

WEST NORTHAMPTONSHIRE COUNCIL CABINET

23 SEPTEMBER 2022

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

Report Title	Revenue Monitoring Quarter 1 - Financial Year 2022-23
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Appendix A – 2022-23 Revenue Forecast Outturn by Directorate as at Quarter 1

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 2022-23 budget, incorporating key financial risks, issues and opportunities identified since 1st April 2022 for General Fund and the Housing Revenue Account (HRA).

2. Executive Summary

- 1.2. 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

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.

- 1.3. The council successfully balanced its 2021-22 budget and published the details in the provisional outturn report that Cabinet have previously considered.
- 1.4. However, since the last year, the Council, alongside many other local authorities and organisations across the nation, has seen a significant impact on its finances as a result of external factors beyond its control. The main drivers of these cost pressures are highlighted below:
 - Inflationary and cost of living pressures impacting directly on the cost of providing services.
 - Ongoing financial impact of COVID allied with the withdrawal of significant COVID funds previously received.
 - Demand led and inflationary pressures within the Children's Trust.
 - Demand led pressures within the Adult Social Care.
 - Cost of living pay award expected to be significantly greater than the amount included at the time of setting the budget based on the latest national pay award offer made by the employers' organisation.
- 1.5. As a result of this challenging financial position, Directors have developed mitigation plans to reduce the cost of service delivery in their areas to support the council to forecast spend closer in line with the budget, while ensuring that services are still delivered and that there isn't a corresponding reduction in service provision. All directorates are actively seeking to reduce costs or increase income without having an impact on service delivery.
- 1.6. The original budget included contingencies in excess of £10m to help to deal with any unexpected costs pressures the authority may face and it is clear that at this stage in the year these will need to be fully utilised. With the use of the contingencies and the delivery of management actions the net position of the authority is a forecast overspend of £7.6m which represents a forecast variance of **2.2%** of the total net budget of £342.3m.
- 1.7. **A variance of 2.2% of the net budget is within acceptable tolerances** however that is not to say that further action does not need to be taken to seek to reduce spend further and bring the spend back within the budget before year end. Officers have acted swiftly to restrict expenditure and ensure that only essential expenditure is incurred until the overall position is closer to the budget.
- 1.8. Spending restriction panels have been set up and all expenditure over £500 is now considered by this panel unless the specific type of expenditure is exempt from the process as a result of it being deemed critical to the delivery of our statutory services. All vacant posts will also be considered by the panel to determine if they are essential. If they are deemed to be essential recruiting to the posts will be approved.
- 1.9. Directors, Assistant Directors and budget holders will continue to seek further efficiencies to also improve the overall position.

- 1.10. The other side of this management intervention and control is the underlying drivers that are pushing cost up and reducing income and **it is critically important to highlight that the demand for services and other external factors such as spiralling inflation, may increase the overspend position further.**
- 1.11. The overall position will be closely monitored through the revenue budget monitoring process to determine the impact the spending restrictions are having but also to see if significant new cost pressures emerge over and above those already declared within this report. It is the view of officers that we may not have seen the worst of the financial pressures yet and further pressures may emerge between now and year end. However, these will continue to be tackled head on a proactively to deal with the overall financial situation.
- 1.12. Table one summarises the revenue forecast currently being estimated for this financial year.

Table One: Forecast Outturn 2022-23 by Directorate

Directorate	Net Budget £'000	Forecast Net Spend £'000	Provisional Outturn Forecast Variance £'000	% Forecast Variance against budget £000
Corporate Services	22,516	22,726	210	0.9%
Chief Executive Office	3,011	3,011	0	0.0%
Education Services	4,524	4,139	(385)	-8.5%
Children's Trust	70,664	75,105	4,441	6.3%
Communities and Opportunities	10,970	11,476	506	4.6%
Adult Social Care	105,729	112,618	6,889	6.5%
Place and Economy	83,106	89,593	6,487	7.8%
Finance Directorate	10,590	10,228	(362)	-3.4%
Cost of services	311,110	328,895	17,785	5.7%
Technical / Centrally Controlled Budgets	31,208	24,698	(6,510)	-20.9%
Total budgeted expenditure	342,318	353,593	11,275	3.3%
Less funding	(342,318)	(346,018)	(3,700)	-1.1%
Net Position 2022-23	0	7,575	7,575	2.2%

1.13. The forecast outturn position for 2022-23 is an overspend of £7.6m. The detailed forecast variations against budget are set out in section 6.

1.14. The main reasons for the pressures are as follows;

- Increasing levels of inflation, with RPI currently standing at 12.3% and CPI currently standing at 9.9% affecting contracts, operations and running costs.
- Increase in homelessness and the use of expensive nightly purchase temporary accommodation.
- Increase in Adult social care demand at the end of 21-22 due to demands from hospital discharges.
- More Adults care packages and packages at higher costs reflecting both increase in complexity following COVID and market conditions. Demand is outstripping supply which is directly pushing costs up. Work is also ongoing on with Social Care Reform.
- The Children's Trust are seeing increasing demand for limited, and expensive placements for children with complex needs. This is driving up costs.
- Following negotiation with the Unions there have been updates to the staff pay award to reflect market conditions. However, it should be noted that these negotiations have not yet concluded.
- Significant pressures relating to Home to School Transport spend.

Housing Revenue Account

1.15. The HRA forecast outturn at the end of the Quarter 1 is as follows:

Table two: HRA

Other Funds (HRA)	Net Budget	Expenditure	Forecast Net Spend	Quarter 1 Variance
	£'000	£'000	£'000	£'000
Dwelling rents	(53,050)	(14,542)	(52,430)	620
Non-dwelling rents	(951)	(279)	(1,033)	(82)
Other charges for services	(2,435)	(735)	(2,584)	(149)
Contributions towards expenditure	(16)	(2)	(22)	(6)
Repairs & Maintenance	14,892	5,081	14,942	50
General Management	9,391	3,636	9,408	17
Special Services	5,277	1,483	5,277	0
Rents, Rates, Taxes & Other	302	0	302	0
Provision for Bad Debts	400	0	400	0
General Fund Recharges	2,650	0	2,650	0
Interest & Capital Financing	8,802	0	7,525	(1,277)
Depreciation (MRA)	13,500	0	13,500	0
Rev Contributions to Capital	1,238	0	1,238	0
Contribution to/(from) Reserves	0	0	827	827
Net Position	0	(5,358)	0	0

- 1.16. The forecast outturn for dwelling rents is £0.6m less than when the original budget was prepared. Throughout 2021-22 it was reported rental income was less than anticipated due to the delay in new properties being let to tenants. It was assumed during the budget process that as Covid19 restrictions were relaxed that the letting process would improve and rental income would increase. The original budget assumed an opening stock of 11,366 dwellings at 1 April 2022 whereas the actual stock was 11,317.
- 1.17. This reduction is partially offset by a higher than anticipated income from garage rents. There is also anticipated additional rental income from other HRA properties due to the uplifting of lease rentals.
- 1.18. The demand for repairs and maintenance to dwellings is increasing and whilst every effort is made to keep within the budget it is now anticipated that there will be a £50k overspend on programmed repairs.
- 1.19. Similarly, the anticipated overspend in general management is due to the difficulties in filling vacancies and the need to cover vacant posts with agency staff.
- 1.20. Capital financing charges have reduced due to the rephasing of major schemes in the capital programme, which offsets the residual pressures reported.
- 1.21. Even with these financial challenges, the fund is still able to contribute a positive contribution to general reserves.

Dedicated Schools Grant

- 1.22. 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.
- 1.23. 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)

- 1.24. The Dedicated Schools Grant (DSG) forecast at the end of Quarter 1 is as follows:

Table Three – DSG

DSG Block	Gross Expenditure Budget	Recoupment	Net Expenditure Budget	Forecast Net Spend	Variance
	£'000	£'000	£'000	£'000	£'000
Schools*	318,848	(251,356)	67,492	67,492	0
Early Years Provision	26,572	0	26,572	26,572	0
High Needs	63,477	(16,027)	47,450	47,843	393
Central Schools Services Block*	4,234	0	4,234	4,234	0
TOTAL	413,132	(267,383)	145,749	146,142	393

*Includes carry forwards totalling £657k

- 1.25. The DSG is currently forecasting an overspend of £0.4m which is entirely in the high needs block.
- 1.26. Educational placements provision for pupils with SEND in mainstream and special schools due to growth in education, health and care plans are forecast to overspend by £0.85m based on latest projections.
- 1.27. The 2022-23 capital programme includes investment to increase resourced places in mainstream schools and special school expansions.
- 1.28. Post 16 top ups are forecast to overspend by £0.2m due to demand above budgeted levels.
- 1.29. These are mitigated in part by a £0.6m forecast underspend on alternative provision following changes with one major provider of alternative education during the 2021-22 financial year which led to pupils having to be placed elsewhere. The current year budget assumed the majority of pupils would be re-placed with this provider for the whole financial year, but this has not yet materialised to date.

3. Recommendations

3.1 It is recommended that the Cabinet:

- a) Note the forecast outturn position for 2022-23 and associated risks
- b) Note the deliverability assessment of West Northamptonshire Council savings requirement for 2022-23 summarised in section 7 and detailed in Appendix B
- c) Delegate authority to the Executive Director – Finance in consultation with the portfolio holder for finance to apply any budget virements required to effectively manage the overall budget.

4. Reason for Recommendations

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

5. Report Background

5.1 The Council's budget for 2022-23 is £342.3m and was approved on 24 February 2022 by Full Council, the budget includes £19.3m of savings proposals. This report includes an analysis of the deliverability of these efficiency and income proposals, and the in-year variations to budgeted assumptions.

6. Financial Overview by Directorate

6.1 This section of the report provides an update on the forecast variations against 2022-23 budget A more detailed breakdown of the 2022-23 forecast is included in Appendix A.

Corporate Services

Net Budget £22.5m

Forecast Outturn £22.7m

Forecast overspend £0.2m

Variance percentage 0.9%

6.2 The Corporate Services Directorate delivers services including human resources, customer services, Digital Technology and Innovation (DTI), legal, democratic and transformation services.

6.3 The Directorate is reporting a forecast outturn position of £0.2m overspend. This position includes overspends of £1.3m of which mainly relate to increases in the costs of IT contracts, the additional cost of mobile phone usage, income targets which will not be met and a number of services with staffing pressures. These are part mitigated through one-off income and staffing underspends in some corporate services which are unable to recruit.

6.4 In addition to the above the Corporate Services Management Team have identified efficiency proposals which will contribute £0.5m towards mitigating current budget pressures.

Chief Executive Services

Net Budget £3.0m

Forecast outturn £3.0m

Forecast Under/overspend £0

Variance percentage 0%

- 6.5 Chief Executive Office includes the Chief Executive, Assistant Chief Executive, Communications and Business Intelligence Services. There is no reported variance against budget for 2022-23.

Education Services

Net Budget £4.5m

Forecast outturn £4.1m

Forecast underspend £0.4m

Variance percentage -8.5%

- 6.6 Education Services is made up of Council services which deliver statutory education functions against approximately 200 duties as set out in various Education and Children Acts, and regulations including, but not limited to, school quality assurance and intervention, pupil place planning and admissions, early years and special educational needs.
- 6.7 Children and Education retained Council services are forecasting a net underspend of £0.4m which includes £0.5m underspend which is largely due to staffing budget forecast underspends as a result of vacancies, mainly across Educational Psychologist posts, of which there is a national shortage of qualified staff. This underspend offsets a traded income shortfall in the same division.
- 6.8 The Education Service has identified efficiency proposals which will contribute a further £0.2m towards mitigating the reported budget pressures.

Northamptonshire Children's Trust

Net Budget £70.7m

Forecast outturn £75.1m

Forecast overspend £4.4m

Variance percentage 6.3%

- 6.1 The contract for Northamptonshire Children's Trust provides children's social care services across both West and North Northamptonshire Councils.
- 6.2 Northamptonshire Children's Trust (NCT) are forecasting a total overspend of £7.93m against the approved contract sum of £137.45m. Based on the agreed contract split between West and North Northamptonshire Councils, WNCs share of the total is a forecast overspend of £4.44m against the contract sum of £76.75m (56%).

- 6.3 The main reason for the forecast overspend relates to placements for children in care which amounts to a total of £7.64m. There are now 44 more children in care compared to April 2021. The current levels of volatility, efficiency of joint funding process, flux of emergency placements and increasing complexity of need, in addition to inflationary pressures, represent a significant financial challenge for the year ahead. This is representative of the national picture where there is a shortage of appropriate places in children's homes and with foster carers, meaning that high prices are often being paid by local authorities who are responsible for placing children in appropriate settings.
- 6.4 The key drivers of the overspend are residential and supported accommodation placements, with the top 5 placements costing in excess of £10,000 per week.
- 6.5 There are also forecast pressures on transport costs of £0.56m which is a result of an increase in fuel costs. The impact of covid led to increased transport demand for supporting children in care. Whilst work is underway in implementing transition arrangements to reduce historic agreements, there is a risk that the inflation on transport costs could rise above current levels and the recent increase in covid infections may reduce the opportunities to lessen demand.
- 6.6 The current staffing forecast across the Trust is an underspend of £0.27m. Whilst pressures exist within the Prevention and Safeguarding and Corporate Parenting services due to a combination of reliance on agency staff to cover vacancies and price increases in the agency market, these are offset by vacancies across the rest of the services.
- 6.7 It is important to note, due to the volatility in children's placements and other challenges, the Trust have reported a significant risk that their financial position could deteriorate further due to the pay award exceeding budget, further demand/cost pressures (particularly in placements and transport) and the achievement of planned savings. The Trust are currently working on developing proposals to mitigate their forecast pressures and this will be followed up as part of the governance arrangements between the Council and the Trust, which includes regular monitoring reports.

Communities and Opportunities

Net Budget £11.0m

Forecast outturn £11.5m

Forecast overspend £0.5m

Variance percentage 4.6%

- 6.8 The Communities and Opportunities Directorate includes Housing, Leisure, Libraries, Economic Development, Regeneration and Community Safety & Engagement. The Directorate is forecasting an outturn position of £0.5m pressure.
- 6.9 In overall terms the Directorate is facing pressures of £1.5m, in the main this relates to three main issues. The first is the result of increases in the cost of temporary accommodation. The nightly costs of housing are increasing rapidly due to economic inflationary pressures totalling £0.6m, consisting of additional bed and breakfast costs and additional temporary private housing costs.

- 6.10 The service is forecasting a £0.2m pressure relating to an increase in Housing Benefit subsidy loss due to the higher demand for temporary accommodation for the homeless and the increasing use of expensive nightly purchase accommodation. This pressure is being directed to the Housing service where Homelessness and temporary accommodation use is managed.
- 6.11 The final key issue relates to the risk of receiving a £0.5m management fee from a leisure facility in the South Northants area. The leisure facility are advising that the impact of COVID has meant that they are operating at a loss, or will be operating a loss if they make the management fee payments to WNC. As such the relationship needs to be managed appropriately and a level of management fee decided. A benchmarking exercise will dictate payments from Sept 2022 to March 2023.
- 6.12 The Communities and Opportunities Management Team have identified mitigating actions which will contribute £0.8m to offset the reported position.

Adult Social Care

Net Budget £105.7m

Forecast outturn £112.6m

Forecast overspend £6.9m

Variance percentage 6.5%

- 6.13 The Adult Social Care Directorate consists of services that provides support to older people or those living with disabilities or with mental or physical illness under the Care Act, to promote their independence and improve their well-being. This support enables them to manage their needs and live life to the fullest regardless of the challenges they may face as a result of their circumstances.
- 6.14 The Directorate also has responsibility for Public Health. This service is currently hosted in North Northants but is due to be disaggregated and provided by West Northamptonshire Council from the 1st October 2022. The Adult Social Care Directorate are forecasting an overall £6.9m pressure against budget for 2022-23 driven largely by significant demand and cost pressures since budget setting.
- 6.15 There are now 500 more clients requiring care than in April 2021, a considerable increase on the 3,500 clients at that time and a clear sign of the level of demand experienced. This has resulted in a significant upturn in the level and cost of independent care packages across client cohorts of £5.0m following the publication of the 2022-23 budget. £2.0m of this is driven by cost and volume increases within Learning Disability and Mental Health cohorts as a result of the long-term impact of the pandemic, £2.0m in Older Peoples services driven by higher complexity of individuals, and £1.0m due to the impact of the movement of a number of clients across both the West and North Northants councils in late 2021-22 where it was recognised that their 'Ordinary Residence' was incorrect following a review. This pressure is the net impact of the client care costs and the contributions to care.
- 6.16 At the height of the pandemic, there was an urgency to clear hospitals of medically fit clients and the cost of the first four weeks of these Discharge to Assess (D2A) placements was covered by

Health but this has since ceased. The cessation of the national funding from the beginning of this financial year has created a budget pressure of £1.7m. The service assumed that clients discharged from hospital could be covered within existing care budgets. In addition to this there is a residual pressure of £1.0m on the Older People's Residential budgets from the D2A placements, driven by a combination of the significantly high cost per week and higher than average length of time clients have remained in these placements.

- 6.17 On a related issue, following a detailed review, there is a significant risk to budgeted savings delivery of £7.0m. The Strength Based Working planned savings of £4.1m are at risk of delivery as even though tracked savings for 2021-22 evidenced delivery of £5m, it is unclear how this impacted independent care budgets on an ongoing basis, and the overall expenditure remained unchanged in the current year. However, work has commenced with the service to fully assess the potential delivery of savings in 22-23. In addition, £2.9m of Admission avoidance savings, including undelivered savings brought forward from 2021-22 of £2.3m, is at risk due to insufficient evidence that the targeted reduction in acute admissions will reduce Adult Social care demand in this financial year. It is likely that new demand is outstripping the demand management interventions put in place.
- 6.18 There are external contract pressures of £0.5m from the Adult prevention contracts, from property voids mainly as a result of the inability to fill some beds due to compatibility issues and from increased legal costs due to increase in number and complexity of cases. In addition, the PFI contract budget is forecast to overspend by £0.3m due to a higher than budgeted indexation level. The social care transport service is also reporting an £0.2m pressure due to increased demand for transport from eligible service users to enable them access services and promote independence. The DOLS service is also reporting a pressure of £0.1m from statutory doctors' section 12 assessments.
- 6.19 The Adult Social care teams are forecasting an underspend of £0.6m as a result of difficulties in filling social worker vacancies due in part to a nationwide shortage of care workers and regional competition for qualified and experienced staff.
- 6.20 There is currently a financial risk around the 4 Specialist care centres that WNC operate with Shaw healthcare (Shaw are contracted to deliver Hard Facilities Management services under a unitary charge). Due diligence has highlighted that all centres are inadequately funded to operate at safe staffing levels, therefore there is a risk of overspend as budgets allocated were not sufficient. Work is currently taking place to look at how these services can be better integrated with Health however two of the centres are based in North Northants and the WNC budget assumes that North Northants pick up costs for beds utilised in the centres. Whilst an agreement in principle has been established, payment based on utilisation leaves an unfunded liability for WNC. Ongoing engagement with North Northants and health colleagues is taking place to resolve this issue.
- 6.21 In addition to the above the Adult Social Care Management Team have identified efficiency proposals that will contribute £8.4m to reduce costs pressures within the directorate.

Net Budget £83.1m
Forecast outturn £89.6m
Forecast overspend £6.5m
Variance percentage 7.8%

- 6.22 The Place Directorate delivers services including Waste Management, Highways and Transportation, (including Home to School Transport), Asset Management (including car parking), Environment Services, Regulatory Services & Planning.
- 6.23 The Directorate has been significantly impacted by the long-term effect of covid and the rising cost of inflation on contracts and service provision. Demand has altered because of changes in people's behaviours, and the national labour shortage in the transport market has resulted in decreased competition and a subsequent increase in operator prices. Overall, the Place and Economy Directorate is reporting a forecast overspend of £6.5m.
- 6.24 The underlying pressures in this directorate total £8.4m, of which Home to School transport is forecasting a pressure of £3.1m due to a combination of both the long-term impact of covid on the transport market and increased fuel prices.
- 6.25 There is a forecast pressure of £2.5m on energy costs across properties within Place & Economy, street lighting and traffic signals. Contract inflation is causing a pressure of £0.9m due to the inflation rates being higher than estimated during budget setting.
- 6.26 The service aggregation saving carried forward from 2021-22 is not achievable. When the current budget was set it was assumed that restructuring throughout the directorate would deliver the savings proposal, however as transformation work is still on-going, this is causing a savings shortfall of £0.8m.
- 6.27 There are a number of other pressures resulting from higher reactive maintenance liabilities, the use of agency workers for critical roles that cannot be filled with permanent members of staff and several income streams that have not yet returned to pre-covid levels due to a reduction in demand totalling 1.1m.
- 6.28 These have been partly offset by underspends in estate management running costs due to working from home arrangements, reductions in concessionary fare payments and a number of staffing vacancies.
- 6.29 Waste tonnages are still exceeding pre-covid levels and although a proportion of this was factored into the budget, volumes are still greater than anticipated. This pressure has not yet been forecast due to its volatile nature but is being flagged as a risk at this stage.
- 6.30 Whilst the Directorate experienced a significant underspend in 2021-22, a proportion of that underspend was one off funding. Substantial additional planning income was also received, but the income for this service area is not showing a significant increase this year, likewise neither is the income from HWRC recycle. These areas will be monitored closely to ensure that any change in activity is forecast as soon as possible.
- 6.31 The Place and Economy Management Team has identified efficiency proposals that will contribute £1.5m to offset the reported position within the directorate.

Finance

Net Budget £10.6m

Forecast outturn £10.2m

Forecast underspend £0.4m

Variance percentage -3.4%

- 6.32 The Finance Directorate services include strategic finance, accountancy, revenue and benefits, procurement, and internal audit services. The Directorate is reporting a £0.4m underspend. The Directorate have reported an underspend of £0.3m driven by both staffing vacancies and additional income received.
- 6.33 The Finance Management Team has identified efficiency proposals which will contribute a further £0.1m to reduce the pressures reported in other directorates.

Technical/Centrally Held Items

Net Budget £31.2m

Forecast Outturn £24.7m

Forecast underspend £6.5m

Variance percentage -20.9%

- 6.34 Technical and centrally controlled budgets include the treasury budgets, pension deficit contribution payments for West Northants and the contingency budgets. This area will also reflect any council wide corporate cross cutting issues or opportunities. The Technical and Centrally Controlled Directorate are forecasting an overall underspend of £6.5m against budget for 2022-23.
- 6.35 This pressure includes the estimated impact of a higher than budgeted pay inflation offer. The Council's budgets were prepared and published in February 2022 and since then the national economic outlook has materially changed with rapidly increasing inflation rates. This estimated pressure of £3.8m incorporates the latest estimated impact of these changes on the Council's 22-23 pay offer, which for 2022-23 is linked to the national pay offer and is currently being negotiated with the Trade Unions at this level.
- 6.36 A council wide contingency budget is managed within the centrally controlled budget which at the start of the year stood at £15.5m. This consists of disaggregation budget of £0.5m brought forward from 2021-22, pay inflation £4.9m and a general contingency of £10.1m.
- 6.37 To date £3.4m has been allocated to services from the pay inflation contingency to cover the cost of 21-22 pay catch-up, increments awarded to staff with headroom and 2% cost of living increase. The table below provides a breakdown of previously approved virements and the remaining budget contingency available.

Table Four

Budget Contingency – Virements for Cabinet Approval	£k
Opening contingency balance	15,490
Previously approved virements (delegated authority):	
Allocation of pay award	4,954
Use of general contingency	10,139
Total virements previously approved:	15,093
Virements to be approved:	
Release remaining disaggregation contingency to part offset pressures in Corporate Services	397
Budget contingency remaining	0

Funding

- 6.38 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. A breakdown of the funding budget is detailed below in Table Five.

Table Five

Funding	Net Budget £’000
Council Tax income	224,146
Business Rates income (including S31 Grant)	64,696
Adult Social Care Grants	22,414
Transfer from Reserves	21,464
New Homes Bonus	5,152
Services Grant 22-23	3,457
Other Government Grants	989
Total Funding	(342,318)

- 6.39 Within the funding budget it has been identified that business rates receivable will be greater than the set budget by £3.7m and this is incorporated into the forecast outturn position.

7. Summary of savings delivery 2022-23

- 7.1 The Council has a savings requirement within its 2022-23 budget of £19.3m. Finance and Service Directors have undertaken a review of savings deliverability, with the summary forecast position reported in table six.

Table Six

Directorate	2022-23 Savings Proposals £'000				
	RAG Analysis				
	Budgeted saving	Blue	Green	Amber	Red
Adult Social Care	(11,711)	(296)	(6,754)	0	(4,661)
Chief Executives Office	(248)	0	(248)	0	0
Communities & Opportunities	(660)	0	(390)	0	(270)
Children's Services	(762)	(629)	(133)	0	0
Corporate Services	(908)	0	(779)	0	(129)
Place and Economy	(3,215)	0	(2,433)	(457)	(325)
Finance	(837)	0	(837)	0	0
Centrally controlled Budget	(966)	(966)	0	0	0
Total	(19,306)	(1,891)	(11,573)	(457)	(5,385)

Blue = Delivered and Confirmed

Green = Deliverable, on target

Amber = Deliverable, with risks

Red = Unlikely to be delivered

- 7.2 Overall, there are seven savings (£5.4m) flagged as 'red' which are unlikely to be delivered and eight savings (£0.5m) flagged as 'Amber' which are deliverable but have risks. The largest red rated savings proposal is the Adult Social Care proposal for strengths based working efficiencies detailed in section 6.17.
- 7.3 These pressures are set out in the directorate section and included in the budget monitoring figures contained in the report. A detailed assessment of the individual savings proposals is set out in Appendix B.

8. Implications (including financial implications)

8.1 Resources and Financial

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

8.2 Legal

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

8.3 Risk

8.3.1 This report sets out the financial forecast for this financial year. The key risks associated with this report relate to continuing demand led pressures, COVID impacts and spiralling inflationary costs driving further financial pressures over and above the pressures already identified. These risks were identified earlier in the report.

8.4 Consultation

8.4.1 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 2022 for the 2022/23 budget.

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

8.4.3 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.

8.5 Consideration by Overview and Scrutiny

8.5.1 All 2022-23 budget proposals were consulted on prior to the budget being approved by Full Council in February 2022. Any management interventions that require a policy change will be subject to a consultation before any decision is taken. Where consultation is necessary, full details will be presented to Cabinet separately.

8.6 Climate Impact

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

8.7 **Community Impact**

8.7.1 This report will have a positive impact on the community by providing scrutiny on how public funds are being used to fund services for local residents in 2022-23.

8.8 **Communications**

8.8.1 Communication will continue with service directors to ensure that the Council achieves a balanced budget in 2022-23.

9. **Background Papers**

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

9.2 Final Budget Report and Medium Term Financial Plan, meeting of Council, 24 February 2022 [Agenda item - Final Budget 2022-23 and Medium Term Financial Plan - West Northamptonshire Council \(moderngov.co.uk\)](#)

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