

WEST NORTHAMPTONSHIRE COUNCIL CABINET

12 July 2022

**CABINET MEMBER RESPONSIBLE FOR FINANCE: COUNCILLOR MALCOLM
LONGLEY**

Report Title	Revenue Monitoring, Provisional Outturn 2021-22 and 2022-23 Financial Outlook
Report Author	Martin Henry, Executive Director (Finance) Martin.Henry@westnorthants.gov.uk

Contributors/Checkers/Approvers

West MO	Catherine Whitehead	04/07/22
West S151	Martin Henry	04/07/22
West Communications team	Becky Hutson	04/07/22

List of Appendices

Appendix A - 2021-22 Provisional Outturn Detailed Variance Analysis

Appendix B – Carry Forward approvals

1. Purpose of Report

- 1.1. The report provides an assessment of the Council's provisional outturn position against the approved 2021-22 budget.
- 1.2. This report also provides an early financial update for 2022-23, highlighting key risks and opportunities identified within the Period 2 monitoring process.

2. Executive Summary

- 2.1. The recently issued 2021 census shows that West Northamptonshire Council is the 13th largest Local Authority in terms of population with 425,800 residents, a growth of 13.5% and more than double the national average of 6.6%. This growth is higher than national averages and we

grew in all but one 5 year age group (those aged 60-64). We also saw an increase of 11.3% in households, ranked as the 39th largest increase.

- 2.2. These changes impact us in every way as a unitary Council that provide a range of services to residents and businesses across 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.
- 2.3. As a new Council, and faced with this level of growth, we have many opportunities in terms of increased Council Tax receipts and business growth. We also have the opportunity, not seen in two tier councils, to bring services together in a way that helps tackle some of our challenges more holistically, for e.g., helping Care Leavers secure housing and work to ensure they can reach their full potential.
- 2.4. But growth of this level at a time of a national cost of living crisis, also brings challenges for us. We already face significant social care demand from our growing older population and working age adults, but we are also seeing growth in our children's demographic and both are driving a demand for placements at a time when the market is challenging and the costs are high. These are both happening at a time when operating cost pressures are high with utility costs rising and supply chains being challenged. Covid too will present new pressures as absences impact workforces and in turn the pressure of health and care.
- 2.5. As we progress into our second year and see the emerging pressures of these factors, it is important that we maintain the strong and robust management of our finances. This means understanding where our demand arises, why and what mitigations and levers we can apply to help manage them. We also need to be mindful of not building in inflationary uplifts that create ongoing and unmanageable liabilities that outlast the inflation crisis and that will create future year issues and a return to austerity and job reductions.
- 2.6. Many councils have started to look to reserves as a means to address short term issues. We have been prudent in ensuring these have remained in place for the kind of unexpected circumstances we now find ourselves in and we have avoided drawing down on contingencies to support the coming year on that basis. Our history dictates that reserves and contingency must be a last resort to solve one off issues and we must now manage our way through this key period looking at carefully at our services, our duties, our cost and our opportunity to do things differently and working as a collective set of services.

3. Recommendations

- 3.1. It is recommended that the Cabinet;
 - a) Note the provisional outturn position for 2021-22;
 - b) Approve the use of contingency budgets requested in section 5.83 and service carry forward requests in Appendix B
 - c) Approve the agreed debt write-off requests that are greater than £25,000 as detailed in section 8.

d) Note the financial risks and issues identified for 2022-23.

3.2. Reason for Recommendations:

3.2.1. To ensure that the Authority complies with its financial regulations.

4. Provisional Outturn Position 2021-22

Provisional Outturn – General Fund

4.1. The table below details the 2021-22 provisional outturn position. It is important to note that this position is provisional and still dependant on the completion of the 2021-22 external audit process and therefore may be subject to further adjustment until the completion and approval of the 2021-22 Statement of Accounts.

Table One: Forecast Provisional Outturn 2021-22 by Directorate

Directorate	Net Budget £'000	Forecast Net Spend at 31/03/22 £'000	Provisional Outturn Forecast Variance at 31/03/22 £'000	P9 at 31/03/22 £'000	Movement since P9 £'000	% Forecast Variance against budget
Corporate Services	20,860	20,903	43	328	(285)	0.0%
Chief Executive Office	2,323	2,413	90	109	(19)	3.8%
Children's Including Trust	74,033	73,556	(477)	(437)	(40)	0.0%
Adults, Communities & Wellbeing	109,936	112,001	2,065	2,329	(264)	1.9%
Place, Economy and Environment	79,086	74,479	(4,607)	(2,256)	(2,351)	(5.8)%
Finance Directorate	11,731	11,481	(250)	(139)	(111)	(2.0)%
Cost of services	297,969	294,833	(3,136)	(66)	(3,070)	1.0%
Technical / Centrally Controlled Budgets	23,601	26,627	3,026	2,944	82	12.8%
Total budgeted expenditure	321,570	321,460	(110)	2,878	(2,988)	0.0%
Less funding	(321,570)	(321,570)	0	0	0	0.0%
Net Position 2021-22 -	0	(110)	(110)	2,878	(2,988)	0.0%

*Net budget excludes general contingency £5m

4.2. The provisional forecast outturn position for 2021-22 is an underspend of £0.1m. This is a positive movement of £3.0m from the third quarter position reported to Cabinet in February 2022 and therefore negates the requirement to draw down from the £5m general contingency budget that was due to be financed using general fund balances.

Provisional Outturn - Housing Revenue Account (HRA)

4.3. The HRA provisional forecast outturn is as follows:

Table two: HRA

Other Funds (HRA)	Net Budget £,000	Provisional Outturn 31/3/2022 £,000	Provisional Outturn Variance against budget £'000	Variance at Period 9 31/3/2022 £,000	Movement Since Period 9 £,000
Income (Rent/Service charges)	(54,735)	(53,472)	1,263	(54,317)	845
Repairs & Maintenance	13,954	15,401	1,447	14,499	902
General Management	8,959	8,928	(31)	8,984	(56)
Special Services	4,854	4,902	48	4,932	(30)
Rents, Rates, Taxes & Other	302	137	(165)	302	(165)
Provision for Bad Debts	400	249	(151)	200	49
General Fund Recharges	2,650	2,650	0	2,650	0
Interest & Capital Financing	7,186	7,279	93	7,324	(45)
Depreciation (MRA)	15,150	13,500	(1,650)	13,500	0
Rev Contributions to Capital	642	426	(216)	1,806	(1,380)
Contribution to/(from) Reserves	639	0	(639)	120	(120)
Net Position	0	0	0	0	0

4.4. The HRA account is forecasting a balanced provisional position at year end.

4.5. Since Period 9 the financial position of the HRA has deteriorated by £1.38m. Of this pressure the most significant movement being of £0.9m within the repairs and maintenance managed budget. This is due to the high costs of building materials.

4.6. In addition to this there has been £0.8m shortfall in rental income and service charges due to the delay in the capital new build programme.

4.7. The pressures encountered in the HRA have been mitigated through reduced contributions to Capital as well as lower capital financing costs which have been possible through reduced borrowing to fund the capital programme. This has resulted in a revenue neutral position.

4.8. The favourable reduction in capital financing charges is due to further re-phasing of the capital programme and therefore less of a need to finance from borrowing.

Provisional Outturn - Dedicated Schools Grant

4.9. 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.

4.10. 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)

4.11. The individual school's budgets (ISB) for academies and funding for high needs 'places' in academies (set prior to the start of academic year) are paid to academies directly from the Education Skills and Funding Agency (ESFA) reflecting the shift in responsibility for the funding of academies. This funding is taken off the DSG before the grant is paid to LAs and is termed 'recoupment'.

4.12. Academies are independent of the local authority and are accountable directly to the DfE. The DfE agency responsible for all school related funding is the Education and Skills Funding Agency (ESFA). Maintained schools continue to receive funding directly from the Council through the DSG.

4.13. The Dedicated Schools Grant (DSG) provisional forecast outturn is as follows:

Table Three – DSG

DSG Block	Gross Exp Budget* £'000	Recoupment** £'000	Net Exp Budget £'000	Provisional Outturn £'000	Variance £'000	Movement from Previously Reported Position £'000
Schools	300,283	(234,970)	65,313	64,629	(684)	(684)
Early Years Provision	25,398	0	25,398	24,706	(692)	(1,044)
High Needs	55,577	(15,111)	40,466	41,662	1,196	(1,327)
Central Schools Services Block	4,438	0	4,438	4,482	44	49
TOTAL	385,696	(250,081)	135,615	135,479	(136)	(3,006)

*includes carry forwards of £695k

**funding taken off the DSG before the grant is paid to the LA for academies and funding for high needs 'places' in academies who are paid directly from the Education Skills and Funding Agency (ESFA)

4.14. The DSG provisional outturn position is an underspend of £0.14m, a favourable movement of £3.0m from the position previously reported to Cabinet.

High Needs Block

4.15. High Needs Block has overspent by £1.2m, largely relating to the increased demand for special school places, and the resultant increased cost of places in independent schools which have had to be used due to West Northamptonshire Special School places being full. The 2022-23 WNC capital programme includes investment in additional resourced places in mainstream and special schools and the council have recently consulted on the requirement for a new 250 place special school, both in seeking to alleviate cost demand pressures across the medium term and provide quality education in county for children and young people.

- 4.16. This is an improvement of £1.3m from the previously reported position, due to a reduction in the anticipated level of demand for Alternative Provision places in the final quarter of the financial year.

Early Years Block

- 4.17. The Early Years Block has underspent by £0.7m, due to underspends on vacant posts, projects not being undertaken due to capacity constraints, and an improved position for 2, and 3 & 4 year-old funding based on the latest data driven from the Spring Census.

Schools Block movements

- 4.18. The Schools Block has underspent by £0.7m, with respect to de-delegations (approved by schools forum and ringfenced to maintained schools) for redundancy costs, school improvement activity and pupil growth. Schools forum will be consulted on the application of these funds to their specific usage in the next financial year.

Provisional Outturn - Public Health Grant

- 4.19. Public Health services in Northamptonshire for 2021-22 were delivered by North Northamptonshire Council as a host provider. The overall Public Health grant for West Northamptonshire was £18.585m. The West share of costs as per inter authority agreement against the main Public Health grant was £14.170m, resulting in an underspend of £4.415m. This underspend will be added into the West Public Health reserve for utilisation in future years. The main driver of the underspend relates to the number of vacancies within Public Health services.

5. General Fund Provisional Outturn – Directorate Summary

- 5.1. This section of the report provides a summary update on the provisional outturn position by Directorate with a detailed breakdown included in Appendix A.

Corporate Services

Net Budget £20.86m

Forecast Outturn £20.90

Forecast underspend £0.04m

Variance percentage (0.0%)

- 5.2. The Corporate Services Directorate delivers services including human resources, customer services, Digital, technology and innovation/IT , legal and democratic and transformation. It is reporting an outturn position of £0.04m overspend which is a favourable movement of £0.3m from the position reported to Cabinet at Period 9.

Key movements from Period 9

- 5.3. The service have identified £0.5m of additional IT pressure due to price and volume increases within a number of contracts as well as a shortfall of income from a historical unachievable income target of £0.2m. These pressures were part mitigated by vacancy savings in HR and customer services.
- 5.4. Within the favourable movement of £0.3m budget carry forwards have been approved totalling £0.5m , these are to support future developments within Business Intelligence and future liabilities in payroll , HR and customer services.

2021-22 Summary Position

- 5.5. There have been several historical budget issues which have been identified, including partial non delivery of the Service Aggregation savings proposal due to the impact of the repatriation of former LGSS service, shortfalls in service provision in IT services, and unachievable capital recharges. These have been offset in the main by the use of the disaggregation contingency and savings from vacancies across the directorate .

Covid 19 Pressures

- 5.6. The ongoing pressures of Covid 19 continue to impact the Registrars Service (£0.06m), regarding the additional staffing resources required to deal with the backlog which built up due to restrictions on the service during the lockdown periods.
- 5.7. The Coroners Service needed to maintain the capacity and preparedness of the temporary mortuary site (£0.09m), so that it is ready should it be required to be activated as happened recently during a period of Covid pressure.
- 5.8. Additional pressures have been identified in relation to the cost of running Covid-19 compliant Council meetings (£0.04m) and the need to fund an additional HR Business Partner (£0.02m).

Chief Executive's Office

Net Budget £2.32m

Forecast outturn £2.41m

Forecast overspend £0.09m

Variance percentage 3.8%

- 5.9. The Chief Executive's Office is reporting an outturn position of £0.09m, which is a favourable movement of £0.02m from position reported to Cabinet in February 2022.
- 5.10. Chief Executive Services include, Communications and Engagement, Business Intelligence, Policy and Performance, Executive Support and Lord Lieutenancy Services.

Key movements from Period 9

- 5.11. The favourable movement of £0.02k relates to a number of minor final forecast variations at year end on supplies and services.

2021-22 Summary Position

- 5.12. Following a review of the budgets within the Directorate, and the recent outcome of the restructure, a net shortfall of £0.75m in respect of service aggregation savings has been identified. This was a result of assumed senior staff savings from bringing the Councils together not fully matching with the budgets that came across from the four legacy authorities.
- 5.13. There are in-year vacancies of £0.52m which partially mitigate this overspend, and further savings on supplies and services of £0.20m.

Children's Services (including Northamptonshire Children's Trust)

Net Budget £74.03m

Forecast outturn £73.55m

Forecast underspend £(0.48m)

Variance percentage -0.0%

- 5.14. Children's Services are reporting an outturn position of a £0.48m underspend, which is a favourable movement of £0.04m from position reported to Cabinet in February 2022.
- 5.15. 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.
- 5.16. 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.

Key Movements from Period 9

- 5.17. Additional staffing vacancies of £0.2m have resulted in a further underspend, however this improved position has been offset by additional non staffing expenditure and a reduction in anticipated grant funding.

2021-22 Summary Position

Education

- 5.18. There have been a number of staffing vacancies across the Directorate with a combined forecast underspend of £0.7m and a number of general non staffing savings of £0.1m.
- 5.19. However due to the focus on completing statutory work within the Educational Psychology Service, there has been a resultant impact on the ability to do traded work, which in turn has resulted in a shortfall against budgeted income targets in year of £0.4m.

Northamptonshire Children's Trust

- 5.20. At period 12, NCT were forecasting an overspend of £3.70m against the total contract sum across West and North Northamptonshire Councils. This is largely due to emergency and complex placement costs .
- 5.21. Within the forecast overspend, pressures attributable to covid-19 include additional social worker capacity, additional packages of support for disabled children and sickness cover across care settings. These total £2.63m which will be met through a combination of COMF, base budget covid contingency and general covid grant funding. The Children's Services covid-19 pressures section outlines the WNC share of this. The Trust will mitigate the remaining forecast pressure after the application of these new covid funds using their reserve totalling £1.1m (revised from the position previously reported) carried over from the initial 5 months of operation over the period Nov 2020–Mar 2021. The use of this reserve in full means they do not have any contingency for overseen financial events in the future, which is a risk for both North and West Northamptonshire Councils.
- 5.22. Therefore, based on the latest position provided by the Trust which includes the planned use of reserves and covid funding, at this stage there is no formal contract variation or change control escalation required as pressures have been managed in year.

Covid 19 Pressures

- 5.23. NCT have identified a total of £2.63m pressures due to the impact of covid-19. The West Northamptonshire share is approximately £1.47m, or 56% based on the agreed disaggregation principles. The pressures largely relate to the additional cost of staff in the Duty and Assessment and Safeguarding Teams due to the increase in families requiring support and complexity of cases as a direct result of covid-19. The additional cost to WNC will be met through £0.31m COMF, £0.85m base budget covid contingency held in the Children's Directorate and £0.31m general covid-19 funds.
- 5.24. The Council provided free school meal vouchers throughout the October half term, Christmas holidays and February 2022 half term at a cost of £0.45m met through the Household Support Fund.
- 5.25. The 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 totals £0.11m which is to be met through COMF. The full year effect has been factored in to the 2022-23 proposed budget.

Adults, Communities & Wellbeing

Net Budget £109.93

Outturn £112.00

Overspend £2.06m

Variance percentage 1.9%

- 5.26. Adults, Communities and Wellbeing directorate is reporting a provisional outturn position of £2.06m overspend, which is a favourable movement of £0.3m from the position reported to Cabinet in February 2022.
- 5.27. 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.

Key movements from Period 9

- 5.28. The key movements from the position reported to Cabinet in February comprises of additional pressures from independent care packages of £0.87m, property voids of £0.21m and additional social care transport and legal cost pressures of £0.12m and £0.1m respectively.
- 5.29. This is offset by further staffing underspends across the care teams and in-house provider services of £1.5m, as a result of difficulties in filling vacancies. This favourable movement from the position reported to Cabinet in February was largely due to the funding of costs incurred across teams that had been directly attributable to supporting the Adult social care sector in year with covid testing, vaccination roll out and infection control from COMF (Contain Outbreak Management Fund). These costs had been previously forecast against base budgets.
- 5.30. Additionally there is movement in the recovery of client contributions towards the cost of care resulting in an underspend of £0.33m.
- 5.31. The Adult Services budget includes an approved carry forward request for £0.04m for NSAB funds to be utilised in 22-23.
- 5.32. Reported budget pressure of £0.15m due to additional costs relating to management of the Travellers site .

2021-22 Summary Position

- 5.33. Independent Care budgets overspent by £3.42m driven by a combination of increased referrals across client groups and other cost pressures in the market. This was primarily in Older Peoples services, where a combination of drivers such as significant pressures on hospital discharge, reduced capacity amongst independent care market due to inability to recruit staff and quality concerns raised relating to some providers where new packages of care needed to be sources, adversely impacted the care budgets. The increase was also attributable to the late transfer of additional care packages arising from the late settlement of ordinary residence disputes with North Northants.
- 5.34. In addition to this there is a reported pressure in relation to the PFI contract and underfunded external provider contract costs resulting from the disaggregation of budget totalling £0.4m. Along with an overspend of £0.3m due to higher than planned legal costs, property voids and lower than estimated external direct payments recharges .
- 5.35. The assisted transport budgets overspent by £0.35m as a result of additional demand from eligible service users to enable them to access services as the covid-19 lockdown restrictions have been eased this year.
- 5.36. Within Adult Social Care services staffing budgets underspent by £2.33m mainly due to the difficulties in recruiting to the number of vacancies across both in-house provider services and locality teams.
- 5.37. In 21-22 there were additional contributions from clients towards the cost of their care by £0.33m compared to base income budget following financial assessments.
- 5.38. Following review of in year budgets across the Housing and Communities area; the services are reporting one-off underspends of £0.35m to mitigate in part the £0.41m pressure of the non-deliverable savings for service aggregation.

Covid 19 Pressures

- 5.39. An additional demand pressure of £3.16m 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.
- 5.40. There is a £2.31m 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. Savings of £0.4m was achieved in 2021-22 with greater savings to be generated by the outputs of the ICAN (Integrated Care across Northamptonshire) programme in 2022-23.
- 5.41. An additional pressure of £0.94m has been identified across Mental Health independent care budgets. This has been mainly driven by an increase in demand for those with Mental Health needs as the pandemic has progressed, with a number of individuals going into crisis.

- 5.42. 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 increase in the forecast from Period 9, increasing the forecast pressure with Leisure providers. The total forecast support payments and forecast income levels is £0.64m.
- 5.43. Additionally, there is a reported pressure of £0.24m on the delivery of Civil Penalty Income in the inherited Private Sector Housing service. 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.
- 5.44. As a direct result of the pandemic, £0.31m of homecare was undelivered due to the inability of providers to access service users as a result of the lockdown restrictions.
- 5.45. 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 moved 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.
- 5.46. 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 (learning disability) and LD/PD (learning disability and physical disability). The pandemic and the associated restrictions led to delays in identifying, assessing and moving people into all the flats.
- 5.47. 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.
- 5.48. These Covid-19 pressures will be offset against the non-ring fenced Covid-19 grant.

Place and Economy

Net Budget £79.08k

Forecast outturn £74.48k

Forecast underspend £4.61m

Variance percentage (5.8)%

- 5.49. Overall, the Place and Economy Directorate is reporting a provisional outturn position of an underspend of £4.61m which is a favourable movement of £2.4m from period 9.

Key movements from Period 9

- 5.50. Several Service areas within Place have been impacted by the ongoing effects of Covid, which have been difficult to predict and therefore had an impact on the budget monitoring for the year. These includes changes in usage of our buildings and an increase in planning applications. The Directorate has also been carrying a significant number of vacancies which has impacted on the monitoring position.

Growth, Climate & Regeneration Division

- 5.51. The key movements in this service area are due to a one-off increase in Development Planning income £0.4m, and underspends on staffing and additional grant income £0.6m.

Highways Services

- 5.52. There has been additional income from Asset Traffic Management £0.2m.

Regulatory Services

- 5.53. Additionally there have been reported underspends due to staff vacancies, and general underspends of £0.3m.

Assets & Environment Division

- 5.54. There has been a significant increase in underspends within Facilities Management & Property Services of £0.5m due to staff vacancies, increase in income and a reduction in property running costs. A reduction in asset disposal costs of £0.2m, lower repairs and contract costs relating to schools PFI £0.4m, reduced cost of running investment properties £0.2m. Underspends within Archives due to staff vacancies and general underspends £0.3m.
- 5.55. Within Place and Economy approved carry forward requests totalling £0.95m are included, these include requests for Assets and Environment of £0.6m, Archives, Heritage and Museums of £0.2m, and procurement requests of £0.1m. Alongside these, requests for new reserves have been approved totalling £0.9m, including new reserves for both emergency planning and the joint planning unit totalling £0.3m and funds to manage future fluctuations in development services income in 2022-23.

2021-22 Summary Position

- 5.56. There was an under-achievement of savings proposals within the Place Directorate of £1m. £0.9m is in relation to service aggregation that has not as yet happened but is in the pipeline. There is also a £0.1m pressure due to a shortfall on the tier 1-3 senior staff saving. The non-achievement of these savings is offset by directorate wide underspends.
- 5.57. The Growth, Climate & Regeneration area is reporting an underspend of £3m. The most significant underspend is within Planning Development Services (£1.6m), which is mainly due to an over achievement of fees associated with a few large one-off development schemes. There are also underspends in the Economic Development area (£0.4m) due to a combination of staffing vacancies, and grant income; in the Planning Policy area (£0.5m) due to staffing underspends for vacant posts; and in Regeneration (£0.06m) largely due to staffing underspends.
- 5.58. The Assets & Environment area has an underspend of £2.3m. The underspend for this Service area is made up a number of items, the most significant being £1m underspend on the Facilities Management costs and Reactive maintenance, which are due to a decrease in running costs and repairs as a result of a reduction in the usage of our buildings, some reduced staffing costs, and increases in rental income.
- 5.59. There has been underspends on the Archives & Heritage Service of £0.3m, due to staff vacancies and grant income that is ringfenced and rolled forward.
- 5.60. Property Disposal Costs of £0.2m due to a delay in activity, and an underspend in Strategic assets of £0.2m due to reduced running costs. Additionally an underspend of £0.4m on the Northampton Schools PFI due to lower costs for repairs and maintenance and reduced contract costs.
- 5.61. The Highways & Waste area is reporting a forecast underspend of £1.6m. There is an overspend in this Service area of £0.6m on Home to School Transport due to a rise in the costs of SEN transport. There is also a small overspend of £0.03m on Domestic Waste disposal due to increased tonnages in the year. These overspends are then offset by underspends of £0.5m on Household Waste Recycling Centres due to increased income from these sites; £0.5m on Asset, Traffic Management & Regulations due to an over-achievement of income; and £0.6m on Parking & Bus Lane Enforcement, also due to an over-achievement of income.
- 5.62. The Regulatory Services area is reporting an overall underspend of £0.9m. The underspends are within a number of service areas, the most significant being a £0.3m underspend on Emergency Planning. The Emergency Planning service was hosted in North Northants for 2021/22, and the team were primarily deployed on work on the Covid 19 response with associated funding being used to fund the service, therefore the recharge for staff time was significantly lower than anticipated. There are also additional underspends across Services of £0.4m in relation to vacancies and general underspends.

Covid-19 Pressures

- 5.63. Within the Place & Economy directorate, there are various pressures associated with continuing to deliver services during the Covid-19 pandemic. These pressures come to a total

of £3.62m and include a £1.84m pressure in the 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.

- 5.64. There is a Covid pressure of £1.73m in Highways & Waste due to additional Home to School Transport costs; an increase in waste tonnages and Household Waste and Recycling Centres (HWRCs) being open additional days; and loss of on-street parking income. There is also a Covid pressure of £0.05m pressure in the Regulatory Services area due to lost income.
- 5.65. These Covid 19 pressures will be offset against the non-ring fenced Covid 19 grant.

Finance Directorate

Net Budget £11.73m

Forecast outturn £11.48m

Forecast underspend £0.25m

Variance percentage 2.0%

- 5.66. The Finance Directorate is reporting a provisional outturn position of an underspend of £0.25m, this is a movement of £0.1m from the Period 9 position reported to cabinet in February 2022.

Key movements from Period 9

- 5.67. The emerging legacy subsidy pressure within Revenues and Benefits materialised at £0.5m but was partially offset by operational underspends of £0.3m within service, resulting in a net overspend of £0.2m.
- 5.68. The Procurement service underspent by £0.2m due to staff vacancies pending restructure and delays in implementing a new system.
- 5.69. The Finance Team has had a number of vacancies which continued throughout the year, and as such the outturn reflects that with an increase in underspend since Period 9 of £(0.2m), there is also an additional underspend of £0.1m due to historical legacy transactions.
- 5.70. Within the Finance budget, approved carry forwards total £0.2m.

2021-22 Summary Position

- 5.71. There have been pressures of £0.5m in benefits subsidy during 2021-22, which are ongoing and under review. These pressures have been partially offset in year by an operational underspend of £0.3m, resulting in a net pressure of £0.2m.
- 5.72. Additional one-off income has been received this year, plus delays in purchasing new systems, restructuring, adding a new remit of resource and general vacancies, resulting in the service having an underspend of £0.2m.

- 5.73. The Finance Team has had several vacancies which continued throughout the year, resulting in an underspend of £0.3m.

Covid 19 Pressures

- 5.74. The Covid pandemic has had a significant impact on collection of both in year and prior year debts, requiring additional resource to address.
- 5.75. Both the Corporate Debt service and Revenues and Benefits require additional staff to address the backlog in debt recovery, the project has slipped, and the majority of these costs will now fall into 2022-23 and will be funded from a carry forward of un-ringfenced Covid funding

Technical/Centrally Held Items

Net Budget £23.60m

Forecast Outturn £26.62m

Forecast overspend £3.0m

Variance percentage 12.8%

- 5.76. The outturn position for the Technical budget is a pressure of £3.0m, this is an adverse movement of £0.1m from the reported position to Cabinet in February 2022.

Key Movements from Period 9

- 5.77. As detailed in section 8 the WNC debt team have completed an aged debt analysis which has identified £0.4m to be written off against the aged debt provision in 2021-22. This pressure is mitigated in part by a reduction of £0.3m in the previously reported pressure which relates to a proportion of the closure of accounts cost being shared with NNC .

2021-22 Summary Position

- 5.78. There is a pressure of £1.6m within the Treasury Management Budget, due to legacy issues. Of this pressure £0.8m relates to interest receivable on investments due to particularly low rates now offered for investments compared to the rate assumed when the budget was set, plus slippage on the capital programme has reduced the capitalised interest. A further £0.8m has been identified which is a combination of legacy budget issues experienced during 2021-22 and smaller variances across a number of cost areas such as loan interest costs.
- 5.79. Throughout the course of the year a significant amount of work has been undertaken on ensuring the legacy councils of West Northamptonshire statutory accounts for 2019-20 onwards could be agreed and signed off with the external auditors. Due to the quantum of accounts that have been approved this year, coupled with the complexity and high-risk nature of the work involved, the additional costs over and above the audit scale fees and amounts provided for, has resulted in an additional cost of £0.36m. This relates specifically to the complex closedown of the predecessor organisations accounts. However, as the successor body West Northamptonshire Council must pick up the costs (including a share of the ex-County Council costs).

- 5.80. Moving forward, once the county council and borough councils 2020-21 accounts have been signed, which is expected in the coming months, fees will be significantly reduced as the Council will only need to undertake one audit for West Northamptonshire Council.
- 5.81. A council wide contingency budget is managed within the centrally controlled budget which at the start of the year stood at £17.5m. This was created for disaggregation costs £1.2m, pay inflation £1.7m, base budget contingency for unidentified legacy issues of £3.2m, Covid-19 contingency of £6.4m and a £5m general contingency.
- 5.82. Drawdown requests of £15.60m were previously approved in the period 9 Cabinet Report however £3.58m of this has been confirmed as no longer required due to cost mitigations or use of alternative funding sources. There are requests to redirect some of this funding to offset pressure elsewhere, most notably £0.51m within the IT service due to disaggregation issues. Due to the improved financial position, there will not be a requirement to call on the £5m general contingency.
- 5.83. The table below provides a breakdown of previously approved virement and the new approvals requested as part of the provisional outturn.

Table Four

Budget Contingency – Virements for Cabinet Approval	£k
Opening contingency balance	17,488
Previously approved virements:	
Disaggregation budget transfer to Waste Services	1,984
Utilisation of the COVID contingency budget of £6.4m	6,401
Transfer to Adults Social Care to cover pressure resulting from the disaggregation of expenditure and income budgets	562
Virement in respect of the 2021-22 pay award the following contingency were utilised: <ul style="list-style-type: none"> £1.7m vired from the pay inflation contingency £0.8m vired from the budget contingency £0.6m vired from the general contingency budget 	3,164
Estimated pressure from closure of legacy authority accounts	658
Costs of disaggregation: NASS, Specialist Support Services, Procurement, Business Intelligence	567
Total virements previously approved:	13,336
Approved Virements not required	
It is proposed that the £0.6m pay award previously funded using general contingency is now funded via the general fund underspend, enabling the release of general contingency.	(620)
Estimated pressure from closure of legacy authority accounts	(658)
Costs of disaggregation: Procurement	(40)
Total Virements not required	(1,318)
New virements requested:	
Disaggregation Contingency Budget Transfer to Corporate Services to offset budget pressures within the IT service	510
Other Disaggregation Contingency allocations as per MTFP	(40)
Total virements to be approved:	470
Budget contingency remaining	5,000

6. Funding

- 6.1. The Council's net service budget is funded from the following areas: Council Tax income, Business Rates income, Government grants, one off COVID funding and reserves.
- 6.2. Council tax and Business Rate income are statutory amounts due for payment in 2021-22. During 2021-22 the Council has granted additional business rates relief to businesses impacted by the covid pandemic. This reduction in business rates income is offset by additional S31 grant received by the Council, however the impact of the reduction in business rates income will be experienced in 2022-23 or 2023-24 and as such any variation in year will be taken to reserves to offset a reduction in income in future years.
- 6.3. At the end of 2020-21, the four legacy councils had submitted claims for Sales, Fees & Charges and Taxes Income Guarantees for both Council Tax and NNDR and reconciliation S31 grants for business rates: Some of those grants have been paid and others are still being processed by DLUHC. We are currently working with DLUHC over the various S31 reconciliation reports and the final NNDR3 returns for 2020-21. Whilst these are not 2021-22 budget items, any variations on them do impact the 2021-22 outturn figures.

- 6.4. All grant payments to businesses from the various grant schemes and to individuals who were required to isolate have now finished. Work is now on-going with both the Department of Business, Energy and Industrial Strategy (BEIS) and the Department for Health and Social Care (DHSC) - through the UK Health Security Agency - to provide reconciliations of payments made since April 2020 through the various schemes and undertaking pre & post payment assurance work. This will determine the net position of each scheme and confirm the value of grant that is either paid to WNC or returned back to BEIS/DHSC to leave a net nil position for WNC.
- 6.5. There are no reported variances on the remaining government grants which are being received in line with budget.
- 6.6. The funding budget also holds the budget for the movement of reserves included within the 2021-22 Medium Term Financial Plan. As part of the closure of accounts process these movements are being assessed as to whether the reserves still need to be fully utilised in year, and therefore may be subject to change from provisional to final outturn.
- 6.7. As the £5m general contingency is not required for 2021-22 there will not be the need to transfer £5m from general fund balances to fund this budget. In addition to this the transformation programme expenditure has been funded through capital receipts.

7. Covid 19 Summary 2021-22

- 7.1. There are continuing pressures associated with the delivery of services during the Covid19 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 provisional outturn position and includes Covid 19 grant funding available to use and forecast cost pressures:

Directorate	Savings under delivery due to covid £'000	Other covid related pressures	Total Provisional Outturn Pressure	Covid grant balances
Un-ringfenced Covid grant available (£13.6m reserves; and £6.4m in the 2021-22 budget)				19,994
Corporate Services	0	745	745	
Chief Executive Office	0	0	0	
Children's Including Trust	0	314	314	
Adults, Communities & Wellbeing	1,501	6,580	8,081	
Place, Economy and Environment	0	3,617	3,617	
Finance Directorate	0	10	10	
Technical / Centrally Controlled Budgets	0	0	0	
Total Covid pressures			12,767	
Less: Assumed use of Non ringfenced Covid grant				(12,767)
Net position				7,227

7.3. The table above forecasts the balance to be carried forward into future years as £7.2m, however this has been earmarked to fund proposals in 2022-23 and 2023-24 and therefore is now fully committed.

8. Aged Debt

- 8.1. During 2021-22 a programme of work has been undertaken to consolidate all legacy debts centrally and incorporate into the aged debt reporting process. Following on from the consolidation of legacy debtors and as part of the closure of accounts process, a review of the Council's age debt portfolio has produced an updated assessment of collectability. Within this process, debtor invoices have been assessed for collectability and where invoices are assessed as uncollectable they have been proposed for write off.
- 8.2. As part of the disaggregation process and to mitigate the risk associated to the transfer of the County Council aged debt portfolio to WNC , a doubtful debt provision was made for £4.2m in March 2021. The increase in aged debt provision requirement for NCC Legacy debt totals £1.3m, which has reduced the doubtful debt provision to £2.9m
- 8.3. In addition to the provision requirement movement a total of £395k has been approved by the S151 officer for write off in 2021-22 which in the main relates to Adult Social Care client debt. The invoices relate to legacy County Council debtors and will be written off against the Council provision for aged debt in 2021-22 .
- 8.4. A small number of invoices exceed £25k which as per the Council's financial regulations require Cabinet approval . These are included for approval within this report and a such would be processed in the financial year 2022-23. These invoices specifically relate to Adult Social Care Services and are detailed below

- £95k in relation to care provider invoices, this debt relates to an overpayment to a provider which has since gone into liquidation and there are no funds available to settle the debt.
- £28K accumulated debt in relation to deceased Adult Social Care client, collection process exhausted and recommended for write off following collectability assessment by the debt team .
- £24k adults social care client debt which is subject to legal process with insufficient funds to settle outstanding debt.

9. Flexible Use of Capital Receipts

9.1. The Council's 2021-22 Flexible Use of Capital Receipts strategy allowed us to fund transformation costs through the use of capital receipts. During 2021-22 the Council has incurred transformation programme related expenditure of £5.5m.

9.2. These costs were originally planned to be funded using revenue earmarked reserves but will now be funded using capital receipts. This will ensure that the council maintains maximum flexibility in the employment of its finances as we will be moving expenditure out of the revenue account and into capital thus freeing up revenue reserves that can be used more freely than capital resources. The table below provides a breakdown of the expenditure and benefit realisation.

Table Six

Transformation Project and Description	Actual Spend 2021/22 £000	Provisional Outturn Saving 2021/22 £000	Total Cumulative Savings (over a four year period) £000
Strengths Based Working - An overhaul of Adults pathways and processes to ensure focus on client outcomes, increased focus on independence, better decision making and best practice approaches to avoid delays, increase outcomes focus and make the service sustainable going forward.	440	2,467	13,879
Transformation costs:			
The transformation team has been set up to deliver on going transformation and savings. The team will support all transformation projects.	2,589	Transformation team are an enabling team supporting the delivery of Council Wide savings requirements	
Redundancy costs of £4m in moving from four Councils across the West to one Council	2,511	1,467	5,868
Total	5,540	3,934	19,747

9.3. These transfers will see a reduction in expenditure in the revenue account matched by a reduction in the transformation reserve required to be brought in to match that expenditure and therefore the overall revenue position will remain the same.

9.4. The financing adjustments required in the budget will be reflected in the final outturn position.

10. Summary of Savings Delivery 2021-22

- 10.1. The Council has a savings requirement within its 2021-22 budget of £13.4m. Finance and Service Directors have undertaken a review of savings deliverability, with the summary forecast position reported in table eight.
- 10.2. Overall the Council has delivered savings totalling £9.6m, which represent a delivery rate of 71.7% against the budget of £13.4m.
- 10.3. During 2021-22 key drivers that have impacted the delivery of savings proposals flagged as red are the longer term effect of the Covid pandemic on project delivery and implementation , alongside the further review of aggregated savings targets as part of the base budget review .Where these are recurrent themes these have been assessed and built into the 2022-23 medium term financial planning process.

Table Seven

Directorate	2021-22 Savings Proposals £'000				
	RAG Analysis				Total
	Blue	Green	Amber	Red	
Adults, Communities & Wellbeing	(3,662)	0	0	(1,913)	(5,575)
Chief Executive Office	(229)	0	0	(752)	(981)
Children's Directorate	(5)	0	0	0	(5)
Children's Trust	(1,874)	0	0	0	(1,874)
Corporate Services	(1,212)	0	0	(128)	(1,340)
Finance Directorate	(409)	0	0	0	(409)
Place, Economy and Environment	(1,965)	0	0	(985)	(2,950)
Finance - Technical Adjustment	(230)	0	0	0	(230)
Total	(9,586)	0	0	(3,778)	(13,364)

Blue = Delivered and Confirmed

Green = Deliverable, on target

Amber = Deliverable, with risks

Red = Unlikely to be delivered

- 10.4. Overall, there are 6 savings proposals for 2021-22 that have not been delivered during 2021-22 and are assessed as 'red'. These are set out in the directorate section and included as a pressure in the budget monitoring figures contained in the report.

11. Reserves

- 11.1. In 2021-22 the Council inherited reserves from the former District and Borough Council's as well as the disaggregated County Council. These reserves have since been reviewed and

earmarked based on the risks and issues facing West Northamptonshire Council. However, due to the ongoing audits at the former County Council and Northampton Borough Council the opening reserve balances for West Northamptonshire Council cannot be confirmed. Balances are provisional and may be subject to change as the 2022-23 closure of accounts process is finalised

- 11.2. The following table provides a breakdown of the movements against the current estimated opening balances of reserves at 31 March 2021 and an estimate of the use of reserves for the financial year 2021-22 which provides for an estimated level of balances at 31 March 2022. It should be noted however, that these reserves are still subject to change as we finalise the outturn and move from a provisional to final outturn position.

Table Eight

Description	Final Budget Reserve Balances as at 01/04/21	Post Budget Realignment Adjustments 2021-22	Revised Balance as at 01/04/21	2021/22 Net Commitments 2021-22	Expected Balance as at 31/03/22
	£'000	£'000	£000	£000	£000
General Balance	(40,000)	0	(40,000)	0	(40,000)
Risk Reserve	(40,980)	(5,811)	(46,791)	5,877	(40,914)
Transformation Reserve	(6,175)	(0)	(6,175)	(4,421)	(10,596)
Invest to save	(1,151)	0	(1,151)	0	(1,151)
Service Specific Reserves	(19,948)	5,027	(14,921)	(1,150)	(16,071)
Other Reserves Total	(68,254)	(784)	(69,038)	307	(68,731)
Section 31 Grants	(39,413)	(0)	(39,413)	19,879	(19,534)
Ringfenced / Technical	(15,193)	(12)	(15,205)	(3,614)	(18,820)
Ringfenced / Technical Reserves Total	(54,606)	(13)	(54,619)	16,265	(38,353)
Specific Covid reserves	(7,942)	(0)	(7,942)	3,770	(4,172)
Specific Covid Reserves Total	(7,942)	(0)	(7,942)	3,770	(4,172)
Earmarked Reserves Total	(130,802)	(797)	(131,599)	20,342	(111,257)
Grand Total	(170,802)	(797)	(171,599)	20,342	(151,257)

- 11.3. An explanation of key reserve movements is included below;

11.4. Risk Reserve – Within the estimated level of reserves inherited by the Council there are a number of reserves that could be described as ‘smoothing’ reserves. These are set up to deal with fluctuations and volatility in areas such as business rates income. This reserve also includes un-ringfenced Covid funding to be utilised to offset Covid related expenditure pressure during the year. Key movement here includes the drawdown of un-ringfenced covid funding to offset 2021-22 expenditure.

11.5. Transformation Reserve – This reserve is to support the Council’s transformation programme and despite funding the team through the future use of capital receipts the reserve is maintained as a further funding source for transformation as required. The key movement here is the transfer of BRR Pilot funding (£4.4m) to reserves.

11.6. Specific Reserves – Key movement includes ringfenced reserves requests of £1.8m including £0.7m in relation to the Afghan relocation project , and homelessness and domestic abuse

funding. Alongside this approved carry forwards of £1.6 have been transferred to reserves. Offsetting this are a number of service related drawdowns on opening balances to cover 2021-22 expenditure.

- 11.7. Section 31 Reserves – these are utilised to mitigate future pressures on business rates income and have been adjusted in line with the provisional revenue position on section 31 grant including a drawdown of £30.1m to offset in year expenditure and a transfer to reserves of £10.2m to mitigate future year pressures on business rates income.
- 11.8. Ringfenced / Technical – Key movement relates to the public health grant reserve which is provisional and may be subject to change as the position on the grant is finalised with NNC.
- 11.9. Specific Covid Reserves – This movement is related to the provisional drawdown of COMF of £3.9m which is currently being finalised as part of the closure of accounts process and again may be subject to change.

12. Financial Overview for 2022-23

- 12.1. The 2022-23 final budget was approved by Full Council on the 24 February 2022, with a general fund net budget of £342.3m. In addition to this, the Council also has Dedicated Schools Grant funding for 2022-23 of £411.2m and Public Health grant allocation of £19.1m.
- 12.2. The Housing Revenue Account budget for 2022-23 was also approved at the same meeting with an expenditure budget for landlord services on the revenue account of £56.4m and a capital programme investment of £72m, of which £41.2m on the delivery of new build Council homes and £27m on major improvement to the existing stock.
- 12.3. 2021-22 for the Council was a year of implementation and transition. The finance team working closely with management teams, were focused on implementing financial management controls, including zero based budgeting activity, robust governance and transparent and timely financial reporting.
- 12.4. 2022-23 is viewed by the S151 officer as a year of stabilisation, which builds on the financial management work undertaken in the prior year. Whilst the Council continues to develop a deeper understanding of inherited budgets, focus now incorporates the delivery of key transformational priorities of operating as a unitary organisation.
- 12.5. The table below provides a breakdown of the 2022-23 General Fund budgets by Directorate:

Table nine

Directorate	2022-23 Net Budget £k
Adults, Communities and Wellbeing	105,030
Children's Services	75,199
Corporate Services	21,977
Housing, Communities and Opportunities	11,190
Chief Executive's Office	2,796
Place and Economy	83,556
Finance	10,538
Total Services Budget	310,286
Centrally Controlled Budgets	32,032
Total Net Budget	342,318

13. 2022-23 Summary of Savings & Income Generation Delivery

- 13.1. The 2022-23 budget includes a savings and income generation requirement of £19.3m (5.6 % of net budget). Throughout the 2022-23 budget setting process these proposals were reviewed, refined and stress tested with Service Directors to maximise the chance of delivery in the following financial year.
- 13.2. These proposals have now been reviewed again with Service Directors following financial year end, with an initial RAG rating assigned on the deliverability of each proposal.
- 13.3. The individual proposals will be monitored throughout the year and continually assessed to confirm delivery. It is the expectation that any non-delivery will be mitigated by alternative management actions.

Table Ten

Directorate	2022-23 Savings Proposals £'000					
	Budgeted saving	RAG Analysis				Expected saving
Blue		Green	Amber	Red		
Adults, Communities & Wellbeing	(11,641)	(296)	(6,684)	(4,661)	0	(11,641)
Chief Executive's Office	(169)	0	(169)	0	0	(169)
Children's Services	(664)	(629)	(35)	0	0	(664)
Corporate Services	(415)	0	(295)	(120)	0	(415)
Finance Directorate	0	0	0	0	0	0
Place and Economy	(2,617)	0	(2,369)	(214)	(34)	(2,617)
Finance	(669)	0	(669)	0	0	(669)
Centrally controlled Budget	(3,131)	(966)	(2,165)	0	0	(3,131)
Total	(19,306)	(1,891)	(12,386)	(4,995)	(34)	(19,306)

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

- 13.4. Only one proposal totalling £34k is currently rated as non-deliverable at this moment in time, due to the non delivery of an income generation savings proposal within Place and Economy which has been re-assessed since approval of the final budget.

14. Key Risks 2022-23

- 14.1. Since the approval of the 2022-23 budget in February, the national economic outlook has been materially impacted by a number of macro-economic factors which will likely have an impact on the delivery of the Council's budget. They include;

Inflation Issues

- 14.2. The 2022-23 short term forecast for inflation (Consumer Price Inflation) by the Office for Budget Responsibility is an increase to 11% in the latter part of 2022, the inflation picture at present is bleak, however there is a level of uncertainty on how long inflation will remain high, with a number of commentators believing interest rates will stabilise over the medium .
- 14.3. However, in the here and now, high inflation, is having a significant impact on household budgets. The Government has confirmed the extension of the household support funding to local authorities from October 2022 to March 2023 to provide additional support to households most in need.
- 14.4. The effect of increases in commodities such as oil, gas and energy prices combined with other cost of living increases will also impact the Council's Service expenditure in 2022-23. The

Council will continue to monitor this impact on service expenditure and associated budget risk through its budget monitoring processes. This will be reviewed by the Executive Leadership Team, with any budget risk and related mitigating actions highlighted within the quarterly Cabinet update.

- 14.5. The Place & Economy directorate will be significantly impacted by the rise in both contractual and energy inflation. A general contingency of £1m was created for the financial risk of this issue as part of the 2022-23 budget setting process; however, the latest information suggests the forecast cost impact is now a lot higher, due to the continued inflationary pressures, since the budget was set. However there were large underspends within the Place & Economy directorate outturn position for 2021-22 with many due to changes in behaviour following the covid pandemic, for example continued working from home arrangements which has resulted in reduced property running costs and a decrease in reactive work. There will be on-going monitoring of these throughout this financial year which could act as mitigations towards these pressures.
- 14.6. The Children's Trust is experiencing increasing levels of demand for services, coupled with increasing cost of complex care packages. This is expected to put considerable strain on the contract sum for 2022-23 and beyond. Within Adult Social Care independent sector care, there are also early signs of placement pressures over a number of client groups compared to operational plans for the year.
- 14.7. The management teams for both the Children's Trust and for Adult Social Care are currently modelling the financial impact of these issues, working closely with the Finance Team, and where pressure materialises a series of budget mitigations will need to be formulated.

Social Care Reform

- 14.8. Following the publication of the Government's white paper on Social Care Reform, a project group has been established in West Northants to work through both the financial and operational requirements of the reforms that will be introduced from October 2023. The reforms will introduce a number of key changes that include;
 - Extensive changes to Social care charging that includes the introduction of a cap on personal care costs.
 - The establishment of a 'fair cost of care' for West Northants to ensure sustainability of the provider market.
 - New Quality Assurance Framework for Adult Social Care.
 - Health and Care integration where the local authority will have a significant role in the integrated care partnership.
 - Although the legislation will be introduced in 2023, work is currently ongoing to plan the Councils response, Government have already announced additional funding for West

Northants over the medium term (£982k in 2022-23) to fund the implementation of the changes and the likely financial impact.

Covid

- 14.9. The Council will continue to be impacted by the ongoing effect of the Covid pandemic. Identified pressures will continue to be funded through one off government funding received in prior years, this is however a finite resource and the longer-term impact of the pandemic on service demand, savings and income levels will adversely impact on the Council's finances once all the residual one-off funding has been exhausted.

Russian Invasion of Ukraine

- 14.10. The Council continues to support the government initiative Home for Ukraine and is committing resource across services to manage, administer and provide wrap around services to deliver on this. The Council is working to ensure all costs associated with this activity are captured, monitored and that they are eligible under the government schemes funding guidance. A further update will be given in future monitoring reports on the costs and funding arrangements.

Dedicated Schools Grant High Needs Demand

- 14.11. Pupil projection forecasts relating to the future demand for Special Educational Needs and Disabilities (SEND) places within WNC indicate that the total number of pupils and students in receipt of an Education, Health and Care (EHC) plan will increase by 521 pupils (25%) from 2,126 to 2,647 in the period between January 2020 and 2025. The number of pupils in receipt of an EHC plan with a primary need of Autism Spectrum Condition (ASC) is forecast to increase from 756 to 1055 pupils (299 pupils or 40%) in the same period. Pupils with a primary need of ASC will be the biggest drivers of future demand for specialist places in the period ending January 2025.
- 14.12. All current specialist provisions located within West Northamptonshire have reached or exceeded their notional capacity figures i.e. the total number of children and young people that should be attending any given provision. As a result of this, WNC has been forced to utilise out of county and independent specialist provisions to ensure that it has been able to fulfil its statutory obligation of providing a sufficiency of SEND places, which comes as a greater cost than in house.
- 14.13. Whilst the 2022-23 WNC capital programme includes investment in additional resourced places in mainstream and special schools, cost demand pressures will not be immediately reduced in this financial year.

Summary

- 14.14. During 2022-23 all identified risks and opportunities will continue to be monitored as part of the Council's budget monitoring process and be reported to Cabinet as part of the finance update on a quarterly basis.

15. Implications

Resources and Financial

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

Legal

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

Financial Risks

- 15.3. This report sets out the financial provisional outturn position and risks identified following the full year review of the council's budgets.

16. Communications & Consultation

- 16.1. 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 2021 (for the 2021/22 budget) and February 2022 (for 2022-23 budget)
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- 16.2. Any management interventions that require a policy change will be subject to a consultation before any decision is taken.
- 16.3. 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.

17. Background Papers

- 17.1. The following documents disclose important facts on which the report is based and have been relied upon in preparing the report:
- 17.2. Previous reports to West Northamptonshire Shadow Executive, 23 February 2021: [Meeting of West Northamptonshire Shadow Authority on Tuesday 23rd February 2021 - West Northamptonshire Council \(moderngov.co.uk\)](#)
- 17.3. Period 9 Revenue Monitoring Report reported to Cabinet, 15 February 2022: [Agenda for Cabinet on Tuesday 15th February 2022, 6.00 pm - West Northamptonshire Council \(moderngov.co.uk\)](#)
- 17.4. Period 7 Revenue Monitoring Report reported to Cabinet, 21 December 2021: [Agenda for Cabinet on Tuesday 21st December 2021, 6.00 pm - West Northamptonshire Council \(moderngov.co.uk\)](#)
- 17.5. Quarter 1 Revenue Monitoring Report reported to Cabinet, 14 September 2021: [Agenda for Cabinet on Tuesday 14th September 2021, 6.00 pm - West Northamptonshire Council \(moderngov.co.uk\)](#)

