

WEST NORTHAMPTONSHIRE COUNCIL CABINET

21ST DECEMBER 2021

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

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| Report Title | Period 7 Revenue monitoring report for the financial year 2021-22 |
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Appendix A – 2021-22 Revenue Forecast Outturn by Directorate as at Period 7

Appendix B – Budget Savings Tracker

1. Purpose of Report

- 1.1. The report provides an assessment of the Council's financial performance against its approved 2021-22 budget, incorporating key financial risks, issues and opportunities identified since 1st April 2021 for General Fund and the Housing Revenue Account (HRA).
- 1.2. The detailed General Fund budgets are subject to continual review and refinement. Since the 1st April, Directorates and Finance have worked together, reviewing budgets, prioritised by risk, to

zero base, and ensure they are sufficient to cover West Northamptonshire Council's commitments, and adequately fund new service designs and ways of working.

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. The creation of a new Council presents a number of opportunities, such as the financial benefits of economies of scale both from amalgamating four councils into one and from the consolidation of contracts, assets and the redesign of processes. However, there remains a significant amount of financial risk, such as the nationally recognised budget pressures for local government, not only from the longer-term impact of Covid-19 on costs and income, but also from demand led and other cost pressures which pre-date the pandemic.
- 2.3. The 2021-22 budget was the very first budget created for this authority. While significant due diligence was undertaken to create the baseline budgets transferring from the legacy Councils, there are some inherent financial risks associated with the demand for services in the first year of the new organisation as a result of the unprecedented impacts of the pandemic, and the 'actual' level of demand for services, which we would only be able to properly understand after the commencement of the new financial year.
- 2.4. Whilst the initial stage of the 'zero-based budgeting' (ZBB) costing exercise has now been completed, budgets will continue to be reviewed and refined as part of the on-going budget monitoring process. Any emerging issues identified as part of the exercise will be highlighted in future reports.
- 2.5. Table one summarises the revenue forecast currently being estimated for this financial year. It highlights some identified service pressure which will seek to be managed within the year.

Table One: Forecast Outturn 2021-22 by Directorate

| Directorate | Net Budget £'000 | Forecast Net Spend at 31/03/22 £'000 | P7 Forecast Variance at 31/03/22 £'000 | Q1 Cabinet Report at 31/03/22 £'000 | Movement since Q1 Cabinet Report £'000 | % Forecast Variance against budget |
|--|---------------------|---|---|--|---|------------------------------------|
| Corporate Services | 20,652 | 21,222 | 570 | 570 | 0 | 2.8% |
| Chief Executive Office | 1,977 | 2,103 | 126 | 333 | (207) | 6.3% |
| Children's Including Trust | 73,872 | 73,693 | (179) | 0 | (179) | -0.2% |
| Adults, Communities & Wellbeing | 108,978 | 110,081 | 1,103 | 604 | 498 | 1.0% |
| Place, Economy and Environment | 79,900 | 79,170 | (730) | 256 | (986) | -0.9% |
| Finance Directorate | 10,265 | 10,126 | (139) | (139) | 0 | -1.4% |
| Technical / Centrally Controlled Budgets | 30,926 | 32,526 | 1,600 | 0 | 1,600 | 5.2% |
| Total budgeted expenditure | 326,570 | 328,921 | 2,351 | 1,624 | 727 | 0.7% |
| Less funding | (326,570) | (326,570) | 0 | 0 | 0 | 0.0% |
| Net Position 2021-22 | 0 | 2,351 | 2,351 | 1,624 | 727 | |
| Less budget contingency | | (2,351) | (2,351) | (1,624) | (727) | |
| Overall Net Position 2021-22 | 0 | 0 | 0 | 0 | 0 | |

2.6. The forecast outturn position for 2021-22 Period 7 is a **balanced position**, however it does assume the use of £2.35m of the general contingency set up in the budget proposals. The potential use of the contingency has increased by £0.73m from the Quarter 1 position reported to Cabinet in September 2021; this movement is set out in the relevant directorate sections (section 5).

2.7. The budget proposals included a general contingency of £5m to deal with any unexpected budget pressures that emerged in year, particularly as the levels of demand, and the true cost of service delivery, and design could not be fully known until the financial year commenced for the new organisation. The contingency is being held centrally within 'Centrally Controlled Budgets' and will be allocated to services at the discretion of the Executive Director of Finance and the portfolio holder for Finance.

2.8. However, there is an expectation that the service pressures highlighted above, will be mitigated in the year, through cost efficiencies and release of brought forward budgets deemed surplus to requirements. In the event, that full mitigation is not possible, then the contingency will be drawn down for the purpose it was intended.

2.9. The HRA forecast outturn at the end of the Period 7 is as follows:

Table Two - HRA

| Other Funds - HRA | Net Budget £'000 | Forecast Net Spend at 31/03/22 £'000 | Forecast Variance at 31/03/22 £'000 | % Forecast Variance against budget |
|-------------------------------------|-----------------------------|---|--|---|
| Income (Rent & Services charges) | (54,735) | (54,307) | 499 | 0.78% |
| Repairs & Maintenance | 13,954 | 13,954 | 0 | 0.00% |
| General Management | 8,959 | 8,959 | 0 | 0.00% |
| Special Services | 4,854 | 4,854 | 0 | 0.00% |
| Rents, Rates, Taxes & Other Charges | 302 | 302 | 0 | 0.00% |
| Bad Debt Provision Charge | 400 | 400 | 0 | 0.00% |
| Recharges from the General Fund | 2,650 | 2,650 | 0 | 0.00% |
| Interest & Financing Costs | 7,186 | 7,186 | 0 | 0.00% |
| Revenue Contributions to Capital | 642 | 642 | 0 | 0.00% |
| Depreciation | 15,150 | 15,150 | 0 | 0.00% |
| Contribution to / (from) Reserves | 639 | 211 | (499) | 0.00% |
| Net Position 2021-22 | 0 | 0 | 0 | 0.00% |

2.10. The Housing Revenue Account (HRA) new build programme suffered significant re-phasing of capital expenditure from 2020-21 into 2021-22 and beyond. Following a review of the current and future years' delivery programme for new build properties coming on stream, it is anticipated that there will be a pressure on rental and service charge income of £0.5m in the current year. This pressure will be mitigated by reducing the anticipated contribution to reserves that was anticipated during the year.

3. Recommendations

3.1 It is recommended that the Cabinet;

- a) Note the forecast outturn position for 2021-22 and associated risks;
- b) Note the deliverability assessment of West Northamptonshire Council savings requirement for 2021-22 and 2022-23 in Appendix B.

4. Reason for Recommendations:

- *To ensure that the Authority complies with its financial regulations.*

5. Report Background

5.1 The Council's budget for 2021-22 is £326.6m and was approved on 23 February 2021, the budget includes £13.4m of savings proposals. This report includes an analysis of the deliverability of these savings proposals, and the in-year variations to budgeted assumptions.

5.2 Covid-19 has had considerable impact on the way services are provided by the Council and its partners, as well as presenting significant financial challenges due to the Council's crisis response. The implementation of nationwide lockdown has meant that the financial impact of the virus will continue to be felt on the 2021-22 budget and in later years.

- 5.3 However, it should be noted that this authority and the predecessor authorities have received Covid-19 funding to assist in dealing with these pressures, as set out in Section 6.
- 5.4 This report provides a detailed commentary on the anticipated spending pressures and loss of income as a result of Covid-19, as well as the utilisation of government grant funding.

6. Financial Overview by Directorate

6.1 This section of the report provides an update on progress on the zero-based budgeting process (ZBB); the forecast variations against 2021-22 budget (BAU) and the anticipated financial implications of Covid-19 pandemic by directorate. A more detailed breakdown of the 2021-22 forecast is included in Appendix A.

6.2 Corporate Services

Net Budget £20.65m
Forecast Outturn £21.22m
Forecast overspend £0.57m
Variance percentage 3%

6.3 The Corporate Services directorate includes a number of support services such as IT, HR and Legal Services. The budgets for these services are still subject to detailed review and restructuring, as the previous council budgets were structured in different ways to reflect differing service delivery models across the former predecessor councils. From the initial budget review to date, there have been some issues identified, including historical shortfalls in service provision in IT services with regard to cyber security; and unachievable capital recharges, resulting in an estimated in year net shortfall of £0.44m.

6.4 In addition to this, following the transfer and consolidation of resource budgets, including the repatriation of former LGSS Services, there is an identified shortfall in budget, which will impact the delivery of the Service Aggregation savings proposal, resulting in undeliverable savings of £0.13m.

Covid-19 Pressures

6.5 The ongoing pressures of Covid-19 continue to impact the Registrars Service (£57k), in regard to the additional staffing resources required to deal with the backlog which built up due to restrictions on the service during the lockdown periods.

6.6 The Coroners Service needs to maintain the capacity and preparedness of the temporary mortuary site (£90k), so that it is ready should it be required to be activated. This cost is to fund equipment for the site and training/deployment of staff.

6.7 Additional pressures have been identified in relation to the cost of running Covid-19 compliant Council meetings (£37k) and the need to fund an additional HR Business Partner (£32k) to support Covid-19 compliance work.

6.8 These Covid-19 pressures will be offset against the non-ringfenced Covid-19 grant.

6.9 **Chief Executive Services**

Net Budget £1.97m
Forecast outturn £2.10m
Forecast overspend £0.13m
Variance percentage 6%

6.10 The budget for Chief Executive Services is £1.97m and includes both Chief Executive and Assistant Chief Executive Services. Following a review of the budgets within the Directorate, as part of the 'zero-basing' exercise, a net shortfall of £0.23m in respect of service aggregation savings has been identified, owing to the savings proposal not fully matching with the budgets mapped across from the four legacy authorities. Other minor variances totalling £0.05m have also been identified.

6.11 There are in-year vacancies of £0.15m which partially mitigate this overspend; giving an overall position of £0.13m overspend.

6.12 Services within the Directorate are in the process of restructuring and further savings are envisaged as a result, which will further mitigate the budget shortfall.

6.13 **Children's Services (including the Children's Trust)**

Net Budget £73.87m
Forecast outturn £73.69m
Forecast underspend £0.18m
Variance percentage (0.2%)

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

6.15 The Northamptonshire Children's Trust (NCT), was established as a company limited by guarantee on 1st November 2020, and from 1st April 2021 is wholly owned by West and North Northamptonshire Councils. NCT delivers children's social care and targeted early help services on behalf of the Councils including front door and safeguarding services, support and placements for children in care and disabled children, and in house fostering and residential provisions. The

provision of these services is set out in a contractual arrangement between NCT as the provider, and the Councils which retain statutory responsibility for these services.

- 6.16 Following a review of the budgets within the Education Service, as part of the 'zero-basing' exercise, there are no general fund financial implications at this current stage. Staffing budgets have been realigned across the Service within the existing resources and the additional costs of disaggregation are in line with the budgeted sum of £0.3m. Base budget pressures of £0.2m due to previously non-ringfenced grant income being removed and £0.1m tribunal legal costs have been offset by other non-pay budgets identified across the Directorate as no longer required and budgets realigned accordingly.
- 6.17 During the Covid-19 pandemic, there have been significant changes and challenges across Children and Education Services in meeting statutory duties, and in adapting delivery to best support children, young people and families.
- 6.18 As Covid-19 restrictions have been lifting, the Directorate and NCT have been focussed on understanding the impact on the flow of work and demand following the pandemic, to maintain effective service delivery and anticipate possible trends as a result of the additional challenges faced, increase in demand, complexity and uncertainty.

Education

- 6.19 The Education Directorate are forecasting an underspend of £0.18m.
- 6.20 Across the wider Education service area there have been vacancies across the statutory Inclusion, Leadership and Governance and Specialist Support Services teams resulting in a forecast underspend of £319k.
- 6.21 There have been delays in receiving statutory advice from the Educational Psychology team due to staff vacancies. There is a national shortage of professionals in the area and there is some reliance on agency Educational Psychologists to cover these vacant posts – the cost of which is offset by underspends due to staffing vacancies. The net impact is a forecast underspend of £294k on staffing in this team. Due to the focus on completing statutory work, there is a resultant impact on the ability to do traded work, which in turn poses a risk to meeting budgeted income targets. Currently the estimated shortfall in year is £544k. There is ongoing recruitment to vacant posts in this area and whilst statutory work is currently being prioritised, capacity to begin to undertake traded work again is reviewed on an ongoing basis against vacancies being filled.
- 6.22 One off grant income totalling £110k has been offered up as a further mitigation to the traded income shortfall this financial year.

Northamptonshire Children's Trust

- 6.23 NCT was established from 1st November 2020 to deliver early help and social care services for children and families on behalf of NCC until 31st March 2021; with ownership then transferring to the two new unitary authorities thereafter.
- 6.24 The initial NCT contract sum spans a 17-month period (1st November 2020 to 31st March 2022). The part year impact of the core budget for the Northamptonshire Children's Trust was determined largely based on 5 months of the annual 2020-21 approved budget for in scope services (with the exception of legal and transport budgets which are for 6 months based on the profile of demand forecasts), plus the 2021-22 approved full year budget, plus the material additional costs of running a Trust (additional management costs and pensions deficit contribution). The contract sum also includes notional sums for the buyback of property, support services and insurance which continue to be provided by the Councils and collectively are termed as "other agreements".
- 6.25 The savings targets as identified in the Councils' MTFPs are incorporated into the initial 17-month Northamptonshire Children's Trust budget and financial performance is monitored through the Finance Mechanism. A monthly financial monitoring report is presented at the Operational Commissioning Group, including a review of the delivery of the transformation and savings programme.
- 6.26 NCT are currently forecasting an overspend of £622k against the total contract sum across West and North Northamptonshire Councils. The West Northamptonshire share is approximately £348k, or 56% based on the agreed disaggregation. However, the Trust will mitigate this pressure through the use of a carry forward reserve totalling £812k relating to the financial period Nov 2020–Mar 2021.
- 6.27 In light of the national trend of increasing caseloads and complexity leading to increased placement costs, there remains some risk around placement forecasts due to increased complexity.

Covid-19 Pressures

- 6.28 The Council committed to provide free school meal vouchers throughout the October half term and the Christmas holidays at a forecast cost £0.45m to be met through covid-19 funds.
- 6.29 Nationally, the area of SEND (Special Educational Needs and Disability) has a high profile with significant parent and legal advisor focus on the implementation and delivery of the Children and Families Act 2014. This has resulted in a requirement for an additional 12 FTE caseworkers in the Education and Healthcare (EHC) statutory team which manages the assessment and educational

placements of children and young people, to manage increasing workloads whilst ensuring timeliness of assessments is in line with Department for Education expectations and in comparison with regional authorities. The additional part year cost based on the estimated recruitment timescales is £142k.

6.30 **Adults, Communities & Wellbeing**

Net Budget £108.98m

Forecast outturn £110.08m

Forecast overspend £1.10m

Variance percentage 1%

- 6.31 The Adults, Communities and Wellbeing Directorate consists of Adult Social Care 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 housing, sport and leisure and a range of community services alongside responsibility for public health.
- 6.32 The Adults, Communities and Wellbeing Directorate are forecasting an overall £1.10m pressure against budget for 2021-22. There are a number of areas of pressure that have been identified through the zero basing exercise post vesting day, most notably emerging pressures within Independent Care and the continued impact of the Covid 19 pandemic.
- 6.33 A forecast pressure of £1.63m against Independent Care budgets is being driven by a combination of increased referrals across client groups and cost pressures in the market. This is primarily found in Older Peoples services, where there are a combination of drivers including significant pressures on hospital discharge, capacity amongst independent care market due to inability to recruit staff and quality concerns raised of some providers.
- 6.34 Following the budget review £0.12m of pressure has been identified within Adult Social Care comparing the staffing establishment to base budget. In addition, this review has also evidenced a shortfall in base budget of £0.08m from the disaggregation of Housing and Communities Library Services.
- 6.35 Forecast underspends of £0.66m against staffing budgets within Adult Social Care services are driven by the increasing difficulty to recruit to the number of vacancies across both provider services and locality teams.
- 6.36 Following review of in year budgets across the Housing and Communities area; the services are forecasting one off underspends to mitigate the £0.41m pressure of the non-deliverable savings

for service aggregation. These forecast underspends have been identified from a number of service areas, from in depth review of both staffing and non-staffing budgets with budget managers.

- 6.37 There are other minor underspends of £0.07m comprising of a lower than planned expenditure on consumables in provider services and additional contributions to the Public Health budgets.

Covid-19 Pressures

- 6.38 There is a £2.2m pressure on independent care budgets as a result of the inability to deliver base budget savings from the Admissions Avoidance project. This was a cost avoidance scheme to reduce hospital admissions by placing social care resource at the front door of the hospitals. In 2020-21 no savings were delivered against this scheme due to Covid-19 and these savings were carried forward into 2021-22 budgets. Forecast savings of £0.5m are on track to be achieved in 21-22 with greater savings to be generated by the outputs of the ICAN (Integrated Care across Northamptonshire) programme in 22-23.
- 6.39 An additional demand pressure of £1.73m has been identified against Learning Disability Independent care budgets. This is as a direct result of the pandemic over the last 18 months, where vulnerable clients have not accessed services and have had heavy reliance on family carers and now require services in a crisis.
- 6.40 Whilst the Covid-19 pandemic continues to have an impact, it is anticipated that under Housing and Communities area, support payments to Leisure Centres across South Northants and Daventry will continue to providers. There has been an improvement in forecast from Quarter 1 reducing the forecast pressure with Leisure providers reporting better recovery figures for Period 7. The total reduced forecast support payments and forecast income levels is £0.7m, an improvement of £0.5m from the previously reported Quarter 1 forecast.
- 6.41 Additionally, there is also a risk in the delivery of Civil Penalty Income in the Private Sector Housing service where it is currently anticipated that there will be an in-year pressure against target income of £0.26m. Besides the impact of the Covid-19 pandemic, there are a number of other risks associated with issuing Civil Penalty Notices. These include the debt taking longer to recover and spanning financial years, and a reduction in the amount of actual debt recovery following First Tier Tribunal (FTT) hearings. Also, there is an in-year pressure on income targets across the Library Service of £0.06m where income levels have currently been forecast at 50% of target.
- 6.42 £0.31m of additional quality assurance resources are required to accelerate operational ability for assessing delivery compliance and sustainability risk across both commissioned provision and the wider independent market. This will inform targeted and proactive improvement

interventions in order to take timely assurance action, reduce the impact of delivery/provider failure and identify approaches to shape the care market as part of our Covid-19 restoration programme.

- 6.43 It is expected that £0.15m of MTFP savings will not be delivered this year from the delayed opening of the new specialist centre for step down care for Mental Health and Acquired Brain injury. This project has been significantly delayed due to the impact of the pandemic, and clients are starting to move in from October 21st. In addition to this, £0.1m of staffing costs is required to enable the provider to retain the recruited staff for the scheme who can continue to assess and support people that have been referred to the accommodation.
- 6.44 There is also a £0.23m pressure arising from the need for additional staffing to support the assessments of people discharged from hospitals to residential beds in order to meet statutory obligations and maintain business as usual operations and support the reviews of residential and nursing homes where quality concerns have been identified.
- 6.45 Additional capacity of £0.12m is required to resource the drive for the vaccination uptake across social care settings. This will provide focussed support for the vaccination of staff and residents by coordinating provider engagement and communications, and working to formulate individual action plans for each care home where there are concerns. This will also facilitate management reporting to system partners regarding current vaccination rates, challenges and solutions.
- 6.46 The service is starting to see the longer-term impact of the pandemic on the demand and delivery of services and support to people with health and care needs. A £0.12m pressure for a fixed term Assistant Director has been identified to support the delivery of statutory services in the context of this increased demand. The post holder will help develop the reset and recovery of Adult Social Care services to enable the continued implementation of the Target Operating Model and the delivery of the MTFP through mitigation of Covid-19 related delays.
- 6.47 There is further pressure of £0.10m arising from the need to support the provider of a purpose-built block of flats aimed at supporting people with LD and LD/PD. The pandemic and the associated restrictions led to delays in identifying, assessment and moving people into all the flats.
- 6.48 As a result of the winter related pressures and mandatory vaccination requirements coming into force, there is the need to attract and recruit staff to our residential settings and community roles to ensure that the services remain safe for the residents we serve. Furthermore, the need for a dedicated resource in the Northamptonshire Safeguarding Adults Board's (NSAB) business office has been identified to support the development of its quality and performance priorities, improve audit activities as well as provide senior administrative support. These have resulted in an additional pressure of £0.10m.

6.49 These Covid-19 pressures will be offset against the non-ring fenced Covid-19 grant.

6.50 **Place and Economy**

Net Budget £79.900m

Forecast outturn £79.170m

Forecast underspend £0.730m

Variance percentage -0.9%

6.51 Overall the Place and Economy Directorate is reporting a forecast underspend of £0.73m. The main elements that make this up are shown below.

6.52 The Assets & Environment area is reporting a forecast overspend of £0.25m. This is made up of structural budget pressures of £0.41m, mainly related to expected insurance rebates being less than budgeted in the Schools PFI area and staffing cost pressures; and a number of smaller in-year variances coming to an underspend of £0.16, including a potential one-off rebate on the Schools PFI contract.

6.53 The Growth, Climate & Regeneration area is reporting an overall underspend of £1.75m. This is predominantly due to over achievement of fees and charges income in the Development Services area due to the fees associated with a few large one-off development schemes, and in-year underspends against staffing due to vacant posts having not yet been filled.

6.54 The Highways & Waste area is reporting a forecast underspend of £0.20m. This is made up of in year underspends of £0.12m mainly consisting of over achievement of income from Household Waste Recycling Centres and Bus Lane Enforcement; and a structural budget underspend of £0.08m due to the payments on an embedded lease ending.

6.55 The Regulatory Services area is reporting an overall underspend of £0.03m. This is made up of a staffing structural budget pressure of £0.1m; and an in-year underspend of £0.13m made up of various small in-year underspends.

6.56 There is an under-achievement of savings in the Place Directorate for the current year of £0.99m. This relates to a saving proposal for the current year of £0.89m relating to service aggregation will not be achieved in the current year, as the transformation required to these service areas has not yet been completed. This transformation work is expected to continue leading to this saving being achieved in future years. In addition, there is a £0.10m pressure due to the saving on tier 1-3 senior staffing only being partially achievable, as one of the posts being removed for this saving did not have a base budget. In the current year the non-achievement of these savings are offset by the other underspends being reported for the Place Directorate resulting in this Directorate area still having an overall net underspend position.

Covid-19 Pressures

6.57 Within the Place & Economy directorate, there are various pressures associated with continuing to deliver services during the Covid-19 pandemic, these include £1.58m in Highways & Waste, of which £0.8m is due to an increase in waste tonnages and HWRCs being open additional days; £0.2m in Highway maintenance due to social distancing; and £0.2m of parking income that will not be covered by SFC grant.

6.58 Additionally, there is £0.13m in Regulatory Services area due to lost income from Licensing and additional staffing costs; £2.97m in Assets & Environment area due to loss of income from car parks, estates management, catering and others, and additional costs including extra cleaning costs, and costs of improving car parking payment systems; and £0.05m in Growth, Climate & Regen due to loss of income from the Museum Service.

6.59 These Covid-19 pressures will be offset against the non-ring fenced Covid-19 grant.

6.60 **Finance**

Net Budget £10.27m

Forecast outturn £10.13m

Forecast underspend £0.14m

Variance percentage -1%

6.61 The Finance Team has had several vacancies throughout the year, and as such is reporting an in-year underspend of £0.14m.

6.62 Following a review of the budgets within the Directorate, a shortfall of £0.05m has been identified within the Procurement Service, mainly attributable to a historical now non-achievable income stream, and additional licensing costs. Additional one-off income will be received this year that will mitigate this budget shortfall.

6.63 **Technical/Centrally Held Items**

Net Budget £30.93m

Forecast Outturn £32.52m

Forecast overspend £1.6m

Variance percentage 5.2%

6.64 Technical and centrally controlled budgets include the pension deficit contribution payments for West Northants, and the contingency budgets which cover identified risks such as Covid impact and budget disaggregation.

6.65 There is a pressure of £1.6m within the Treasury Management Budget, due to legacy issues. £0.8m is due to the late technical change in the methodology of a predecessor authority's Minimum Revenue Provision policy during the closedown of the 2019/20 statement of accounts (and after the 2021-22 Budget was set), with the remaining £0.8m pressure as a result of lower yields on Treasury Investment income.

7. Covid-19 Summary

7.1 There are continuing pressures associated with the delivery of services during the Covid-19 pandemic as detailed in the directorate sections. The balance of un-ringfenced Covid-19 funding received from the government by legacy Councils, brought forward and available to utilise in 2021-22 totals £13.6m. Alongside this there is additional funding within the 2021-22 budget of £6.4m, resulting in a total available funding of £20m.

7.2 The table below details the forecast position as at the end of Period 7; Covid-19 grant available to utilise, and forecast cost pressures:

Table Three

| Directorate | Savings undelivered due to covid £'000 | Other covid related pressures £'000 | Total Pressure forecast as at P7 £'000 | Un-ringfenced General Covid Grant Available £'000 |
|--|--|-------------------------------------|--|---|
| Funding Balances (<i>B/fwd. reserve £13.6m; and £6.4m in the 2021-22 budget</i>) | | | | 19,994 |
| Corporate Services | 0 | 216 | 216 | |
| Chief Executive Office | 0 | 0 | 0 | |
| Children's Including Trust | 0 | 592 | 592 | |
| Adults, Communities & Wellbeing | 1,365 | 4,705 | 6,070 | |
| Place, Economy and Environment | 0 | 4,728 | 4,728 | |
| Finance Directorate | 0 | 0 | 0 | |
| Technical / Centrally Controlled Budgets | 0 | 0 | 0 | |
| Total Covid pressures | | | 11,606 | |
| Less: Assumed use of Non-ringfenced Covid grant | | | (11,606) | (11,606) |
| Net position | | | 0 | 8,388 |

8. Summary of Savings Delivery 2021-22 and 2022-23

8.1 The Council has a savings requirement within its 2021-22 budget of £13.4m, and an expectation of savings to be delivered of £6.9m in 2022-23, within its medium-term financial plan. Finance and Service Directors have undertaken a review of savings deliverability, with the summary forecast position reported in table four.

Table Four

| Directorate | 2021-22 Savings Proposals £'000 | | | | |
|---------------------------------|------------------------------------|----------------|--------------|----------------|-----------------|
| | RAG Analysis | | | | Total |
| | Blue | Green | Amber | Red | |
| Adults, Communities & Wellbeing | (3,518) | 0 | (280) | (1,777) | (5,575) |
| Chief Executive Office | 0 | (754) | 0 | (227) | (981) |
| Children's Directorate | (5) | 0 | 0 | 0 | (5) |
| Children's Trust | 0 | (1,874) | 0 | 0 | (1,874) |
| Corporate Services | 0 | (761) | (451) | (128) | (1,340) |
| Finance Directorate | 0 | (409) | 0 | 0 | (409) |
| Place, Economy and Environment | (1,445) | (520) | 0 | (985) | (2,950) |
| Finance - Technical Adjustment | (230) | 0 | 0 | 0 | (230) |
| Total | (5,198) | (4,318) | (731) | (3,117) | (13,364) |
| % Total | 38.9% | 32.3% | 5.5% | 23.3% | |

Blue = Delivered and Confirmed
 Green = Deliverable, on target
 Amber = Deliverable, with risks
 Red = Unlikely to be delivered

- 8.2 Overall, there are only five savings targets for 2021-22 that are considered to be 'red' and are at high risk of not being delivered by the end of the financial year. These are set out in the directorate section and included as a pressure in the budget monitoring figures contained in the report.
- 8.3 There are a number of savings still classified as 'amber'. This is because there is a level of uncertainty and risk within the delivery aspect of the savings proposal. It is expected that as the year progresses the delivery plans will be clearer and therefore we would expect that the savings classified as amber will be moved into the 'green' category or 'blue' category.
- 8.4 Since Quarter1 the value of red rated proposals has increased by £1.9m, this is due to the slippage in delivery of savings proposals within both the Adult Social Care and Place Directorates. Within Adult Social Care there has been slippage in the delivery of the Admissions Avoidance savings proposal due to the longer-term impact of the pandemic.
- 8.5 The red rated proposals in the Place Directorate have increased by £0.99m. See paragraph 5.56 for further details.
- 8.6 A detailed assessment of the individual savings proposals is set out in Appendix B.

9. Implications (including financial implications)

9.1 Resources and Financial

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

9.3 Legal

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

9.5 Financial Risks

9.6 This report sets out the financial forecast and risks identified following the Period 7 review of the council's budgets.

9.7 Consultation

9.8 All 2021-22 Budget proposals were consulted on prior to the budget being approved by Full Council in February 2021.

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

9.10 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.

10. Background Papers

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

- Previous reports to West Northamptonshire Shadow Executive, 23 February 2021: [Meeting of West Northamptonshire Shadow Authority on Tuesday 23rd February 2021 - West Northamptonshire Council \(moderngov.co.uk\)](#)