Contributions to Capital * | 517 | 0 | (517) | (517) | 0 | -100% |
| Total Retained Budgets | (32,795) | (32,795) | 0 | 0 | 0 | |
| Budgets Managed by NPH | | | | | | |
| 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% |
| Total Managed Budgets | 32,795 | 32,795 | 0 | 0 | 0 | 0.0% |
| Net Position | 0 | 0 | 0 | 0 | 0 | 0.0% |

* 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 £0.3m due to new build properties coming online slower than expected, and an increase to the depreciation charge of £0.3m, which is part offset by reductions in borrowing costs due to major scheme rephasing, and an improved bad debt position.
- 2.13 In addition to this, a detailed review of Housing Revenue Account retained budgets has highlighted a number of legacy residual budgets that are no longer used, reflected in the £290k forecast underspend within General Management, which brings the HRA into a balanced position overall.

Dedicated Schools Grant

- 2.14 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.
- 2.15 The Department for Education (DfE) currently operate a four-block funding model for funding schools and pre-16 education including early years as set out in the following table:

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

- 2.16 The Dedicated Schools Grant (DSG) forecast at the end of Period 9 is as follows:

Table Three – DSG

| DSG Block | Gross Expenditure Budget £'000 | Recoupment £'000 | Net Expenditure Budget £'000 | Period 9 Forecast Expenditure £'000 | Period 9 Forecast Variance £'000 | Movement from Period 7 £'000 |
|--------------------------------|---|-----------------------------|---|--|---|---|
| Schools | 342,175 | (273,243) | 68,932 | 68,798 | (134) | (160) |
| Early Years Provision | 27,845 | 0 | 27,845 | 27,471 | (374) | (118) |
| High Needs | 71,475 | (16,851) | 54,624 | 60,223 | 5,599 | 1,207 |
| Central Schools Services Block | 3,791 | 0 | 3,791 | 3,781 | (11) | 0 |
| TOTAL | 445,286 | (290,094) | 155,192 | 160,272 | 5,080 | 929 |

- 2.17 The DSG is currently forecasting an overspend of £5.1m – an adverse movement of £0.9m from the position reported at P7 mainly due to additional demand pressures in the high needs block.

High Needs Block

- 2.18 The forecast pressure in the high needs block totalling £5.6m has increased by £1.2m since the position reported at P7. The increase is mainly across provision for pupils with SEN (£0.9m) due to increased support for pupils in mainstream schools and those without EHCPs. This brings the total forecast overspend in this area to £2.6m. By supporting more mainstream schools to meet higher levels of need, pressures on more expensive specialist placements are avoided.
- 2.19 The large majority of the remaining high needs block overspend is mainly due to increased demand and cost for independent placements provision (including out of county placements) for pupils with SEND (£2.8m) with sufficiency issues in meeting demand in county.
- 2.20 Independent special school placements had increased by 34 pupils since the end of July, in comparison the increase for the whole of 2022-23 which 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.
- 2.21 The capital programme includes £34m investment in a new special school with a target completion date of September 2025, and continuation of works to increase resourced places in mainstream schools and special school expansions over the next academic year to support

better outcomes for children, create in excess of an additional 600 places and reduce financial pressures over the medium term. This will be funded through central government grants and Council borrowing.

Early Years Block

- 2.22 The early years block is forecast to underspend by £0.4m on central expenditure which in the main relates to staffing vacancies.

Schools Block

- 2.23 There is a £0.1m forecast underspend on the school improvement group de-delegation which will be ring fenced (to maintained schools whose delegated budgets were reduced for this central function following approval through the schools forum) and carried forwards into next financial year to support this activity.

Public Health Grant

- 2.24 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

| | 2023-24 Budget | Period 9 Forecast | Period 9 Forecast Variance | Period 7 Forecast | Movement from Period 7 |
|---|---------------------------|------------------------------|---|------------------------------|---------------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Health Protection and Healthcare Public Health | 2,809 | 2,789 | (20) | 2,709 | 80 |
| Wider Determinants | 3,480 | 3,432 | (48) | 3,420 | 12 |
| Health Improvement and Communities | 1,073 | 1,071 | (2) | 1,074 | (3) |
| People & Wellbeing and Commissioning | 8,334 | 8,453 | 119 | 8,594 | (141) |
| Management and Admin | 4,034 | 3,985 | (49) | 3,933 | 52 |
| Public Health Grant | (19,730) | (19,730) | 0 | (19,730) | 0 |
| General Fund (for Healthwatch) | 153 | 101 | (52) | 101 | 0 |

- 2.25 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

3.1 It is recommended that the Cabinet:

- a) Note the forecast outturn position for 2023-24 and associated risks.
- b) Note the deliverability assessment of West Northamptonshire Council savings requirement for 2023-24 summarised in section 7 and detailed in Appendix B
- c) Note the Treasury Management update in appendix C
- d) 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.

4 Reason for Recommendations

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

5 Report Background

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

2.26 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 £18.02m

Forecast outturn £17.63m

Forecast underspend £0.39m

Variance percentage -2.2%

2.27 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 £0.4m.

2.28 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.

- 2.29 Corporate Services Managers have identified further underspends and mitigations of £1.1m 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%

- 2.30 Chief Executive Office includes the Chief Executive, Assistant Chief Executive, Communications Business Intelligence Services, and Sustainability team.

- 2.31 The Directorate is reporting an overall balanced position, which has not moved from the position reported at P7.

Education Services

Net Budget £5.22m

Forecast Outturn £5.68m

Forecast overspend £0.47m

Variance percentage 8.9%

- 2.32 Education Services is made up of Council services which deliver statutory education functions against approximately 200 duties as set out in various Education and Children Acts, and regulations including, but not limited to, school quality assurance and intervention, pupil place planning and admissions, early years and special educational needs.

- 2.33 The Directorate is reporting a forecast overspend of £0.5m. This is a £0.1m adverse movement from the position reported at P7 mainly due to the increased requirement for associate Educational Psychologists (which come at a premium cost compared to WNC staff) to cover staff vacancies in this team to meet the demand for new assessments to improve timeliness and performance.

- 2.34 The total 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.

- 2.35 Educational Psychology income is forecast to fall short of the target by £0.3m due to the continued focus on statutory work.

- 2.36 Additional capacity in the Educational Psychology team is being commissioned on a fixed term basis, funded by one off resources, to undertake work on the backlog of statutory assessments needed to significantly improve the current performance, while enabling the substantive service to continue to recruit permanent staff and complete new assessments.

Northamptonshire Children's Trust

Net budget £81.79m

Forecast outturn £98.20m

Forecast overspend £16.41m

Variance percentage 20.1%

- 2.37 The contract for Northamptonshire Children's Trust provides children's social care services across both West and North Northamptonshire Councils. At period 9 NCT is forecasting an overspend across the whole County of £29.7m.
- 2.38 Of this total amount the Northamptonshire Children's Trust (NCT) financial contribution from West Northamptonshire Council is currently estimated to be £16.4m greater than the Council's share of the initial contract sum of £150.9m which is representative of a challenging national context relating to the cost of children's services. This represents an adverse movement of £2.4m from the position previously reported.
- 2.39 Forecast pressures across all children's placements now make up £21.3m of the total (a deterioration of £3.1m from the period 7 reported position) with £13m of the total 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. The total also includes placements savings proposals totalling £1.3m which are forecast as undeliverable, and as a result have been written out in the 2024-25 contract sum. The remaining pressure is due to a combination of demographic growth, complexity of need driving higher average placement costs (particularly in residential and supported accommodation) and average price increases above budgeted growth and inflation.
- 2.40 Staffing costs are expected to be £3.6m higher than the amount included in the initial contract sum (£2m WNC share). The total includes £1m additional funding for the in-year pay award which has been approved, and £1.1m for the continuation of additional managed team capacity to support improvement. The remaining overspend is due to requirement for agency staff (which come at a cost premium) to cover vacant posts. The recruitment of social workers is a key challenge both locally and nationally and there is a shortage of social workers across the country, with the agency market and the associated costs attracting a greater number of social workers. 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.
- 2.41 Legal costs, transport and expenditure in children's homes make up a total of £1.2m (£0.7m WNC) forecast overspends which are mainly due to increased demand and inflation above budgeted levels. Forecast underspends of £0.4m (£0.2m WNC) across other non-placement related care expenditure mitigates this in part.
- 2.42 Following a review of historical aged debt in relation to partner contributions for complex joint funded packages of care and placements, NCT have made a provision in their accounts for bad debt totalling £1.2m which is a charge to revenue (£0.7m WNC share). Further work is being undertaken in seeking settlement of the majority of historical invoices, and there is an upside

benefit that the provision won't be required in its entirety, which would result in a writing back of some provision into the accounts.

- 2.43 There are £0.7m total costs outside the service delivery contract payable to NCT which mainly relates to the provision of the Adults Emergency Duty service by NCT. After accounting for approved funding included in the WNC budget, the net additionality to the Council is £0.2m.
- 2.44 Forecasting is challenging given the current pressures on placement provision through demand, complexity and in some cases court ordered placement provision. Combined with inflationary pressures on these demand led budgets and social work recruitment, these factors present a risk to year end projections. The Trust have management actions in progress around joint funded packages of care, but have raised concerns that costs could increase due to issues surrounding placements and continue to closely monitor the financial position.

Communities and Opportunities

Net budget £14.07m

Forecast outturn £15.54m

Forecast overspend £1.48m

Variance percentage 10.5%

- 2.45 The Communities and Opportunities Directorate includes Housing, Leisure, Libraries, Economic Development, Regeneration and Community Safety & Engagement.
- 2.46 The Directorate is forecasting an overspend of £1.5m, 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. However, this a favourable movement of £0.9m from the position reported at P7 mainly due to the increase in demand for accommodation slowing and an allocation of grant funding to offset against accommodation costs.
- 2.47 Service project groups are working on a number of key initiatives to address prevention and supply options which should bring down costs over time.
- 2.48 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.

- 2.49 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 both staffing underspends and utilisation of grant funding.

Adult Social Care

Net budget £130.31m

Forecast outturn £134.44m

Forecast overspend £4.13m

Variance percentage 3.2%

- 2.50 The Adult Social Care Directorate consists of services that provides support to older people or those living with disabilities or with mental or physical illness under the Care Act, to promote their independence and improve their well-being. This support enables them to manage their needs and live life to the fullest regardless of the challenges they may face as a result of their circumstances. The Directorate also has responsibility for Public Health.
- 2.51 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 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.
- 2.52 The Directorate is reporting a £4.1m pressure. This is despite £10.1m of savings being largely on track for delivery in full as detailed in table at 7.1 of this report. This is a £0.6m movement from the position reported at P7 mainly due to an increase in pressures in independent care driven by higher acuity of clients and an increase in short term episodes of care.
- 2.53 Within Adult Services the independent care overspend is £4.7m. Pressures on the budget continue to increase, despite several ongoing successful projects delivering £5.5m of savings by 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 £1.6m due to number of back dated invoices being raised in the current year. This is contributing to offset the position and needs to be tracked closely until the end of the year.
- 2.54 Other pressures across Adult Services relates to transport costs of £1.0m 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.

- 2.55 Within Safeguarding and Wellbeing, there is a pressure of £0.5m against the Longlands Specialist Care Centre primarily driven by the inability to recruit to permanent staff and having to employ agency staff. Other overspends of £0.05m relate to Adults Mental Health Practice (AMHP), Deprivation of Liberty Safeguards (DoLs) and Quality and Performance due to staffing pressures. These pressures are offset in part by both staffing and non-staffing underspends across Adults Services of £0.7m. Prevention and Assistive Technology are forecasting an underspend from increased sales of equipment £0.3m and other minor underspend across Call Care.
- 2.56 Within ASC Management there is an overspend of £0.2m due to an undeliverable saving following a review of external funding conditions. In addition to this there is a non-deliverable saving relating to the Spinneyfields Specialist Care Centre as the PFI unitary charge is assumed to be borne by WNC until the end of January.

Place and Economy

Net budget £92.99m

Forecast outturn £92.05m

Forecast underspend £0.94m

Variance percentage -1.0%

- 2.57 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.
- 2.58 The Directorate is reporting an overall underspend of £0.9m in 2023-24. Within this position, there is pressure of £1.3m on savings delivery and in year net savings and mitigating actions totalling £2.1m. This is a favourable movement across the Directorate from period 7 of £1.1m.
- 2.59 Of the £1.3m budgets savings delivery pressures identified, approximately £0.9m is due to in year implementation delays on several proposals. There are approximately £0.4m 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.
- 2.60 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.
- 2.61 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 £0.1m, and a pressure on traffic signal utility costs of £0.1m following disaggregation of budgets from the former County Council.
- 2.62 Waste Services have identified in year pressures of £0.5m consisting of a net pressure on waste collection and disposal of £0.3m (adverse movement from P7 £0.2m) due to increased volumes and tonnages), and £0.2m resulting from legacy income pressures and a technical adjustment.

- 2.63 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 £0.1m.
- 2.64 These pressures are being offset by an overall net staffing underspend across the Directorate of £0.7m (favourable movement from P7 £300k). This is due to delays in service restructures and recruitment to vacant posts. Further service specific in year savings are detailed below:
- 2.65 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 forecast to underspend by £0.1m following receipt of revised prices and consumption. The service is also due to recover legal costs of approximately £0.1m.
- 2.66 Highways and Transport have identified £1.5m 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 pressure within Home to School Transport. Additional income of £0.6m is forecast due to an increase in network management activity in the year (movement from period 7 £0.2m favourable). There is a one-off benefit in 23-24 resulting from an over accrual and reconciliation of PFI Street Lighting energy from 22-23 totalling £0.3m (favourable movement from P7).
- 2.67 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 £0.8m (movement from P7 £0.1m favourable). Additional income from the sale of recyclables is forecast at household waste recycling centres £0.2m. There is forecast risk share income and an underspend on contract variations totalling £0.1m.
- 2.68 The Regulatory Service is forecasting favourable variances to budget primarily as a result of increased taxi licence income, recovery of legal costs, and external funding totalling £0.2m.
- 2.69 There are various minor underspends/overspends across the Directorate totalling a net £0.4m (favourable movement from P7 £0.1m).

Finance

Net budget £11.57m

Forecast outturn £11.07m

Forecast underspend £0.50m

Variance percentage -4.3%

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

2.71 The Directorate is reporting an underspend of £0.5m. This results from a saving on external audit costs.

Technical/Centrally Held Items

Net budget £26.58m

Forecast outturn £12.07m

Forecast underspend £14.51m

Variance percentage -54.6%

2.72 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 £14.5m against budget for 2023-24. This is an adverse movement of £0.4m from the position reported at period 7 due to the reasons set out below.

2.73 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.

2.74 £8.2m general contingency has been released as an underspend to offset service pressures within the position. A summary of commitments against the general contingency is shown below:

| | Period 7 Forecast | Period 9 Forecast | Movement from Period 7 |
|---|----------------------|----------------------|------------------------------|
| | £m | £m | £m |
| 2023-24 Opening Contingency Budget | 19.0 | 19.0 | 0 |
| Pay Inflation | (7.6) | (7.6) | 0 |
| Disaggregation contingency allocation to Corporate Services | (0.5) | (0.5) | 0 |
| General Contingency Balance | 10.9 | 10.9 | 0 |
| Agreed transfers | | | |
| Pay award (additional 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 |
| Remaining balance | 8.2 | 8.2 | 0 |

2.75 There is a forecast underspend of £3.6m within treasury management, which is an adverse movement of £0.6m from the position reported at period 7.

2.76 An opportunity to exit a LOBO loan arrangement of £10m was progressed due to a demand to increase the interest rate by the lender. This loan was replaced with a PWLB loan, at a lower rate than the proposed increased LOBO rate, but higher than the original LOBO rate, resulting in additional financing costs of £0.3m. In addition to this, a decrease in the forecast level of available cash balances has resulted in a reduction in investment income of £0.3m, despite improved yield rates compared to budget.

2.77 There is also a forecast underspend of £1.8m on MRP due to a reprofiling of capital spend along with £1.0m underspend due to over delivery of the pension saving proposal and other overspends totalling £0.1m, taking the total centrally controlled forecast underspend (including contingency release) to £14.5m.

Funding

2.78 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) |
| Total Funding | (383,517) |

2.79 The Period 9 position includes forecast additional business rates income of £2.6m. 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. Summary of savings delivery 2023-24

3.1 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 | (10,110) | (8,220) | (378) | (580) | (932) | (10,110) |
| Centrally Controlled Budgets | (7,563) | (2,000) | (5,515) | 0 | (48) | (7,563) |
| Chief Executive Office | (636) | (263) | (359) | 0 | (14) | (636) |
| Communities and Opportunities | (1,737) | (831) | (198) | 0 | (708) | (1,737) |
| Corporate Services | (5,440) | (2,900) | (2,288) | (68) | (184) | (5,440) |
| Education Services | (530) | (160) | (126) | (8) | (236) | (530) |
| Finance | (714) | (90) | (619) | (5) | 0 | (714) |
| Place and Economy | (5,248) | (1,222) | (2,508) | (246) | (1,272) | (5,248) |
| Total | (31,977) | (15,686) | (11,991) | (907) | (3,394) | (31,977) |

Blue = Delivered and Confirmed

Green = Deliverable, on target

Amber = Deliverable, with risks

Red = Unlikely to be delivered

3.2 Overall, there are thirty-two savings (£3.4m) flagged as 'red' which are unlikely to be delivered and thirteen savings (£0.9m) 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.

3.3 Within Adult Social Care £0.5m of the Winter Planning Project proposal remains amber until full analysis of the demand vs funding of hospital discharge activity over the Christmas and January period is complete. The proposal to reduce provision to non WNC residents is at amber risk (£0.1m) of delivery as discussions around a 3rd party occupancy are still ongoing that would mitigate the risk.

3.4 Within Place and Economy £0.2m of the Street Lighting proposal remains amber rated. The delivery of this proposal is dependent upon weather, installation and expected light during the last quarter of 2023-24.

4. Implications (including financial implications)

Resources and Financial

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

Legal

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

Risk

- 4.3 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 adults and children's social care and housing services potentially driving further financial pressures over and above those already identified. These risks were identified earlier in the report.

- 4.4 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

- 4.5 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.

- 4.6 Any management interventions that require a policy change will be subject to a consultation before any decision is taken.

- 4.7 Where consultation is necessary, full details will be presented to Cabinet separately. Cabinet can only make a decision after taking careful account of the results of such consultation in order to reach an informed decision.

Consideration by Overview and Scrutiny

- 4.8 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.

- 4.9 Corporate Scrutiny will consider this report.

Climate Impact

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

Community Impact

- 4.11 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.

Communications

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

5. Background Papers

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

- 5.2 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>

- 5.3 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>

- 5.4 Revenue Monitoring report Period 7
<https://westnorthants.moderngov.co.uk/documents/s14591/Revenue%20Monitoring%20Period%207%20-%20Financial%20Year%202023-24.pdf>