

**Finance & Resources Scrutiny Committee**

**Scrutiny Review of Draft Council Budget 2017-18 and Medium Term Planning and Funding Position to 2020-21**

**Outcomes of Challenge Sessions**

<b>Directorate</b>	<b>Place Commissioning</b>
<b>Proposal Number</b>	<b>13-009-07 / 13-009-08b / 16-006-09</b>
<b>Title</b>	<b>Project Angel – Transition pressure / Property operational savings / No 1 Angel Square asset exploitation</b>
<b>Proposal</b>	<b>(£800K) service pressure / (£1,000K) efficiency / (£2,000K) efficiency</b>

**Commentary**

The Corporate Director Place Commissioning outlined the three proposals in question. The £800K service pressure related to a one-off budget increase made in 2016/17 as a provision for Project Angel not opening on time and NCC needing to maintain existing buildings. This provision was not required and so could be returned. The Project Angel business plan had anticipated achieving a £1,000K efficiency saving from operating one building in place of 12. Changes to business rates since then had increased property costs. This meant that £500K of the efficiency saving would now need to come from broadening the range of NCC staff that would use 1 Angel Square and also looking to rent space to other bodies. The £2,000K efficiency saving attributed to asset exploitation involved considering opportunities to enter a re-financing arrangement with a third party. This would involve the third party taking on the running costs of 1 Angel Square and NCC paying rent for the space it used. This approach was still being investigated but a saving of £2,000K from the base budget represented the kind of return that could reasonably be anticipated.

Councillors questioned whether the re-financing approach would cause NCC to lose control of how 1 Angel Square was used, what incentives there were for a third party, whether £2,000K was a robust projection and whether there was time to achieve it in full in 2017/18 given the nature of the property market. The Corporate Director provided further information during discussion as follows:

- The re-financing approach was not a Private Finance Initiative.
- Discussion of possible models was at an early stage but any model that was adopted would be on NCC's terms. The proposal would be subject to appropriate checks and would be a key decision based on a sound business case.
- NCC would not expect to lose control of 1 Angel Square. There were various potential models that would enable NCC to retain ownership of the freehold.
- The incentive for a third party to enter a re-financing arrangement was that it would have a guaranteed revenue return over a long term period from rent paid by NCC, which would exceed the up-front financing costs.
- The three months remaining in 2016/17 was sufficient time to work up a re-financing deal. This was an established approach, which had been used by local authorities such as Conwy, North Somerset and Bournemouth councils for new headquarters.

- There were approximately 2,400 NCC staff associated with 1 Angel Square, using it on a Next Generation Working basis. Some staff from Northamptonshire Police and from KierWSP were also based there in rented space. As NCC gained more experience of Next Generation Working it would be able to consolidate further the space in 1 Angel Square that it needed.
- An excellent multi-modal travel plan for 1 Angel Square had been produced.
- He had a high degree of confidence that the property operational saving proposed in the draft budget could be achieved. The Place Commissioning directorate had already achieved £500K savings from 170 NCC properties. Since 1<sup>st</sup> October 2016 it had also been responsible for a further 170 properties not directly used by NCC. This created the potential for further operational savings.

<b>Recommendations to Cabinet</b>	<b>Proposed Cabinet Response</b>
That the Cabinet recognises that the Finance & Resources Scrutiny Committee has confidence in the capacity to deliver proposal 13-009-07.	Noted
That the Cabinet recognises that the Finance & Resources Scrutiny Committee questions the ability to achieve the full saving attributed to proposal 13-009-08b in 2017/18 and takes this into account before agreeing to recommend the proposal to full Council.	<p>Noted – Asset and Capital Management will:</p> <ol style="list-style-type: none"> <li>1. Monitor occupancy performance upon completion of the move to identify early potential for further accommodation efficiencies, and</li> <li>2. Revise the long term Property Asset Strategy for NCC as part of its Corporate Landlord function and expects further savings opportunities to arise.</li> </ol>
That the Cabinet recognises that the Finance & Resources Scrutiny Committee is not in a position at this point to comment on the achievability of proposal 16-006-09, given that a business plan is still to be produced.	Noted
That the Cabinet recognises that the Finance & Resources Scrutiny Committee has concerns about the impact on the overall Council budget of not achieving the proposed £2,000K saving from refinancing 1 Angel Square and takes this into account before agreeing to recommend proposal 16-006-09 to full Council.	Noted – Asset and Capital Management will commence early market testing to assess the validity of the initiative and identify a clear mechanism to ensure best value tests are satisfied to achieve the saving.

<b>Recommendations to others</b>	
That the Overview & Scrutiny Function considers the delivery of the business plan to re-finance 1 Angel Square as a potential topic for scrutiny in 2017/18.	
<b>Scrutiny risk rating</b>	<b>13-009-07: Green</b> <b>13-009-08b: Amber</b> <b>16-006-09: Amber</b>

<b>Directorate</b>	<b>Place Commissioning</b>
<b>Proposal Number</b>	<b>16-006-04</b>
<b>Title</b>	<b>Home to School Transport Review</b>
<b>Proposal</b>	<b>(£600K) efficiency</b>

### **Commentary**

The Corporate Director Place Commissioning advised that issues relating to home to school transport had been the subject of consideration over several years. NCC needed to get to a position in which it was confident in the effectiveness of its policy and that this was applied consistently. Initial work on this matter had identified the potential to achieve efficiency savings, with £600K proposed to come out of the base budget in 2017/18. It was intended that this would be followed up by a fundamental review of transport provision in the current context. This would be tied in with the Total Transport project. Some difficult choices might be necessary, but these would be informed by public consultation and could also be subject to scrutiny.

Councillors considered that efficiency savings could be found on home to school transport provision. They highlighted factors that should be taken into account in the review process: supporting the needs of young people with SEN; ensuring that appropriate stakeholders were engaged in the review; the importance of setting out potentially complex policies to the public as clearly as possible; and that NCC should take a holistic view of family circumstances when looking at transport provision. It was also proposed that a young person who had access to a mobility car to meet their travel needs should not also receive home to school transport.

Councillors sought confirmation that the Home to School Transport Review could be subject to scrutiny before it was presented to the Cabinet for a final decision and the Deputy Leader of the Council committed to this.

<b>Recommendations to Cabinet</b>	<b>Proposed Cabinet Response</b>
That the Cabinet recognises that the Finance & Resources Scrutiny Committee supports reviewing Home to School Transport and that the Committee considers that this is an area where there is scope for efficiency savings.	Noted

<b>Recommendations to others</b>	
That the Overview & Scrutiny Function considers the Home to School Transport Review as a potential topic for scrutiny in 2017/18.	
<b>Scrutiny risk rating</b>	<b>Amber</b>
<b>Relevant headline theme(s)</b>	• <b>Avoiding unintended consequences</b>

<b>Directorate</b>	<b>Place Commissioning</b>
<b>Proposal Number</b>	<b>15-004-19d</b>
<b>Title</b>	<b>Fees and Charges</b>
<b>Proposal</b>	<b>(£159K) income generation</b>
<b>Commentary</b>	
<p>Councillors were advised that the proposal reflected a corporate requirement on all directorates to increase income from fees and charges by 2%. Some of the fees that could be charged by the Place Commissioning directorate were set by statute so, in practice, it needed to make a 12% increase in those areas where it had more discretion. However, the Corporate Director was confident that the proposal could be achieved. The additional £159K would be made up of £8K from Archives, £1.5K from Trading Standards, £110K from Highways from utility permits, £19K from developer charging, £16K from Property Asset Management and a sum to be confirmed from Northamptonshire Fire &amp; Rescue Service (NFRS). The effectiveness of the existing approach to utility charging meant that the contribution from other areas did not need to be higher.</p> <p>Councillors raised concerns about the impact that increasing fees and charges would have on residents and that this would be seen as effectively a tax increase. The implication that could be drawn from the corporate requirement that NCC's fees and charges were 2% lower than other authorities was also questioned. Councillors were subsequently advised that NFRS charged for functions such as lift releases and chemical spills, in non-emergency cases when there was not a risk to health involved. There was scope for it to increase its current charges, for example by including factors such as the usage of vehicles. However, the amount recouped would still depend on the number of call-outs to chargeable incidents.</p>	
<b>Recommendations to Cabinet</b>	<b>Proposed Cabinet Response</b>
That the Cabinet recognises that the Finance & Resources Scrutiny Committee has confidence in the capacity to deliver proposal 15-004-19d.	Noted
<b>Scrutiny risk rating</b>	<b>Green</b>

<b>Directorate</b>	<b>Place Commissioning</b>
<b>Proposal Number</b>	<b>13-006-01</b>
<b>Title</b>	<b>Total Transport – Social Enterprise Model</b>
<b>Proposal</b>	<b>(£500K) service transformation</b>
<b>Commentary</b>	
<p>The Corporate Director Place Commissioning advised that a full business case for the Total Transport project was currently being worked up for presentation to the Cabinet in February 2017. The project aimed to bring together NCC, Northamptonshire Healthcare NHS Trust, the local acute hospitals and the University of Northampton to take a joined-up approach to using their total resources of around £80m spent on transport in the county. A significant data-gathering exercise on local travel needs and networks had been carried out and had identified opportunities to use collective resources more effectively: for example, it had been found that 43% of people attending acute hospitals were able to use other forms of transport than that provided by the NHS. NCC transport capacity could potentially be used to meet this need. Stagecoach was also interested in participating in the new model. At this stage of development the scope of the proposed model was being kept wide to avoid creating boundaries that could limit its future effectiveness or the potential to apply it within the England’s Economic Heartland area.</p> <p>Councillors supported the principle of using spare transport capacity and maximising the value of resources through joined-up working. The benefit of working with community transport providers was emphasised, given that they could have significant information about use of their services. Councillors were advised that the initial focus would be on transport services under the direct control of the partners, but once the social enterprise in place further consideration could be given to community transport. Councillors were subsequently advised that the Total Transport project was a ground-breaking scheme and it was anticipated that it would attract significant interest and input at national level.</p> <p>It was questioned how the Total Transport project would be affected by the Bus Services Bill currently going through Parliament, which was understood to prevent local authority-owned companies from running bus services. The Corporate Director advised that NCC had helped to shape the Bill: it should have a positive effect rather than preventing the approach proposed. However, some councillors considered that the requirements of the Bill could still represent a risk to the achievement of the draft budget proposal.</p>	
<b>Recommendations to Cabinet</b>	<b>Proposed Cabinet Response</b>
That the Cabinet ensures that it is confident that the potential requirements of the Bus Services Bill do not represent an excessive risk to achieving proposal 13-006-01 before agreeing to recommend it to full Council.	Noted

<p>That the Cabinet recognises that the Finance &amp; Resources Scrutiny Committee encourages the involvement of a wide range of transport providers in the Total Transport project with a view to maximising the benefit that it can produce for Northamptonshire.</p>	<p>Noted</p>
<p><b>Scrutiny risk rating</b></p>	<p><b>Green</b></p>
<p><b>Relevant headline theme(s)</b></p>	<ul style="list-style-type: none"> <li>• <b>Reliance on current partnerships</b></li> <li>• <b>Timing of budget delivery</b></li> </ul>

<b>Directorate</b>	<b>Place Commissioning</b>
<b>Proposal Number</b>	<b>14-006-23</b>
<b>Title</b>	<b>Review of Northamptonshire Fire &amp; Rescue Service (NFRS)</b>
<b>Proposal</b>	<b>(£700K) service transformation</b>
<b>Commentary</b>	
<p>The Chief Fire Officer advised that the NFRS budget had been reduced by £3.9m since 2010, with reductions coming equally from the three areas of non-uniformed staff, fire officers, and senior management. Staffing made up 83% of the total budget and there was very limited scope to deliver further savings from this area without affecting resilience. Options for further savings would therefore involve closing fire stations and reducing the number of appliances, or making structural changes that would enable services to be maintained with fewer people. The proposal reflected the second approach. £250K would be saved from the NFRS control room by reducing staff numbers as part of more joined up working with Warwickshire Fire &amp; Rescue Service. A further £450K would come from changing the way in which the NFRS Technical Rescue Vehicle (TRV) was used and crewed. The TRV was a specialist appliance but was currently being deployed automatically to road traffic collisions. This was considered to represent an over-provision. Only deploying the TRV when requested by the commander at an incident would enable a reduction in crew posts, which could be achieved through natural wastage.</p> <p>Councillors highlighted that a saving relating to the operation of the TRV had been included in the 2016/17 draft budget and that Overview &amp; Scrutiny had considered that it represented an excessive degree of risk to future capability. However, it was also suggested that the previous year's proposal had gone further than the current one. The Chief Fire Officer subsequently advised that two appliances were sent to all road traffic collisions and these would normally arrive before the TRV. The proposed changes therefore should not affect the ability to get to casualties in the 'golden hour' following injury. The firefighters crewing the TRV in future would receive the same level of training as currently. The proposal concerning the TRV was not a no-risk option, was considered to involve less risk than the alternative options for making savings, which involved the closure of five retained fire stations or changing a whole-time station to day-crewing only. Councillors subsequently highlighted that the resilience of the TRV function could be increased if firefighters at stations around the TRV's home station could also be trained in use. It was felt that this would provide a greater degree of confidence in the effect of the draft budget proposal and that without this it should be amber- rather than green-rated by the Budget Scrutiny Review.</p>	
<b>Recommendations to Cabinet</b>	
<b>Proposed Cabinet Response</b>	
That the Cabinet ensures that it is confident in the level of risk to the future effectiveness of the Technical Rescue function associated with proposal 14-006-23 before agreeing to recommend it to full Council.	Noted – Cabinet has considered the implications associated with the proposal, the issues raised through Scrutiny including the planned risk mitigation, and on this basis are able to endorse the proposal.

<b>Recommendations to others</b>	
That the Overview & Scrutiny Function reviews the impact on the Technical Rescue function of implementing proposal 14-006-23 as soon as practical after a decision to do so is taken.	
<b>Scrutiny risk rating</b>	<b>Green</b>
<b>Relevant headline theme(s)</b>	<ul style="list-style-type: none"> <li>• <b>Avoiding unintended consequences</b></li> </ul>

<b>Directorate</b>	<b>Place Commissioning</b>
<b>Proposal Number</b>	<b>15-006-44</b>
<b>Title</b>	<b>Place Joint Venture</b>
<b>Proposal</b>	<b>(£1,000K) service transformation</b>
<b>Commentary</b>	
<p>The Corporate Director Place Commissioning noted that the development of a new operating model for the directorate had been the subject of a report to the Cabinet in December 2016, to lead to the presentation of a full business case in March / April 2017. The use of a joint venture to exploit assets better and bring in private sector investment was an approach that had been taken by other local authorities that had set up place commissioning structures. They had been able to secure significant capital investment – £10m-£60m – at an early stage. Soft market testing by NCC had been positive. NCC was also seeking to learn from other authorities’ experience by giving the joint venture a broad initial scope. Further work on the business case for this approach would be carried out and if this was not robust then it would not be pursued. If the joint venture approach was approved it was anticipated that it could be established from September 2017 although not carrying out its full functions immediately. The proposed savings in 2017/18 would be attributable equally to more effective asset management and investment by external partners.</p> <p>Councillors questioned the ability to achieve the full £1,000K saving proposed in 2017/18 if the joint venture only came into operation in September 2017. Further information was also sought about the areas where NCC might be able to attract private sector investment. The Corporate Director advised that the Property Asset Management function would be rationalised irrespective of the decision on the joint venture and he anticipated that this could generate £500K readily. The business case for the joint venture would identify areas for external investment. He did not wish to narrow down the scope at this stage, but highlighted NCC’s property assets, strategic land holdings and Northamptonshire’s £1bn infrastructure programme as potential areas of interest. Councillors acknowledged the scope to make savings but proposed that Overview &amp; Scrutiny needed to have more information on the business case for the joint venture before it could reach a view on the capacity to achieve the proposed saving in year one of the Medium Term Financial Plan.</p>	
<b>Recommendations to Cabinet</b>	
That the Cabinet recognises that the Finance & Resources Scrutiny Committee considers that the Place Joint Venture is an area where savings can be achieved, but is not in a position at this point to comment on the achievability of the proposed saving in 2017/18 for proposal 15-006-44.	<b>Proposed Cabinet Response</b>
	Noted
<b>Scrutiny risk rating</b>	<b>Amber</b>

<b>Directorate</b>	<b>Place Commissioning</b>
<b>Proposal Number</b>	<b>15-006-45</b>
<b>Title</b>	<b>Partnership with Neighbouring Authorities</b>
<b>Proposal</b>	<b>(£100K) service transformation</b>
<b>Commentary</b>	
<p>The Corporate Director Place Commissioning advised that the proposal was a straightforward matter that explicitly built into the budget the returns from work done for other local authorities on a charged basis. Examples of this included work for Buckinghamshire, Rutland and Milton Keynes councils on the development of their Minerals &amp; Waste local plans. There was scope to extend this kind of work in future.</p>	
<b>Recommendations to Cabinet</b>	
<b>Proposed Cabinet Response</b>	
That the Cabinet recognises that the Finance & Resources Scrutiny Committee has confidence in the capacity to deliver proposal 15-006-45.	Noted
<b>Scrutiny risk rating</b>	<b>Green</b>

<b>Directorate</b>	<b>Place Commissioning</b>
<b>Proposal Number</b>	<b>16-006-03</b>
<b>Title</b>	<b>Trading Standards Reduction</b>
<b>Proposal</b>	<b>(£50K) service cut</b>
<b>Commentary</b>	
<p>The Corporate Director Place Commissioning advised that the proposal reflected the need for all parts of the directorate to contribute to the savings requirement on it. The proposal would be delivered by reviewing the best way to use available resources to carry out the service's statutory functions. It did equate to a reduction of one post.</p> <p>Councillors questioned the risk of the proposal having a disproportionate effect, highlighting the importance and public focus of the functions carried out by Trading Standards. However, it was also emphasised that the same case could be made for all parts of the directorate.</p>	
<b>Recommendations to Cabinet</b>	
The Cabinet recognises that the Finance & Resources Scrutiny Committee has confidence in the capacity to deliver proposal 16-006-03.	<b>Proposed Cabinet Response</b> Noted
<b>Recommendations to others</b>	
That the Overview & Scrutiny Function considers the effect of delivering proposal 16-006-03 on the effectiveness of Trading Standards services as a future topic for scrutiny.	
<b>Scrutiny risk rating</b>	<b>Green</b>

<b>Directorate</b>	<b>Place Commissioning</b>
<b>Area</b>	<b>Northampton Northern Orbital Route</b>
<b>Commentary</b>	
<p>A member of the public proposed that resources that NCC was committing to the Northampton Northern Orbital Route could be better used for other purposes. He emphasised that the project needed to be based on sound traffic projections. He questioned whether the Orbital Route would be essential during the next 10 years and also proposed that there was a more cost-effective route option than the ones that seemed to be preferred. If savings could be made on the Orbital Route then NCC could use these to support other services.</p> <p>Councillors considered the points raised. The importance of providing infrastructure to reflect local development, and the particular need for a relief road to address traffic and air quality issues affecting Northampton, were emphasised.</p> <p>Councillors were subsequently advised that no funding for the Orbital Route was included in the NCC Capital Programme yet and a detailed business case for the project would be developed before it proceeded. NCC had been able to commission expert analytical work free-of-charge through the Scape procurement process that would inform this. This work would address questions about whether the Orbital Route was needed and, if so, what was the best route option. The final decision on whether to proceed would be a matter for SEMLEP. The project would need to be supported by a funding package that would involve various different partner organisations. Further public consultation would also be carried out early in 2017.</p>	